PLEASE READ THIS IMPORTANT NOTE

The RFP document, including Instructions for Tendering, can be obtained from the Deputy Director, Water Authority, 13G Red Gate Road, George Town.

The RFP document can also be downloaded directly from the Water Authority’s website at www.waterauthority.ky or from the Cayman Islands Central Tender Committee's website at www.centraltenders.gov.ky.

All companies who obtain a set of the RFP documents from the above websites must immediately acknowledge receipt of the RFP document by sending an e-mail at tom.vanzanten@waterauthority.ky, and include the company name, company physical address and contact e-mail address.

This acknowledgement is essential in order to be able to provide potential tenderers with RFP Addenda when issued and with the information necessary to access the Electronic Data Room (ftp site) which contains additional data related to the wastewater system.

For additional information contact the Deputy Director, Tom van Zanten at tom.vanzanten@waterauthority.ky, or by phone at 949-2837 ext 3000.
Water Authority of the Cayman Islands

WASTEWATER SERVICES ON GRAND CAYMAN
(INCLUDES SALE OF EXISTING WASTEWATER ASSETS)

Request for Proposal Document
INDEX

Page

Index 2
Introduction to Request for Proposal Document 3
Instructions 5
Form of Proposal 12
Form of Tender Bond 14
Conditions of Licence 16
Schedules 64
Schedule One: Licence Area 64
Schedule Two: Approved Directors and Officers 66
Schedule Three: Wastewater Service Charges 67
Schedule Four: Standards of Service 70
Schedule Five: Capacity, Management, Operation and Maintenance (CMOM) Programme 72
Schedule Six: Wastewater Quality Monitoring Programme 75
Schedule Seven: Treated Effluent Quality Limits 77
Schedule Eight: Performance Standards 78
Appendix A: Sample Lease for the Site 82
Appendix B: Technical Proposal Requirements 88
INTRODUCTION TO REQUEST FOR PROPOSAL DOCUMENT

The Water Authority of the Cayman Islands seeks a Company to assume ownership of the wastewater system and infrastructure, and as the new owner, to operate and maintain the wastewater system, and to provide wastewater services via a wastewater services licence agreement. Assumption of ownership and provision of wastewater services shall be performed in accordance with all terms, conditions, requirements, specifications, attachments, and drawings contained in this solicitation or incorporated by reference.

It covers the installation and operation of a wastewater system, initially within the area delineated in the RFP as the “West Bay Beach Sewerage System Service Area” (The “Licence Area”), and includes the sale and transfer of the Water Authority-owned wastewater (collection and treatment) facilities, all of which presently lie within the Licence Area.

The successful Company will assume ownership of the above-mentioned wastewater system, and will be required to provide expansions to the system to meet the future needs of the country, as determined by the Government.

The resulting licence agreement, if awarded, will require the Company to furnish all facilities, labour, management, supervision, materials, tools and equipment and any other incidental items or services necessary to own, maintain, upgrade, improve and operate the wastewater system. The Company shall manage the maintenance, repairs, replacement, etc. of the wastewater system to ensure continuous, adequate, and dependable service for all connections within the area served (the Licence Area). The Company shall be responsible for funding all capital investments required to acquire, maintain and operate the wastewater system in a safe, reliable condition and to meet the requirements listed in the contract.

The desired goal of this transaction is to transfer all right, title, and interest of the Water Authority in and to the wastewater system. Consequently, the Water Authority will retain no reversionary interests in the wastewater system sold, other than the terms regarding the repurchase option and rights of access to the Site. The wastewater system being sold includes all equipment, fixtures, structures, and other improvements utilized in connection with the wastewater system, which are more specifically described in the attachments and drawings contained in or enclosed with this solicitation. The divestiture will not include the real property upon, under, or around the wastewater system. In addition to the sale of the wastewater system assets, the Water Authority will also require wastewater services from the successful Company.

The wastewater system consists of collection lines, lift stations with force mains, and a wastewater treatment plant. The actual inventory of items sold will be conveyed to the Company at the time the system is transferred.

The wastewater generated generally flows from the various developments to gravity collection pipelines to lift stations where the wastewater is pumped to the downstream gravity collection pipelines. Ultimately the wastewater flows to the main pump station from where it is pumped to the wastewater treatment plant.

The majority of the wastewater collection system was installed in the late 1980s. It consists of pipe sizes ranging from 4 inches to 18 inches. The total length of pipes in the gravity collection system is approximately 12.5 miles. The most common type of collection pipe material within the collection system is vitrified clay and the most common pipe diameter is 8 inches. Since the 1980s areas have been added and there have been only minor upgrades within the system. During the period between 1988 and 1995 approximately 30 percent of the collection lines were relined.
The wastewater system also contains approximately 2.7 miles of ductile iron force mains ranging in size from 3 inches to 16 inches. Additionally approximately 0.4 miles of parallel force mains (12 and 18 inches in diameter, PVC) have been installed along the Esterley Tibbets Highway for future use.

The wastewater system will be sold in an “as is, where is” condition without any warranties, representations, or obligation on the part of the Water Authority to make any alterations, repairs, or improvements.

The Grand Cayman Wastewater Treatment Works is located near to the George Town Landfill, off Seymour Road, George Town, Grand Cayman, Cayman Islands, Block 13C Parcel 2 REM1, property owned by the Water Authority of the Cayman Islands.

The existing Sequencing Batch Reactor wastewater treatment plant has a treatment capacity of 2.5 million US gallons per day (2.5 mgd) and has been designed in such a way to facilitate easy expansion, in three additional phases, to 10 mgd.

The duration of the exclusive licence is 25 years from the Licence start date.

The quality of the treated effluent shall be within the maximum permissible levels as set out in these RFP Documents.

The returned Proposals shall be evaluated on the basis of experience of the Tenderers, the ability of the eligible companies to design, construct, finance and operate a wastewater collection system and wastewater treatment plant, the proposed Purchase Cost of the Wastewater Assets, and the indicated Rate of Return.

For consideration of his Proposal, the Tenderer shall submit a Testimonial Letter, including no less than three (3) references, demonstrating that the company has successfully provided wastewater services for public authorities for systems serving at least 60,000 people for a period no less than ten (10) consecutive years.

The successful Tenderer must petition the Governor (Governor-in-Cabinet) of the Cayman Islands for a concession under the Wastewater (Collection and Treatment) Law, 2010 to collect and treat wastewater. The obtaining of the concession shall be a condition precedent to the execution of the Licence agreement.

The terms and conditions of the license, issued by the Water Authority, to collect and treat wastewater shall be similar to the terms and conditions as set out in these RFP Documents.
INSTRUCTIONS

Introduction

1. These instructions are to be used as a guide for companies preparing a Proposal for this project. Failure to comply with any of these Instructions may result in the rejection of the Proposal.

Eligibility Criteria

2. Tenderers shall meet the following eligibility criteria in order to be considered and evaluated:
   a. Companies must comply with all applicable local laws and regulations, including business regulations, and all applicable Cayman Islands laws relating to employment including the Labour Law (latest revision) and the Immigration Law (latest revision).
   b. Companies must satisfy all insurance, financial, and bonding requirements as specified in the Request for Proposal (RFP) Documents.
   c. Companies must provide municipal references that will confirm that the company has successfully provided wastewater outsourcing services for public authorities for systems serving at least sixty-thousand (60,000) people for a period no less than ten (10) years. Identify and describe projects the company has managed which are similar in scope to this one. Provide three (3) references, including addresses and the phone numbers of clients for whom the firm has completed similar projects.
   d. Companies must demonstrate their ability for independent financing without the need for Government Guarantees, by providing audited accounts for the last five (5) years or by the submittal of other documents that can be independently verified.

Conflict of Interest: Tenderers must disclose any instances where their organization or any agent or servant in their employment or working on the Proposal have a possible conflict of interest and, if so, the nature of that conflict. The Water Authority reserves the right to reject any Proposal or cancel the award if any interest disclosed from any source could either give the appearance of a conflict or cause speculation as to the objectivity of the Tenderer's proposal. The Water Authority's determination regarding any questions of conflict of interest will be final.

Relevant Documents

3. Tenderers shall study the entire "Request for Proposal (RFP) Documents" comprising the Instructions, Form of Proposal, Conditions of Licence, Appendices, and Drawings. The whole of the RFP Documents shall be read and their true intent and meaning ascertained before the Form of Proposal is completed.

4. Except in so far as may be directed by the Water Authority in writing neither the Water Authority, nor any agent or servant in their employment has any authority to make any representation or explanation to Tenderers as to the meaning of these RFP Documents, or as to anything to be done or not to be done, or as to these instructions, or as to any other thing or matter, so as to bind the Water Authority as to the execution of these proposals.

   No Lobbying: During the period between the RFP Document issue and the actual award, no Tenderer or its agent shall contact the Water Authority, nor any agent or servant in their employment, with the exception of the Director of the Water Authority in reference to this RFP Document and their prospective or actual Proposal.

5. Should any alteration or addition to the RFP Documents be deemed necessary prior to the date for submission of the Proposals, these shall be issued by e-mail by the Director of the Water Authority to Tenderers in the form of a RFP Addendum.
If a Tenderer is in doubt about the meaning of any item in the RFP Documents he shall notify the Director of the Water Authority by e-mail (at ContractReview@waterauthority.ky) not later than fifteen (15) days before Proposal submission date. The Director shall then issue to all Tenderers an explanation in the form of a RFP Addendum.

Each RFP Addendum shall have a serial number and Tenderers shall acknowledge receipt of each RFP Addendum to the Director of the Water Authority either by letter delivered by hand to:

The Director, Water Authority  
13G Red Gate Road  
George Town  
Grand Cayman KY1-1102

or by e-mail transmission (at ContractReview@waterauthority.ky) immediately after issuance, and by written acknowledgement of receipt as part of the Tenderer's proposal submission package. Failure to acknowledge may result in a Proposal being rejected. All addenda so issued become a part of the RFP Documents.

6. Tenderers shall treat the RFP Documents and all details contained therein as private and confidential.

Electronic Data Room

7. An Electronic Data Room will be available from the date of the issue of the RFP Documents to allow Tenderers to view data related to the wastewater system. Tenderers should contact the Authority to arrange access to the Electronic Data Room. The Electronic Data Room will be available electronically to the maximum extent practicable.

Mandatory Pre-Tender Conference

8. A mandatory Pre-Tender Conference will be held at the Water Authority offices, 13G Red Gate Road, George Town, Grand Cayman on Tuesday 9 November 2010 and Wednesday 10 November 2010, commencing at 9:00 a.m. A mandatory tour of the Wastewater Collection System and the Wastewater Treatment Plant will be conducted at the beginning of the Pre-Tender Conference.

The Pre-Tender Conference is intended to provide prospective Tenderers with adequate information to prepare proposals. Representatives of the Water Authority will be present to discuss the Project and clarify any queries arising from the RFP Documents. All Tenderers are required to attend the conference. In order to make the Pre-Tender Conference as productive as possible, Tenderers are requested to submit any questions in writing (preferably by e-mail) at least five working days in advance of the Pre-Tender Conference to: ContractReview@waterauthority.ky.

Proposals will not be accepted from Tenderers that do not have a representative at the Pre-Tender Conference and the site tour. The Water Authority will transmit to prospective Tenderers of record such Addenda as it considers necessary in response to questions arising during the Pre-Tender Conference. Oral statements may not be relied upon and will not be binding or legally effective.

Tender Bond

9. Each Proposal must be accompanied by a Tender Bond made payable to Water Authority in an amount of one (1) percent of the Tenderer's Proposal Lump Sum and in the form of a certified or cashier check or a Tender Bond on the form attached, issued by a Surety acceptable to the Water Authority. It is strongly recommended that prior to submitting a
Proposal the Tenderer should verify with the Water Authority (by e-mail at ContractReview@waterauthority.ky) whether their proposed surety is acceptable.

10. The Tender Bond shall be given as a guarantee that the Tenderer will not withdraw his Proposal for a period of ninety (90) days after opening of the returned Proposals and that the Successful Tenderer will enter into a written Licence Agreement with the Water Authority within the time specified.

11. The Tender Bond of the Successful Tenderer will be retained until such Tenderer has entered into a written Licence Agreement with the Water Authority and furnished the required certificates of insurance, and met the other conditions of the RFP Documents. If the Successful Tenderer fails to enter into a written Licence Agreement with the Water Authority and fails to meet the condition of the RFP Documents within the time period specified in the RFP Documents, the Water Authority may annul the award and the Tender Bond of that Tenderer will be forfeited.

12. The Tender Bond of other Tenderers whom the Water Authority believes to have a reasonable chance of receiving the award may be retained by the Water Authority until the earlier of the tenth (10th) day after the Successful Tenderer has entered into a written Licence Agreement with the Water Authority or the rejection of all Proposals by the Water Authority.

13. Within thirty (30) days after the Letter of Acceptance has been sent by the Water Authority to the Successful Tenderer, the Water Authority will return the Tender Bonds to all Tenderers whose Proposals are not to be further considered. Retained Tender Bonds will be held in accordance with the provisions of the above item 12, after which all Tender Bonds, other than the Tender Bonds which have been forfeited, will be returned to the respective Tenderers whose Proposal they accompanied.

Preparing Proposal

14. Tenderers who submit a Proposal shall be held to have by their own independent observations and enquiries fully informed and satisfied themselves as to the extent and condition of the existing wastewater system and wastewater treatment plant, and all other points which can in any way affect the Proposal Lump Sum (Tender Amount).

15. The Proposal shall be clear and concise, and shall include sufficient detail for effective evaluation and for substantiating the validity of stated claims. The Proposal shall not simply restate or rephrase the Water Authority's requirements, but rather provide a convincing rationale explaining how the Tenderer intends to meet these requirements. Tenderer shall assume that the Water Authority has no prior knowledge of the Tenderer's experience, and will base its evaluation on the information presented in the Proposal.

The Proposal must include, but does not necessarily have to be limited to, the following three (3) separate sections:

a. Technical Proposal
b. Past Performance Data
c. Corporate Information

a. The Technical Proposal must be specific and complete in as much detail as possible. Tenderers shall specifically address and clearly identify specific requirements. The Proposal shall describe the Tenderer's capability to provide the level of wastewater services required. Proposals that merely offer to provide wastewater service in accordance with the Conditions of the Licence will be considered technically unacceptable and may not be considered further.
The Proposal shall specifically address each of the following (for more details refer to Appendix B):
1. Operational Transition Plan
2. Initial System Deficiency Corrections Plan
3. Capital Renewal Procedures Plan
5. Service Interruption/Contingency and Catastrophic Loss Plan

b. The Past Performance Data section shall include past performance information for at least three (3) but not more than six (6) municipal references that will confirm that the company has successfully provided wastewater services for public authorities for systems serving at least sixty-thousand (60,000) people for a period no less than ten (10) years.

Past performance references and contracts submitted shall be for work of similar scope, size and complexity to the requirements as detailed in the RFP Documents. References must be for work performed for at least five (5) years continuous duration within the last ten (10) years. Reference information must include the name and address of the customer, primary point of contact, telephone number and email address, and a brief description of the services and facilities provided.

The Tenderer shall provide references for each firm participating in a joint venture or teaming arrangement.

The Water Authority may contact the references to determine customer satisfaction with the Tenderer’s performance. If the Tenderer fails to provide valid client contacts or references fail to respond, past performance references will be deemed to be missing and the Proposal may not be considered further.

Tenderers shall also provide a list of all wastewater system acquisitions in the last ten (10) years and/or all contracts and subcontracts currently in progress, which are of similar scope, magnitude, and complexity to the requirements in this RFP. The list must include, as a minimum, the following for each wastewater system acquisition:

1. Name of acquisition or project.
2. Brief description of contract or subcontract.
3. Total contract value.
5. Principal parties involved, telephone numbers and email addresses.

The Tenderer shall provide a written statement concerning its status with any independent regulatory authority for the wastewater system acquisitions. The statement must include discussion on any violations, penalties, or other enforcement actions taken against the Tenderer within the last five (5) years. The Tenderer should not include detailed information on any current investigations if releasing such information would be deemed a violation of law. The statement must include the following:

1. Name of regulatory authority.
2. Address, telephone number and email address of authority.
3. Point of contact within the authority for verification.

c. The Corporate Information section shall include, as a minimum, the following:

1. Certificate of Incorporation.
3. Copy of any Shareholders’ or Partnership Agreement.
4. Organization chart detailing directors, management, officers etc. relating to the Project.
5. Names and addresses of advisers and negotiating team, and particularly the name, title, address, e-mail, fax, and telephone number of the company representative(s) who is/are authorized to negotiate with the Water Authority.
6. Certified copy of board resolution or minute approving the submission and contents of the Proposal.
7. For Joint Venture also add a copy of the joint venture agreement between or among the joint venture parties.
8. Audited accounts for the last five (5) years or such other documentation that can be independently verified.

16. The Water Authority shall not be responsible for any costs or expenses incurred in the preparation and submission of the Proposal, including those during the post-award negotiations.

17. The Water Authority shall not be seen to have approved all or any part of the information submitted by the Tenderer unless the Tenderer is so notified in writing.

**Submittal of Proposals**

18. Tenderers shall be supplied with the RFP Documents in electronic format.

19. Two hard copies of the RFP Documents (which may be bound separately from the Proposal), which for the purpose of identification shall have each page signed by the Tenderer, shall be duly completed.

20. One signed original hard copy of the Tenderer’s Proposal shall be provided in one (1) three-ring binder (maximum three (3) inch capacity). Typical page size shall be 8 ½ by 11 inches (portrait format for pages of text), with page size 11 by 17 inches used only for tables, figures/diagrams, illustrations/drawings etc. The Tenderer shall also submit an electronic copy of his Proposal, on one (1) CD ROM disk, in MS Word 2003 and MS Excel 2003 format with a table of contents (roadmap) of the Proposal structure. Scanned documents may be submitted in .pdf format. The minimum requirement for hypertext link is a table of contents linked to each file provided in the Proposal. Additional hypertext links within the Proposal are at the Tenderer’s discretion. No password-protected, zipped, or self-extracting files shall be used. Elaborate graphics, multi-media functions (e.g., video clips or sound bites) or other embellishments are not desired.

21. The Proposal package, comprising the two (2) signed original hard copies of the RFP Documents, one (1) signed original hard copy of the Proposal, the duly completed Tender Bond (or alternatively a cashier’s check or certified check), and the CD ROM disk with the Proposal in electronic format, shall be sealed in an envelope (which shall bear no name or mark indicating the Tenderer, but shall be marked ‘Proposal for Wastewater Services on Grand Cayman’) shall be delivered, no later than 12:00 noon on Friday 10 December 2010, to:

The Secretary of the Central Tenders Committee  
Government Administration Building, Ground Floor  
71A Elgin Avenue  
George Town  
Grand Cayman KY1-9000  
Cayman Islands
22. If the Proposal package is sent through the mail, by courier service, or other delivery system, the sealed envelope shall be enclosed in a separate envelope with the notation “Proposal for Wastewater Services on Grand Cayman” on the face of it.

23. Faxed or e-mailed summaries of the Proposal shall not be accepted as a substitute, even if presented by an accredited representative of the Tenderer.

24. Only Proposals received on time will be accepted. The sealed offers will be opened by the Central Tenders Committee on Friday 10 December 2010.

25. All entries and signatures shall be in indelible black or blue ink. No Proposal may be altered or amended after having been opened.

26. Proposals will not be returned.

Tenderers are advised that, after award, all Proposals will be subject to the Cayman Islands’ Freedom of Information (FOI) Law. Records are exempt from disclosure only if specifically stated in the law. Tenderers may make a written request that trade secrets and other proprietary data contained in their Proposals be held confidential. Material considered confidential by the Tenderer must be clearly identified, and the Tenderer must include a brief statement in their cover letter that sets out the statutory basis for confidentiality (for more information regarding the FOI Law refer to the Freedom Of Information Unit website at http://www.foi.gov.ky).

Award

27. All Proposals will be evaluated and all Tenderers will be notified by e-mail of the outcome of the evaluation.

28. The Water Authority shall not be bound to accept any of the Proposals. The Water Authority reserves its right to reject any or all Proposals including without limitation the rights to reject any or all non-conforming, non-responsive, unbalanced or conditional Proposals, or to reject the Proposal of any Tenderer if it believes that it would not be in its best interest to make an award to that Tenderer, because the Proposal fails to meet any pertinent standard or criteria established by the Water Authority.

29. The award will be made to that responsive, responsible Tenderer that offers the best combination, in the Water Authority’s sole and absolute judgment, of (a) the Proposal Lump Sum offered for the existing wastewater assets, (b) the lowest fees charged to the public for the wastewater services, both now and in the future, (c) the Technical Proposal, (d) Past Performance Data, and (d) Corporate Information. The Water Authority may evaluate and award the contract without discussions. However, the Water Authority reserves the right to conduct discussions if determined necessary.

30. Proposal Evaluation Criteria: Certain elements of the Proposal are mandatory, the submission of these will determine whether a Proposal is “compliant or not”, failure to submit any mandatory items will result in a “failed” Proposal and will not be assessed further.

1. Required Elements (Pass or Fail):
   a. Two (2) signed hard copies of RFP Document, incl. Completed Form of Proposal
   b. Tender Bond (or alternatively cashier’s check or certified check)
   c. Technical Proposal
   d. Past Performance Data (incl. references)
   e. Corporate Information (incl. financial data)
2. Costing Analysis (70% of assessment)
   a. Highest Value to Government
   b. Lowest Cost to Customers

3. Technical Proposal (20% of assessment)
   a. Operational Transition Plan
   b. Initial System Deficiency Corrections Plan
   c. Capital Renewal Procedures Plan
   d. Operations and Maintenance Plan/Quality Management Plan
   e. Service Interruption/Contingency and Catastrophic Loss Plan

4. Past Performance Data (10% of assessment)
   a. Experience
   b. Reference

31. The Water Authority will give the Successful Tenderer a Letter of Acceptance within twenty-eight (28) days after the Opening of the returned Proposals.

32. In the event of failure of the Successful Tenderer to provide insurance certificate(s), and/or other required documents, the Water Authority may award the Licence to the next best responsive, responsible Tenderer.

**Modification of the RFP Documents**

33. Tenderers are informed that the Conditions of Licence specified in this document may be subject to modification by mutual agreement between the successful Tenderer and the Water Authority prior to signing the Licence. Amendments of various sections of this document may be deemed necessary for stylistic reasons or for dealing with specific terms proposed by the successful Tenderer and/or the Water Authority that are not covered by the original RFP document.
FORM OF PROPOSAL

WASTEWATER SERVICES ON GRAND CAYMAN
(INCLUDING SALE OF EXISTING WASTEWATER ASSETS)

TO: The Water Authority of the Cayman Islands, P.O. Box 1104, Grand Cayman
KY1-1102, Cayman Islands

Gentlemen,

(1) Having examined the Instructions, Conditions of Licence (which we understand will become the main portion of the issued Licence), Drawings, other information provided and RFP Addenda Nos. ________________________________, for the above-named Contract, we, the undersigned, offer to purchase the existing wastewater assets and operate the same, and to design, construct and operate additional wastewater systems, including wastewater treatment plants, that may be required in the future, all under an exclusive licence for the provision of wastewater services on the island of Grand Cayman for the sum of:

_____________________________________________________________________

________________________________________________Cayman Islands Dollars

(CI$______________________________) (enter sum in figures and words)

(In the RFP Document this sum is referred to as the Proposal Lump Sum)

Our Proposal is based on a Cost of Capital [A], as defined in Section 56 of the Conditions of Licence, of ________ % per annum (____________________) (enter sum in figures and words).

(2) We acknowledge that the Cost of Capital will be adjusted from time to time as per the Contract Documents, and that the Cost of Capital, so determined, will be the target range of Return on Rate Base, as defined in the Conditions of Licence, and will apply to both the initial as well as any future investments during the Term of the Licence.

(3) We understand that the Conditions of Licence may be subject to modification by mutual agreement prior to the issuance of the Licence.

(4) We agree to abide by this Proposal for the period of ninety (90) days from the day fixed for receiving the same and it shall remain binding upon us and may be accepted at any time before the expiration of that period.

Company’s Representative Initials or Stamp:
(5) We agree to pay the above mentioned Proposal Lump Sum in full upon the issuance of the Licence.

(6) We acknowledge that the obtaining of a concession under the Wastewater (Collection and Treatment) Law 2010 to collect and treat Wastewater is a condition precedent to the issuance of the Licence.

(7) We understand that you are not bound to accept any Proposal you may receive.

Dated this _____________________ day of ______________________________ 2010

Signature ____________________________ in the capacity of ___________________

______________________________________________________________________
duly authorized to sign for and on behalf of :

______________________________________________________________________
______________________________________________________________________
______________________________________________________________________

(IN BLOCK CAPITALS)

Address  _______________________________________________________________

______________________________________________________________________

Telephone Number ___________________ E-mail Address ______________________

Witness _______________________________________________________________

Address _______________________________________________________________

Occupation _____________________________________________________________

______________________________________________________________________
TENDER BOND

KNOW ALL MEN BY THESE PRESENTS, that ______________________________
_____________________________________________________________________ ,

as Principal (hereinafter called the Company), and (name, legal title and address of
Surety) ________________________________________________________________
______________________________________________________________________
______________________________________________________________________ ,
a company licensed to do business in the Cayman Islands, as Surety (hereinafter called the
Surety), are held and firmly bound unto The Water Authority of the Cayman
Islands, P.O. Box 1104, Grand Cayman KY1-1102, Cayman Islands, as Obligee
(hereinafter called the Authority), in the sum of

______________________________________________________________________

United States Dollars (US $ ___________________________) for the payment of which sum
the Company and the Surety bind themselves, their heirs, executors, administrators,
successors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Company contemplates submitting or has submitted a Proposal to the
Authority to purchase the wastewater system and infrastructure, and as the new owner,
to operate and maintain the wastewater system, and to provide wastewater services
under an exclusive wastewater services licence. Additionally, under the licence the
Company will provide expansions to the wastewater system to meet the future needs of
the island of Grand Cayman, as determined by the Authority.

WHEREAS, it was a condition precedent to the submission of said Proposal that a
cashier’s check, certified check, or tender bond in the amount of one (1) percent of the
Proposal Lump Sum be submitted with said Proposal as a guarantee that the Company,
if successful, would enter into a written Licence Agreement with the Authority for the
performance of said Licence, within twenty-eight (28) calendar days after written notice
having been given of the award..

NOW, THEREFORE, the conditions of this obligation are such that if the Company
within 28 consecutive calendar days after written notice of such acceptance, signs the
Licence with the Authority, then this obligation shall be void; otherwise the sum herein
stated shall be due and payable to the Authority and the Surety herein agrees to pay said sum immediately upon demand of the Authority, as liquidated damages for failure thereof of said Company.

Signed on _____________________   Signed on ______________________
on behalf of (name of Company)    on behalf of (name of Surety)

______________________________   ______________________________
______________________________   ______________________________
by ___________________________   by ___________________________
in the capacity of        in the capacity of
_____________________________   ______________________________
in the presence of       in the presence of
_____________________________   ______________________________
PART A GENERAL

1. Definition of Terms

1.1 The headings in the Licence are for convenience only and shall have no legal effect.

1.2 Expressions in the singular shall include the plural and in the masculine shall include the feminine and vice versa and references to persons shall include companies and other entities and vice versa.

1.3 The words “shall” and “will” are mandatory, and the word “should” expresses an expectation, but is not mandatory, and the word “may” is permissive.

1.4 The Schedules are incorporated into this Licence by reference.

1.5 The following words shall have the meanings herein assigned to them unless there is something in the subject matter or context inconsistent with such construction.

“Additional Area” means any service area added to the Licence Area, as then defined, after approval from the Authority, in accordance with this Licence;

“Auditor General” means the officer appointed in accordance with section 114 of the Constitution Order 2009;

“Authority” means the regulatory agency responsible for overseeing wastewater utilities; and which will be the entity responsible for administering the Licence on behalf of Government; At the Licence Date this shall be the Water Authority;

“CEHO” means the officer employed by the Government to perform the duties of the Chief Environmental Health Officer in accordance with the Public Health Law or his duly appointed designate acting in accordance with that law;

“Cesspool Emptier” means any person, licensed under the Water Authority Law as a cesspool emptier, from whom the Company receives Septage at the Wastewater Treatment Plant in the course of that person’s business;

“CMOM” means the Capacity, Management, Operations and Maintenance Programme, attached as Schedule Five, and as referred to in Section 33;

“Collection/Transmission Systems” means sewers, pipelines, conduits, lift and pumping stations, force mains, and all other facilities used in the collection and transmission of Wastewater from individual service connections to a Wastewater Treatment Plant;
“Commercial Effluent” means any liquid either with or without particles or matter in suspension therein, which is wholly or in part produced in the course of any commercial or industrial activity but does not include domestic wastewater, but includes a reference to all waste in a liquid, solid or gaseous state;

“Company” means (“the successful Tenderer”) ………… 
…………………… duly incorporated under the laws of the Cayman Islands whose registered office is situated at …………………………….., or the transferee or assignee from time to time of this Licence with the consent of the Authority;

“Customer” means any person or entity who is a customer of, and is furnished Wastewater service by, the Company;

“Delivery Point” means the location of the disconnect chamber of manhole, downstream of which point the ownership of and responsibility for the Wastewater passes from the Customer to the Company;

“Domestic Wastewater” means wastewater derived principally from dwellings, business buildings, institutions, and the like, commonly referred to as sanitary wastewater or sewage;

“Electrical Conductivity” (E.C.)” means the parameter used to determine the electrical conductivity in the Wastewater, and is measured using an electrical conductivity cell, normalized to a specific reference temperature of 25ºC (77ºF), calibrated in accordance with the manufacturer’s recommendations. The measurement shall be carried out in accordance with Method 2510 B per Standard Methods for the Examination of Water and Wastewater, 21st Edition, 2005 jointly published by the American Public Health Association, the American Water Works Association and the Water Environment Federation, or the equivalent method in its most current edition and measured in units of micro-Siemens/centimetre (μS/cm);

“Gallon” means one United States gallon of volumetric measure;

“Government” means the Government of the Cayman Islands;

“Governor” means the Governor-in-Cabinet;

“Individual Service Connection” means the pipeline which connects the point(s) at which Wastewater leaves a building, which is
its source, and the point at which it enters a Collection/Transmission System.

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Law&quot;</td>
<td>means the Wastewater (Collection and Treatment) Law 2010 and all amendments thereto for the time being in force;</td>
</tr>
<tr>
<td>&quot;Licence Area&quot;</td>
<td>means those parts of the Island of Grand Cayman more particularly described in Schedule One to this Licence and outlined in red on the plans in that Schedule, and as extended from time to time pursuant to Section 32;</td>
</tr>
<tr>
<td>&quot;Licence Date&quot;</td>
<td>means the date of this Licence;</td>
</tr>
<tr>
<td>&quot;Modification&quot;</td>
<td>means any alteration, expansion, upgrade, extension, replacement of, or addition to the Works.</td>
</tr>
<tr>
<td>&quot;New Works&quot;</td>
<td>means any Works that are put in place by the Company after the grant of this Licence excluding any works necessary for the repair of existing Works or the reinstatement of public and private property including roads;</td>
</tr>
<tr>
<td>&quot;NRA&quot;</td>
<td>means the officer employed by the National Roads Authority to perform the duties of Managing Director or his duly appointed designate;</td>
</tr>
<tr>
<td>&quot;Person&quot;</td>
<td>means any individual, firm, company or association or body of individuals, whether incorporated or not;</td>
</tr>
<tr>
<td>&quot;Premises&quot;</td>
<td>means buildings, land, easements, whether built on or not, whether public or private, and includes any place or structure, or any part thereof, used or intended to be used for human habitation, or for employment or any purpose whatsoever;</td>
</tr>
<tr>
<td>&quot;Pre-treatment&quot;</td>
<td>means the reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutant properties in Wastewater prior to, or in lieu of, introducing such pollutants into the Collection/Transmission System or Wastewater Treatment Plant. This reduction or alteration can be obtained by physical, chemical, or biological processes; by process changes; or by other means, except by diluting the concentration of the pollutants unless allowed by an applicable pre-treatment standard.</td>
</tr>
<tr>
<td>&quot;Register Of Companies&quot;</td>
<td>means the register maintained pursuant to Section 26(3) of the Companies Law (2010 Revision);</td>
</tr>
</tbody>
</table>
“Seawater” means water with an Electrical Conductivity above fifty-four thousand (54,000) micro-Siemens/centimetre (μS/cm);

“Septage” means all matter (liquids and solids) that is pumped out of septic tanks, holding tanks and on-site Wastewater Treatment Plants, from residential, commercial and industrial properties, and that is disposed of at the Wastewater Treatment Plant for further treatment;

“Site” means any Works comprising Wastewater lift or pumping stations, Wastewater Treatment Plants, and auxiliary facilities located within the Licence Area and operated by the Company for the purpose of collecting, conveying and treating Wastewater;

“Target” means the quantity or figure that provides the benchmark for the Company’s performance, and is more specifically described in the Performance Standards in Schedule Eight;

“Term” means the term of the Licence as provided for in Section 3;

“Treated Effluent” means the waste stream remaining after Wastewater has been treated in a Wastewater Treatment Plant and that contains low levels of organic material and suspended matter.

“Treatment” means any method, technique, or process which changes the physical, chemical, or biological character or composition of Wastewater and thereby reduces its potential for polluting receiving waters.

“Wastewater” means Domestic Wastewater and/or Commercial Effluent; the combination of liquid and water-carried pollutants from residences, commercial buildings, industrial plants, and institutions together with any groundwater, surface runoff or leachate that may be present.

“Wastewater Treatment Plant” means any plant, facility or other works designed and used for the purpose of treating, stabilizing, or holding Wastewater prior to release to the environment.

“Water Authority” means a body corporate having perpetual succession and established under section 3 of the Water Authority Law (Law 18 of 1982) (1996 Revision), and of 13G Red Gate Road, George Town, P.O. Box 1104, Grand Cayman KY1-1102;
“Works” means all mechanical, electrical and other equipment and all civil engineering works or plant including appurtenances owned or operated by the Company and which are constructed for or in connection with the collection, conveyance and treatment of Wastewater, and includes completed New Works.

“Zone of Acceptability” means the range above and below the Target that is exempt from any reward or penalty, intended to allow for the normal variation of the performance measures, and which is more specifically described in the Performance Standards in Schedule Eight;

2. **Obligation to Provide Wastewater Services**

   (1) The Company shall at all times throughout the Term of this Licence and any extension thereof carry on within the Licence Area the business normally conducted by a Wastewater utility and shall do so in an efficient and businesslike manner using its best endeavours to maintain adequate and dependable Wastewater collection and Wastewater treatment capacities in the Licence Area. For the avoidance of doubt this shall include, but not be limited to, the following:

   (a) provide, improve and extend the Works and cleanse and maintain those pipelines, conduits and any lateral drains which belong to or be vested in the Company in such as manner to ensure that the Licence Area is and continues to be effectually drained; and

   (b) make provision for the emptying of those pipelines, conduits and drains and such further provision as is necessary from time to time for effectually dealing, by means of Wastewater Treatment Plant or otherwise, with the contents of those pipelines, conduits and drains.

   (c) provide and allow for the discharge of Septage at the Wastewater Treatment Plant by licenced Septage haulers (referred to as “cesspool emptiers” in the Water Authority Regulations (2007 Revision).

   (2) The Company shall operate the Works so as to furnish equipment, services, and facilities that are safe, adequate, just, reasonable, economical, dependable and efficient, considering the conservation of natural resources and the quality of the environment. Unless otherwise provided for in this Licence, the Company shall provide Wastewater service in accordance with industry-standard construction, operations, maintenance, management, environmental, safety, and other relevant standards, that apply to similarly situated wastewater service providers.

   (3) The Company shall be bound to operate the Works in accordance with the service standards, and subject to measurement and evaluation in accordance with the Standards of Service (as detailed in Schedule Four), the Treated Effluent Quality Limits (as detailed in Schedule Seven) and the Performance Standards (as detailed in Schedule Eight). In the event the Standards of Service, the Treated Effluent Quality Limits and the Performance Standards and any other provisions of this Licence are at variance, the higher or more restrictive standard or requirement shall be deemed to apply.
(4) Save as hereinafter provided, the Company shall plan for, serve, and extend service to, any location or to any Person in the Licence Area who applies to the Company for the provision of Wastewater service without discrimination against or preference to any Person.

The Company in performing its duty under this Section 2 shall have regard:

(a) to its existing and likely future obligations to allow for the discharge of Commercial Effluent into the Works; and

(b) to the need to provide for the treatment and disposal of Commercial Effluent and Septage which is so discharged.

(5) The Company shall not charge or demand or collect or receive any greater or less or different compensation for the provision of Wastewater service or for any service connected therewith, than those rates and charges approved by the Authority and in effect at that time.

(6) The Company shall comply with the Wastewater System Planning and Reliability Standards, the Wastewater System Operating Standards and the Consumer Service Standards in accordance with Section 9.

3. Term of Licence

(1) This Licence shall commence on the Licence Date and shall, subject to the provisions for revocation or extension contained herein, continue for a period of twenty-five (25) years from the date thereof.

4. Renewal of Licence

(1) Not earlier than twenty-four (24) full calendar months, nor less than eighteen (18) full calendar months prior to the expiration of the Term, the Company shall give written notification to the Authority to enter into negotiations for a renewal of this Licence for any further period upon the expiry of the term of this Licence.

(a) The Authority hereby agrees that upon the expiry of the term of this Licence or any extension thereof, he will not grant a licence or franchise to any other person or company for the collection, conveyance and treatment of Wastewater within the Licence Area without having first offered such a licence or franchise to the Company on terms no less favourable than the terms offered to such other person or company, unless-

i. the Licence is revoked in accordance with Section 8 thereof, or

ii. the Authority is not satisfied that during the term of the Licence the Company has complied with all terms, conditions, specifications and requirements of the Licence or, with any order, directive, rule or regulation pertaining to the Licence; or

iii. the Company has waived all rights of renewal with respect to the Licence.

(b) The provisions of Section 4(1)(a) shall survive the expiry of this Licence.
(c) For the avoidance of doubt, prior to the Authority being able to issue a new Licence, the Company must obtain a concession in accordance with the Law for the further period.

(2) If the Company fails to enter into negotiations with the Authority, as prescribed by Section 4(1), then the Term shall be suspended until such time as the Authority shall tender a reminder notice to the Company, specifically referencing this Section 4(1) and requesting that the Company deliver to the Authority a reply notification stating whether the Company desires to exercise its right to renew this Licence. The Company shall have thirty (30) days following the date of the Authority’s notification within which to make its election. If the Company fails or refuses to deliver a responsive notice electing to exercise the right to renew, then such failure or refusal shall be deemed an election by the Company to waive all rights of renewal with respect to the Licence; in which case the Licence shall expire at the end of the Term.

(3) Unless the Authority agrees otherwise (at its sole discretion) the Company shall have no right or option to renew the Licence with respect to less than all of the Licence Area as then defined.

5. Modification of Licence

(1) Without prejudice to Sections 5(2) and 5(3) below, this Licence may be modified where the Authority and the Company each consent in writing to modify the Licence.

(2) Notwithstanding Section 5(1), the Authority shall immediately, on the direction of the Governor, modify the Licence for reasons of the public interest of the Islands, with or without the agreement of the Company.

(3) Where the Authority, on the recommendation of the Governor, considers that the Licence should be modified in the public interest, the Authority shall give to the Company a written notice that-

(a) sets out the proposed modification;

(b) states the reasons for the proposed amendment; and

(c) invites the Company to file submissions within twenty-eight (28) days to show cause why the Licence should not be so modified.

(4) The Authority may modify the Licence if, after having regard to the submissions made under Section 5(3)(c), the Authority considers the Licence should be modified-

(a) in the manner set out in the notice, or

(b) in some other manner consistent with the said submissions.

(5) Where the Authority decides to modify the Licence, the Authority shall give to the Company a written notice stating how the Licence has been modified.

6. Construction of Licence

(1) This Licence shall be governed by the laws of the Cayman Islands and shall be read and construed in all respects subject to the provisions of the Law and any regulations made thereunder.
7. **Assignability of the Licence**

(1) This Licence shall not be assigned nor transferred in whole or in part without the prior written consent of the Authority.

(2) The Authority may consent to an application for the assignment of this Licence under Section 7(1) where the Authority is satisfied that the proposed assignee satisfies the criteria set out in the Water Authority Law (Latest Revision).

(3) The Company shall request in writing the consent of the Authority for assignment or transfer of this Licence and the Authority shall reply in writing within twenty-eight (28) days of the receipt of such request.

(4) Where the Authority refuses to give its consent it shall give reasons in writing for such refusal to the Company.

8. **Revocation of the Licence**

(1) The Authority may suspend or revoke this Licence when the Company-

   (a) is in fundamental breach of this Licence or the Law;

   (b) persistently breaches any Condition attached to this Licence;

   (c) is dissolved;

   (d) is wound up or declared bankrupt;

   (e) fails to pay the Regulatory Fee Charges for a continuous period in excess of three months after the relevant due date;

   (f) is to be struck or is struck from the Register Of Companies; or

   (g) obtained the Licence by a fraudulent, false or misleading representation or in some other illegal manner.

(2) Notwithstanding Section 8(1), the Authority, on the order of the Governor, shall, without notice, suspend or revoke this Licence if the suspension or revocation is necessary for reasons of the public interest of the Islands.

(3) In the event that the Company fails to maintain adequate Wastewater collection and treatment capacities in the Licence Area in a reasonable manner and time as required by this Licence or as determined by the Authority in its absolute discretion, the Authority shall be entitled to revoke this Licence in accordance with Section 8(5).

(4) In the event that the Company fails to comply with the Authority’s instructions to extend the Licence Area, as per Section 32, the Company shall be deemed to be in fundamental breach of this Licence and the Authority shall be entitled to terminate this Licence in accordance with Section 8(5).

(5) In the event of any of the conditions specified in Sections 8(1), 8(3) or 8(4) occurring, the Authority, on becoming aware of such breach of the Licence, shall immediately notify the Company by notice in writing, delivered to the registered office of the Company and specifying the breach and the date when it occurred and informing the Company of the remedial action it is required to take and of the time period allowed for
this action to be taken (the “Allowed Period”, which period shall include any extension given hereunder).

(6) The Allowed Period shall be a reasonable time, taking into account the public interest of the Islands, but shall not in any event exceed two (2) months. In the event that the Company fails to remedy the breach within the Allowed Period the Authority may extend the Allowed Period or may immediately revoke this Licence on the expiration of the Allowed Period by further notice in writing, provided that the date of such revocation notice is within fifteen (15) calendar days of the expiration of the Allowed Period.

(7) In the event of revocation in accordance with Section 8(1), 8(2), 8(3) or 8(4), the Authority shall order the Company and its servants to vacate the Works and the Company and its servants so ordered shall vacate the Works within a period of two (2) days, after providing the Authority with all information, as detailed in Section 8(8) necessary or useful to ensure the Works can be properly operated by others. The Authority may then appoint whomsoever it deems appropriate to operate the Works until the Licence has been reinstated in accordance with Section 8(10) or for such time as may be necessary for their sale or disposal in accordance with Section 8(11). The appointed operator, who shall be given full access to the Works, shall not assume any debt that may be due by virtue of the Company’s operation and shall be entitled to recover his operational costs and a fair and reasonable profit, as determined by the Authority, from the operation of the Works, during which time the Authority shall make every reasonable effort to ensure that the Works are operated efficiently and the assets of the Company are preserved.

(8) In the event of revocation of the Licence the Company shall provide the Authority with all information in all media (electronic, paper, and otherwise) including, without limitation, books, manuals, operating procedures, specifications, databases, maps, passwords, access codes, records etc. necessary or useful to ensure the Works can be properly operated by the Authority or others. In addition, copies of all Company operations and maintenance records shall be transferred to the Authority.

(9) The Company shall be entitled to apply to the Authority for the reinstatement of this Licence and the Authority in his absolute discretion may if he deems it appropriate to reinstate this Licence and in doing so dismiss the appointed operator and require him to vacate the Works within a period of two (2) days after being so ordered in writing. Any costs which the appointed operator has incurred as a direct consequence of operating the Works and which he has not recovered by way of revenue derived from the operation shall become a debt due from the Company.

(10) In the event that the Licence is not reinstated in accordance with the foregoing, or in the event the Licence is revoked in accordance with Section 8(2), the Authority shall compel compulsory divestiture of the Company’s assets at a value equal to the average of the values determined by a panel of three qualified valuers with experience in valuing wastewater assets. The panel shall have one member chosen by the Company, one member chosen by the Authority and a third member, who shall be the chairman of the panel, chosen by the other two members. The Authority shall accept the agreed valuation (which shall exclude any amount attributable to or in respect of goodwill whether arising from the existence of this Licence or otherwise howsoever, but determined as if the assets form a unit of production) and shall, save as provided in Section 8(11)(a), within a period of one year from the date of acceptance either ensure that the value of those assets is paid to the Company or allow the Company to sell the Works to a suitably qualified company which has expressed to the Authority an interest in applying for a licence to provide Wastewater services to the Licence Area and which has been approved in writing by the Authority so to do. The Authority may offer a licence to any other company that it may deem appropriate and allow the Company to
enter into negotiations to sell its assets to the new licensee if such assets are required by the new licensee.

(a) In the event the Licence is terminated resulting from any of the conditions specified in Sections 8(3) or 8(4) the value of the assets will be paid to the Company in equal payments over a period of five (5) years without the payment of any interest.

(11) In the event that the new licensee does not require the assets of the Company, then at the time a new Collection/Transmission System and Wastewater Treatment Plant are provided by the new licensee, the Company may repossess and dispose of its assets.

(12) In the event that the new licensee has used the Works whilst establishing new works, then the Company shall be entitled to claim a fair and reasonable sum for the use of the Works and the Authority shall ensure that the new licensee pays such sum to the Company.

(13) In the event that the Authority decides to buy the assets of the Company, then it shall not be bound to purchase any assets, other than the Works, that in its opinion are unnecessary or unsuitable for the continuation of the Wastewater services, in which case those assets shall be handed back to the Company at the time of this decision.

(14) In the event of revocation of the Licence, the obligations of both parties related to any amounts owing shall subsist and the parties may take such action allowed under law to settle such obligations.

9. Technical, Operational and Financial Information (including Accounts)

(1) The Company shall keep on file in its office suitable maps, plans, and records showing the entire layout of its Wastewater collection system and Wastewater Treatment Plants with the location, size and capacity of each unit of plant, size of each collecting pipeline, and other facilities used in the furnishing of Wastewater service. This shall include any Wastewater infrastructure installed within new developments and sub-divisions as per Section 25(3).

(a) All above-mentioned maps, plans and records shall be available for inspection by the Authority and the General Public during normal business hours and with reasonable notice.

(b) With reasonable notice by the Authority, all record drawings for all existing and new facilities installed by the Company within the Licence Area shall be provided in AutoCAD format using the latest release software compatible with the Authority’s systems.

(c) The Company shall also provide information to allow for updates to the Geographical Information Systems (GIS) of the Authority and relevant Government departments.

(d) Notwithstanding the above the Company shall identify changes to and update Wastewater system maps in electronic media format, and if requested by the Authority also in hard copy (D size), within one year of the Licence Date and annually thereafter as necessary.

(2) The Company will submit annual updates to the Authority of its total five (5) year Capital Investment Plan (CIP).
(3) The Company shall submit its Capital Investment Plan (CIP) to the Authority within six (6) months of the Licence Date and annually thereafter with a deadline to be decided by the Authority in consultation with the Company. The CIP will provide a listing of all projects currently being implemented as well as those for which implementation is planned to begin within the five (5) year period considered in the CIP. Actual and forecast expenditures on the listed projects are to be indicated for each of the following periods:

(a) Prior to year 1;

(b) Each of years 1 through 5 inclusive, and

(c) Beyond year 5

Individual projects for which investments amounts do not exceed five percent (5%) of the total investment forecast in any one year may be presented in groups of similar characteristics (e.g., pipeline extensions). Descriptions of such projects will provide such information as will enable the Authority to understand the rationale behind the proposed investment. However the Company shall provide details of all projects for which the forecast expenditure in any one year exceeds five percent (5%) of the total investment projected for that year, as well as for any project for which the total forecast expenditure over the five year period exceeds five percent (5%) of the total investment projected for that period. The Authority will have the right to require submission of any information relevant to any proposed investment, regardless of the forecast monetary value. The intent of the forecasting process is not to involve the Authority in the Company’s routine management decisions but to enable it to determine the reasonableness and efficiency of the proposed investment with respect to the provision of Wastewater service in the Licence Area.

(4) The Company shall prepare and submit to the Authority a quarterly report with monthly details providing such information as the Authority may request, including, but not necessarily limited to, the quantity and quality of Wastewater collected and treated, peak flows, the number of Customers in each billing class, the maximum available Wastewater pumping and treatment capacity, and such operating statistics relevant to monitoring the compliance of the Company with the terms of the Licence, including (but not limited to) operating performance, service interruption statistics, and safety and environmental compliance.

(a) The quarterly report shall include a detailed summary, by month, of the amount of electricity consumed, showing details in kWh and costs, by Site and overall.

(b) The quarterly report shall include details, by month, showing the manner in which the Regulatory Fee Charges and Electricity Cost Charges are calculated in accordance with Section 48.

(5) The Company shall, within four (4) months of the end of each financial year, submit to the Authority a report indicating the performance of the Works during the previous financial year. The Company shall, if required by the Authority, publish a summary of the report in a manner approved by the Authority.

(6) The Company shall, within three (3) months after the Licence Date, prepare and submit to the Authority for approval, the Company’s proposal for the Wastewater System Planning and Reliability Standards, and the Wastewater System Operating Standards.
(7) The Company shall, within six (6) months after the Licence Date, prepare and submit to the Authority for approval, the Company’s proposal for Customer Service Standards, including a measure of Customer satisfaction.

(8) Having regard to any written representation received by the Authority or upon its own motion, after giving the Company an opportunity to present its perspective on the same, for reasons recorded in writing, the Authority may require the Company to revise the Wastewater System Planning and Reliability Standards, the Wastewater System Operating Standards and the Customer Service Standards, and the Company shall comply with the directions of the Authority.

(9) The Company shall furnish to the Authority within fourteen (14) days following the Authority’s request, a log or report, in a form reasonably to be prescribed by the Authority, listing of all Customer complaints received by the Company within the preceding twelve (12) calendar months concerning the Company’s charges, practices, facilities or service, as well as an explanation of their dispositions.

(10) The Company shall furnish to the Authority without undue delay any other information, documents and details related to the Wastewater collection and treatment business or any other business of the Company, as the Authority may reasonably require in order for it to fulfil its functions.

(11) The Company shall adopt accounting and auditing procedures generally accepted in the United States of America, Canada or in the United Kingdom, or such other accounting procedures as the Company may select with the Authority’s approval.

(12) The Company shall provide audited financial statements on an annual basis prepared in accordance with appropriate generally accepted accounting principles and un-audited detailed financial statements, on a quarterly basis, in the general format required for its annual accounts. These accounts shall be sufficiently detailed to provide full, true and satisfactory detailed information relating to the affairs of the Company for the year under consideration. The audited annual accounts shall be provided to the Authority no later than four (4) months after the end of the fiscal year.

(13) Copies of all records and reports shall be kept at the Company’s office or offices and shall be available during regular business hours for examination by the Authority or their duly authorized representatives.

(14) All materials and information specified in this Section shall be maintained for a period of at least five (5) years.

(15) The Auditor General shall have the right to inspect the accounts of the Company at any time during business hours on giving reasonable notice and the right to request and be provided with any source information that in his opinion is necessary to assist any reasonable investigation he may wish to carry out.

10. The Local Companies Control Law

(1) For the avoidance of doubt it is hereby expressly agreed that this Licence shall be regarded as a franchise for the purposes of Section 4(1)(d) of The Local Companies (Control) Law, 1971.
11. The Trade and Business Licensing Law

(1) The Company is exempt from obtaining a Trade and Business Licence as per Section 3 (a) of the Trade and Business Licensing Law (2007 Revision).

12. Exchange Control

(1) The Company shall not be liable to any indirect or direct exchange or other restrictions or control upon the Company in the transfer to others whether overseas or otherwise of shareholdings, investments and profits.

13. Notices

(1) Notices may be served upon the registered office of the Company and upon the Authority.

(2) Any written notice required or permitted under the terms of the Licence shall be sent by certified or registered mail, courier, or be delivered by hand during business hours.

(3) Notice shall be deemed received seven (7) business days following the date post-marked in the case of notices sent by certified or registered mail, two (2) business days if delivered by courier, and immediately if delivered by hand.

14. Waivers

(1) The failure of the Authority on one or more occasions to exercise a right or to require compliance or performance under the Licence shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance by the Authority, nor to excuse the Company for complying or performing, unless the Authority has specifically waived, in writing, such right or such compliance or performance.

(2) The failure of the Company on one or more occasions to exercise a right under the Licence, or require performance under the Licence shall not be deemed to constitute a waiver of such right or of performance of this Licence, nor shall it excuse the Authority for performance, unless the Company has specifically waived, in writing, such right or performance.

15. Customs duties

(1) The Company shall pay all Customs duties and package tax due upon all goods (e.g., parts, tools, test equipment, computer equipment, chemicals, expendables, and all other items required for the operation, control, monitoring, and maintenance of the Works) imported into the Cayman Islands.

16. Permits

(1) Throughout the Term the Company shall make application for and shall obtain all permits and approvals required, such as for the disposal of all treated effluent into wells, Planning approvals, etc.

17. Force Majeure

(1) The obligation of the Company under this Licence shall be subject to Force Majeure which render such obligations impossible to perform in accordance with the conditions of this Licence.
(2) Force Majeure shall be deemed to mean a consequence of any of the following events:

(a) a flood, storm, hurricane or other natural event; or
(b) any war, hostilities, revolution, riot or civil disorder; or
(c) any destruction, breakdown (permanent or temporary) or malfunction of, damage to any premises, plant, equipment or materials of the Company if that event and consequence was not preventable and foreseeable; or
(d) the introduction of, or any amendment to, a law or regulation or any change in its interpretation or application by any authority; or
(e) any action taken by a government entity or public authority including any failure or delay to grant a consent exemption or clearance if that event and consequence was not preventable and foreseeable; or
(f) any strike, lockout or other industrial action; or
(g) any unavailability of or difficulty in obtaining any plant, equipment or materials if that event and consequence was not preventable and foreseeable; or
(h) any breach of contract or default by or insolvency of, a third party including an agent or sub-contractor.

(3) For this purpose an event or the consequence of an event is not preventable and foreseeable if and only if the Company could not have prevented it by taking steps which it could reasonably be expected to have taken.

(4) Section 17(2) does not apply unless the Company:

(a) notifies the Authority of the relevant event and consequence as soon as possible after it occurs;
(b) promptly provides the Authority with any further information which the Authority requests about the event (or its causes) or the consequence; and
(c) promptly takes any steps (except steps involving significant additional costs) which the Authority reasonably requires in order to reduce the Company’s losses or risk of losses.

(5) It is for the Company to show that a matter is a consequence of an event covered by Section 17(2), that the event and the consequence was not preventable and foreseeable and that the Company has satisfied the conditions set out in Section 17(4).

18. Insurance

(1) The Company shall throughout the Term maintain in full force and effect, at its own cost and expense, Commercial General Liability insurance and all other insurances required by law.

(a) Without prejudice to the generality of Section 18(1) above, the Company shall within sixty (60) days of the Licence Date:
i. insure against liability for damage or injury to any person or to any property due to or arising out of or attributable to the Works or operation of the Works. Such insurance shall be affected for an amount not less than one million United States dollars (U.S. $1,000,000) per claim and two million United States dollars (U.S. $2,000,000) in aggregate per annum, for all premises and operations, with an insurer and in terms to be approved in writing by the Authority. The policy shall cover independent contractors.

ii. carry and maintain comprehensive automobile liability insurance with a combined single limit of one million United States dollars (U.S. $1,000,000) per occurrence for bodily injury and property damage. Coverage shall include owned, hired, and non-owned vehicles.

iii. carry and maintain workers’ compensation and employer’s liability insurance to the extent required by law, but the liability limits shall not be less than five hundred thousand dollars (US$ 500,000).

iv. carry and maintain property insurance for the full replacement value of the wastewater treatment plant, inclusive of all buildings, and the electrical and mechanical portions of all pump/lift stations.

v. carry and maintain in full force and effect Pollution and Remediation Liability Insurance for an amount not less than two (2) million United States dollars (US$ 2,000,000) per incident and four (4) million United States dollars (US$ 4,000,000) in aggregate per annum. The insurance policy shall provide that, in the event of cancellation or non-renewal, the Extended Reporting Period (Discovery Period) for claims shall be no less than two (2) years.

(a) Pollution and Remediation Liability Insurance including the cost of defense for a period of three (3) years following the expiration or termination of the Insurance. Such coverage shall include but shall not be limited to Pollution Legal Liability (legal liability arising out of the discharge, dispersal, release, seepage, migration or escape of smoke, vapors, fumes, acids, alkalis, toxic chemicals, liquids or gasses, hazardous materials, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water including groundwater at, under or emanating from the Works); and

(b) Remediation Legal Liability/Expense (expenses incurred for or in connection with the investigation, monitoring, removal, disposal, treatment or neutralization of a condition arising from the discharge, dispersal, release, seepage, migration or escape of smoke, vapors, fumes, acids, alkalis, toxic chemicals, liquids or gasses, hazardous materials, waste materials or other irritants, contaminants or pollutants into or upon land the atmosphere or any watercourse or body of water including groundwater at, under or emanating from the Works, as well as the cost to repair or replace real or personal property damaged during the course of remediation in order to restore the property to the condition it was in prior to the remediation.

(c) The Company’s total aggregate Pollution and Remediation liability shall be limited to eight (8) million United States dollars (US$ 8,000,000) in aggregate per incident. This limit of liability shall be deemed to cover the legal liability arising out of the discharge, dispersal, release, seepage, migration or escape of smoke, vapors, fumes, acids, alkalis, toxic
chemicals, liquids or gasses, hazardous materials, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water including groundwater at, under or emanating from the Works; and any expenses incurred for or in connection with the investigation, monitoring, removal, disposal, treatment or neutralization of such a condition, as well as the cost to repair or replace real or personal property damaged during the course of remediation in order to restore the property to the condition it was in prior to the remediation.

(b) The Company shall from time to time when so required by the Authority produce the policies and the receipts for the premiums or other satisfactory evidence of insurance covers as aforesaid.

(2) All insurances referred to in this Section shall be effected with insurers approved in writing by the Authority, such approval not to be unreasonably withheld or delayed.

(3) Each insurance policy shall provide that any losses shall be payable notwithstanding any act or failure to act or negligence of the Company or any other person; provide that no cancellation, reduction in amount, or material change in coverage thereof shall be effective until at least sixty (60) days after receipt by the Authority of written notice thereof.

(4) The Company shall pay or procure the payment of all premiums and other money necessary to effect and maintain all insurances referred to in this Section, and shall produce to the Authority on an annual basis the policy or policies of insurance and the receipt or receipts for the then current year’s premium. Any cancellation of insurance coverage based on non-payment of the premium shall be effective upon ten (10) days’ written notice to the Authority.

(5) The Company shall comply with all requirements of the insurers and neither the Authority nor the Company shall do or permit or suffer to be done on the Site or in relation to the Works anything which might render void or voidable any policy of insurance effected in accordance with the provisions of this Section, or as a result of which payment of the policy money might be withheld in whole or in part.

(6) The Company shall as soon as reasonably practicable inform the Authority if the deductible for its property insurance changes.

(7) Cancellation of any insurance coverage required to be carried and maintained by the Company under this licence shall constitute a failure to comply with the conditions of this Licence.

19. Indemnity

(1) The Company shall indemnify the Governor and any civil servant or public officer and the Authority or any of the Authority’s employees against all claims, costs and damages whatsoever arising out of or attributable to the Works or operation of the Works other than claims, costs or damages arising as a result of the Company complying in a proper manner and without negligence on the part of the Company with a lawful order of the Governor or the Authority or of any officer or servant of the Government or any of the Authority’s employees acting in the course of his duties.
20. Control of the Company

(1) The Company shall provide the Authority with such resolutions, deeds, undertakings, assurances and other things as the Authority may require to satisfy itself throughout the term of the Licence that the effective control of the Company remains vested in and exercisable by the same directors and officers as those in whom it is vested and is exercisable immediately before the date of this Licence or such other directors and officers as the Authority may from time to time approve in his absolute discretion.

(2) The Directors and Officers listed in Schedule Two are approved for the purposes of Section 20(1) of the Licence as of the Licence Date.

(3) The Company shall be responsible for its own legal costs and all costs related to obtaining and maintaining its corporate identity.

21. Transfers of Shares of the Company

(1) The Company shall not issue shares, and a person owning or having an interest in shares in the Company shall not transfer, otherwise dispose of, or deal in those shares or interest where such issuance, transfer, disposal or dealing would thereby result in a total shareholding or total voting rights by the person acquiring such shares or voting rights by such issuance, transfer, disposal or dealing of more than ten percent of the issued share capital or total voting rights of the Company without the prior written consent of the Authority.

(2) In Section 21(1), the reference to shares being issued, transferred, disposed of or dealt with includes the issue, transfer or disposal of or dealing with either the direct or indirect legal or beneficial interest in the shares.

(3) The Company shall request the consent of the Authority to any issuance, transfer, disposal or dealing of its shares as provided in Section 21(1) in writing, and the Authority shall reply in writing within seven days of the receipt of such request.

(4) Where the Authority refuses to give its consent it shall give reasons in writing for such refusal.

(5) The Authority may, in the event the Company’s shares are publicly traded on a stock exchange recognised by the Cayman Islands Monetary Authority, waive the obligation to obtain consent under this Section, and any such waiver shall be subject to the following conditions:

(a) The Company shall, immediately upon becoming aware of same, notify the Authority of:

   i. any actual or proposed change in control thereof;

   ii. any actual or proposed acquisition which results or would result in a total shareholding by that person or group of persons of shares representing more than ten (10) percent of the issued share capital or total voting rights thereof; or

   iii. any actual or proposed acquisition which results or would result in a total shareholding by that person or group of persons of shares representing more than ten (10) percent of the issued share capital or total voting rights of the parent company of the Company.
(b) a condition that the Company shall, as soon as reasonably practicable, provide such information to the Authority as may be required by the Authority for the purpose of satisfying that the persons acquiring or proposing to acquire control or ownership in the circumstances set out in Section 21(5)(a) are fit and proper persons to have such control or ownership, but the Company shall not be required to provide the Authority information that is either not in its position or that it does not have a legal of contractual right to obtain, and

(c) such terms and other conditions as the Authority may deem necessary.

(6) Notwithstanding any waiver given under Section 21(5), where the Authority has been notified by the Company or otherwise becomes aware of any of the circumstances set out in Section 21(5), and the Authority has determined that such person or group of persons are not fit and proper persons to have control or ownership of the Company or its parent company, the Authority may:

(a) in the event of a proposed acquisition of shares in the Company, refuse to allow the proposed transfer of shares; or

(b) in the event of a proposed acquisition of shares in the Company or its parent company:

   i. impose such conditions on the Company as it may deem necessary;

   ii. issue a directive or directives to the Company as to the management and operations of the Company; or

   iii. suspend or revoke the Licence on the order of the Governor where he determines such suspension or revocation is necessary for reasons of the public interest of the Islands.

(7) Where shares in the Company vest automatically through process of law in another person or group of persons and such vesting result in total shareholding by that person or group of persons of more than ten per cent of the issued share capital or total voting rights in the Company, the secretary of the Company shall immediately upon becoming aware of such vesting, inform the Authority of the number of shares and the identity of that person in whom they have vested, and the Authority shall have the power to impose conditions on the Licence and to issue directives as to the management and operations of the Company.

(8) In this Section 21:

(a) "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the Company, whether through ownership of voting rights, by contract or otherwise; and

(b) "parent company" in relation to any company or other entity, means any company or other entity by which it is directly or indirectly controlled.

22. Arbitration

(1) Save as otherwise expressly provided, any dispute, difference or question which arises between the Authority or any of his delegates acting on his behalf and the Company as to any matter arising under or by virtue of this Licence or as to their respective rights and liabilities in respect thereof, and in respect of which amicable settlement cannot be
reached within ninety (90) days, may be referred to arbitration by three (3) arbitrators, one appointed by each party and the third by the two (2) so appointed, all of whom shall be deemed to have been appointed otherwise than as mentioned in subsection (1) of section 10 of the Arbitration Law (2001 Revision) and such arbitration shall in all other respects take place in accordance with the Arbitration Law (Latest Revision)

23. Employment of Staff

(1) The Company agrees to hire all existing employees, employed within the Wastewater Collection and Wastewater Treatment divisions of the Water Authority, without affecting any change for the worse in the terms and conditions of service applicable to any employee, including, but not limited to, the following:

(a) Wages, including the period and mode of payment.
(b) Contribution paid, or payable, by the Company to any pension fund or for the employee under any law for the time being in force.
(c) Compensatory and other allowance.
(d) Hours of work and rest intervals
(e) Leave with wages and holidays.
(f) Starting, alteration or discontinuance of shift working.

(2) No wastewater operations staff, employed at the Licence Date, shall be forcibly laid-off within the first three (3) years after the Licence Date, unless due to gross negligence.

(3) All staff in responsible charge of the Works shall have proper certification for the position held. The Authority shall, in its sole discretion, decide on the level of certification required.

(4) All staff shall be able to understand, read, write, and speak the English language fluently, as reading, and understanding environmental, health, and safety warnings and interfacing with customers are integral parts of their duties.

(5) The Company shall use its best endeavours to employ persons possessing Caymanian status in various categories of employment in its operation and to train them for higher categories wherever possible, it being understood that the Company has the right to import key trained or skilled personnel (and their dependants) or otherwise recruit such personnel for employment in accordance with the laws of the Cayman Islands for the time being in force relating to work permits. The Company agrees also that wherever possible persons possessing Caymanian status having attained equal minimum qualifications, which include experience and certification for the position, shall be employed in preference to persons not possessing Caymanian status.

PART B TECHNICAL CONDITIONS

24. Design of New Works

(1) All design of New Works to be constructed to collect, transfer and treat Wastewater under the terms of this Licence shall conform to good and commonly accepted engineering standards within the industry and shall be subject to the approval of the Authority prior to construction. If the Company fails to obtain such approval prior to
construction, the Authority may condemn any such New Works and direct that they be removed and the Company shall thereupon remove them at its own expense.

(a) The technical standards and criteria contained in the standard manuals and technical publications listed in Section 24(4) below shall be regarded for the purpose hereof as conforming to good and commonly accepted engineering standards within the industry and shall be applied, if applicable, in determining whether construction or modification of the Works shall be allowed or denied.

(b) The Authority may adopt and modify these standards and criteria as deemed necessary for the specific situation in the Cayman Islands.

(2) The Authority’s approval is required for the construction or modification of any part of the Works except for the following:

(a) Replacement of any facilities with new facilities of the same capacity at the same location as the facilities being replaced;

(b) Construction of any single gravity or non-gravity individual service connection from a single building to a gravity collection system; however, construction of a non-gravity connection to an existing force main system requires approval;

(c) Construction of a low pressure (grinder pump or STEP) or vacuum sewer individual service connection where the system serving the area has been previously approved by the Authority;

(d) Modifications associated with routine maintenance; or

(e) Modifications associated with ancillary and electrical equipment and structures.

(3) Deviations from the standards and criteria contained in the publications listed in Section 24(4) below shall be approved by the Authority provided that the Company’s engineer’s report provides reasonable assurance that the proposed design will provide collection/transmission meeting the requirements of this Section; and either

(a) Conforming with these standards cannot be done except at unreasonably higher costs; or

(b) It is not technically feasible to conform to these standards because of site conditions or incompatibility with a proposed facility design employing new and innovative techniques which assure compliance with the remainder of this rule.


(h) Design Criteria for Mechanical, Electric, and Fluid System and Component Reliability – MCD-05. EPA-430-99-74-001, Department of Environmental Protection, 2600 Blair Stone Road, MS 3540, Tallahassee, FL 32399. www.dep.state.fl.us/water.

(i) Operation and Maintenance of Wastewater Collection Systems Volume I and Volume II. California State University, Department of Civil Engineering, 6000 J Street, Sacramento, California 95819. www.owp.xux.edu.

(j) Design and Specification Guidelines for Low Pressure Sewer Systems. Department of Environmental Protection, 2600 Blair Stone Road, MS 3540, Tallahassee, FL 32399. www.dep.state.fl.us/water.


(5) Notwithstanding the above, all Wastewater Treatment Plants shall be designed to provide, as a minimum, secondary treatment. Secondary treatment shall be that provided by biological processes including the activated sludge variations, or combinations of these biological processes with physical-chemical processes producing a Treated Effluent within the quality limits as stated in Schedule Seven.

(a) Wastewater Treatment Plants that provide only primary settling of solids and the addition of chemicals primarily for the purpose of improving the removal of solids are not considered equal to secondary treatment and are not acceptable.

(6) All new Collection/Transmission Systems and modifications of existing Collection/Transmission Systems shall be designed to preclude the deliberate introduction of storm water, surface water, groundwater, roof runoff, subsurface drainage, swimming pool drainage, air conditioning system condensate water, and non-contact cooling water.

(7) Emergency pumping capability shall be provided for all pump stations. Pumping capability shall be provided as follows:

(a) Pump stations that receive flow from one or more pump stations through a force main or pump stations discharging through pipes 12 inches or larger shall provide for uninterrupted pumping capabilities, including an in-place emergency generator.
(b) For pump stations not addressed in Section 24(7)(a) above, emergency pumping capability may be accomplished by connection of the pumping station to at least two independent utility substations, by providing a connection for portable or in-place engine-driven generating equipment, or by providing portable pumping equipment.

(c) Such emergency stand-by systems shall have sufficient capacity to start up and maintain the total rated running capacity of the pumping station. Regardless of the type of emergency stand-by system provided, a riser from the force main with rapid connection capabilities and appropriate valving shall be provided for all pump stations to hook up portable pumps. All pump station reliability design features shall be compatible with the available temporary service power generating and pumping equipment of the Company.

(8) Pumping stations shall be protected from lightning and transient voltage surges. As a minimum, pumping stations shall be equipped with lightning arrestors, surge capacitors or other similar protection devices, and phase protection. Small pumping stations serving a single building will not be required to provide surge protection devices when they are not necessary to protect the pump station. Complex or critical pumping stations shall be designed to incorporate standby pumping capability, power generation, and other appropriate features.

(9) New pumping stations shall be designed and located on the site so as to minimize adverse effects resulting from odours, noise, and lighting. The Company shall give reasonable assurance that the facility shall not cause odour, noise or lighting in such amounts or at such levels that they adversely affect neighbouring residents, in commercial or residential areas, so as to be potentially harmful or injurious to human health or welfare or unreasonably interfere with the enjoyment of life or property, including outdoor recreation. Reasonable assurance may be based on such means as aeration, landscaping, treatment of vented gases, buffer zones owned or under the control of the Company, chemical additions, pre-chlorination, ozonation, innovative structural design or other similar techniques and methods, as may be required.

(10) New pumping stations shall be enclosed with a fence or otherwise designed with appropriate features that discourage the entry of animals and unauthorized persons. An unobstructed sign made of durable weather resistant material shall be posted at a location visible to the public with a telephone number for a point of contact in case of emergency.

(11) In areas with high water tables, the pump stations shall be designed to include measures to withstand flotation forces when empty. The potential for damage or interruption of operation because of flooding shall be considered by the Company when siting and designing new pumping stations. The electrical and mechanical equipment shall be protected from physical damage by the 100-year flood. The pumping station shall be designed to remain fully operational and accessible during the 25-year flood; Design considerations (water surface elevation, forces arising from water movement, etc.) shall be based upon available information; where site-specific information is unavailable, sound engineering practices shall be used in the siting and design of pump station facilities.

(12) Branches of intersecting force mains shall be provided with appropriate valves such that one branch may be shut down for maintenance and repair without interrupting the flow of other branches. Stub-outs on a force main, placed in anticipation of future connections, shall be equipped with a valve to allow such connections without interruption of service.
(13) Sewers and force mains shall be laid at least ten feet (outside to outside) horizontally from water mains. Provided the Company demonstrates there is no reasonable alternative, the Authority shall approve smaller horizontal separation distances for sewers if one of the following conditions is met:

(a) The top of the sewer is installed at least twelve (12) inches below the bottom of the potable water line.

(b) The sewer is encased in watertight carrier pipe or concrete.

(c) Both the sewer and the water main are constructed of slip-on or mechanical joint pipe complying with public water supply design standards and pressure tested to 100 psi to ensure watertightness.

(d) The Company provides documentation showing that another alternative will result in an equivalent level of reliability and public health protection.

(14) Sewer pipes and force mains shall cross under water mains, unless there is no alternative. Sewers and force mains crossing water mains shall be laid to provide a minimum vertical distance of twelve (12) inches between the invert of the upper pipe and the crown of the lower pipe. The minimum vertical separation shall be maintained whether the water main is above or below the sewer. Adequate structural support shall be provided for the sewer or force main to maintain line and grade. The Authority shall approve smaller vertical separation distances if one of the following conditions is met:

(a) The sewer is encased in a watertight carrier pipe or concrete.

(b) The sewer is designed and constructed equal to water pipe and pressure tested to 100 psi to assure watertightness.

(c) The Company provides documentation showing that another alternative will result in an equivalent level of reliability and public health protection.

(15) The provisions of Sections 24(13) and 24(14) are applicable to in-ground crossings only. No vertical or horizontal separation distances are required for above-ground crossings.

(16) Special protection shall be furnished for sewer lines crossing canals or other waterways subject to maintenance dredging or where damage may occur from water craft anchorage so as to minimize the potential for unintentional discharge of Wastewater into surface waters.

(a) Sub-aqueous lines shall be buried at least three feet below the bottom of a canal and other dredged waterway. Designs with less than the three (3) foot minimum cover shall be protected by a concrete cap, sleeve, or some other properly engineered device to insure adequate protection of the line; sub-aqueous crossings shall be designed to lie on the bottom of waterways only when the engineering report provides reasonable assurance that, because of the depth of the water or other circumstances, the pipeline shall be adequately protected from damage from natural occurrences or mankind’s activities.

(b) Sub-aqueous crossings shall be clearly marked by permanent warning signs placed on the banks of canals, and other dredged waterways, clearly identifying the nature and location (including depths below design or natural bottom) of the crossings. Crossings of lakes, bays and other large bodies of water shall be
similarly identified at the shore and, with suitably fixed signs, in any area where anchoring may normally be expected. Signs shall have characteristics compatible with surrounding land use, while serving the intended purpose.

(c) Provisions for testing the integrity of underwater lines shall be made, and special pipe material suitable for underwater construction shall be used.

(d) Lines shall be designed to incorporate valves or other flow regulating devices (which may include pump stations) on the shoreline or at such distances from the shoreline as may be approved by the Authority to prevent discharge in the event the line is damaged.

(17) The Standard Manuals and Publications referenced in this Section shall be used in the evaluation of the design and construction of alternative collection/transmission systems (Collection/Transmission Systems which are not comprised of strictly conventional gravity sewers, pump stations, and force mains).

(18) In the event of ambiguity, the requirements of Sections 24(5) through 24(16) shall take precedent over the general requirements in the Standard Manuals and Publications listed in Section 24(4).

(19) The Company may be required to conform with the requirements of other Government agencies, (e.g., Department of Environmental Health, Water Authority, Mosquito Research and Control Unit (MRCU)) in the design, construction, operation, and maintenance of the Works. The absence of reference to such arrangements in this Section or this Licence does not negate the need for compliance with those requirements.

25. Construction of New Works

(1) The Company shall construct all New Works necessary to provide adequate Wastewater services by means of pipelines, pumping stations and ancillary equipment to the Licence Area where such services have been requested by any Person residing therein and where in relation to the Works, in the opinion of the Authority, its provision is commercially feasible.

(2) The construction of New Works shall conform to good and commonly accepted engineering standards within the industry as set out in Section 24 and shall be subject to the approval of the Authority. The Company shall at all times keep the Authority informed and give reasonable prior notice of its intentions to carry out New Works and the Authority shall have the right to inspect the New Works under construction in a timely manner.

(a) The Company at its own expense shall remove any such New Works properly condemned by the Authority as not complying with the standards required by this Section.

(b) In the event that the Company fails to remove any Works properly condemned by the Authority, then such condemned Works may be removed by the Authority and the cost of so doing shall be refunded by the Company.

(c) In the event that the Company fails to inform the Authority of New Works being performed and New Works were consequently not inspected in accordance with this Section, the Authority may instruct the Company to uncover or test buried Works or take any action that in the opinion of the Authority is necessary to ensure
that the Works have been constructed in accordance with proper and good engineering practice. If the Company fails to comply in a timely manner with an instruction made in accordance with this Section, the Authority shall be entitled to carry out the necessary work and the cost of so doing shall be refunded by the Company. The Authority shall not be held liable for any reasonably necessary damage it may cause whilst carrying out any such work.

(d) Any contractor or subcontractor used by the Company shall have the same obligations with respect to its work as the Company would have if the work were performed by the Company. The Company shall be responsible for the omissions and negligent actions of Persons contracting or sub-contracting or representing the Company in the course of providing Wastewater service. The Company is responsible for and shall address complaints made against its contractors, subcontractors, representatives or agents.

(3) Any Wastewater infrastructure situated within new developments and sub-divisions shall be installed by, and/or at the cost of, the developer and shall conform to the same engineering standards as set out in Section 24 and shall be subject to the approval by the Company.

(a) New developments and/or sub-divisions shall be deemed to comprise:
   i. Developments and/or subdivisions within the Licence Area that are approved by the Central Planning Authority (CPA) after the Licence Date, and
   ii. Developments and/or subdivisions within any extension of the Licence Area that are approved by the CPA after completion of that extension of the Licence Area,

(b) The developer shall submit to the Company:
   i. a copy of the relevant Site Plan, stamped as approved by the Planning Department, showing the approved layout of all buildings, roads, set-backs etc. as well as
   ii. a copy of scale drawings of the proposed Wastewater infrastructure for written approval by the Company prior to the commencement of construction in order to ensure that the installation conforms to the approved engineering standards and specifications

(c) The Company shall assume responsibility for the operation and maintenance of all Wastewater infrastructure that is designed and constructed in accordance with the engineering standards as set out in Section 24 and shall have the right to refuse to connect the Works to any Wastewater infrastructure that fails to meet these standards.

(4) The Company may, pursuant to Section 54, solicit non-refundable capital contributions from potential Customers only where, in relation to the Works, the provision of a supply is found not to be commercially feasible without such contribution, as provided for above.

(5) The Company shall arrange with private land owners for access to any Company-owned property on private property for purposes of maintenance and operation.
26. Work in Public Roads

(1) The Company shall be permitted to repair Works and to lay pipes and construct other New Works in public roads and shall do so in accordance with the requirements and with the approval of the NRA.

(2) Except in the case of the need to carry out an emergency repair to any of the Company’s Works, the Company shall submit to the NRA detailed plans of any proposal where Works or New Works are situated in public roads and no construction or repair shall commence without the NRA’s written approval.

(3) All reinstatement of public roads shall be carried out in full compliance with NRA requirements.

(4) The Company shall comply with any reasonable instruction that the NRA may issue to remedy any damage to public roads caused by any work that has not been carried out in compliance with NRA requirements. If the Company fails so to do within a reasonable time, the NRA shall be entitled to carry out the remedial work and the cost of so doing shall be refunded by the Company.

27. Service Connections

(1) The Company shall adopt a standard method for installing Individual Service Connections. Such method shall be set out with a written description and drawings, together with a schedule of connection charges, to the extent necessary for a clear understanding of the requirements and shall be submitted to the Authority for approval.

(2) The Company shall specify the size, type, quality of materials, and the actual service location. The actual construction of the Individual Service Connection outside the Person’s premises shall be carried out by the Company.

(a) As a minimum, Individual Service Connections shall:

(i) be four (4) inches in diameter.

(ii) be watertight and constructed of durable material, capable of withstanding a ten foot head of water test or equivalent.

(iii) not contain traps.

(iv) be laid in good alignment and embedment at a uniform grade in accordance with engineering practices acceptable by the Authority.

(v) be located a minimum of ten (10) feet from any household water supply source and water service line.

(3) The Company shall install a disconnection chamber or manhole, placed on or near the boundary of the premises connected to the Works.

(4) All facilities installed hereunder, downstream of and including the disconnection device, shall be the sole property of the Company.

(5) Any person who wishes to connect his premises to the Works shall apply in writing to the Company on the appropriate form issued by and obtainable from the Company.
(6) An application for service shall be accompanied by the appropriate connection fee, which shall be promptly refunded by the Company in full in the event that an application is rejected by it.

(7) The Company shall keep, in such matter as the Authority has approved, a record of all applications received, of all connections effected hereunder and of any action subsequently taken thereon.

(8) Subject to the Wastewater service being readily available, as defined in Section 27(9), all developed properties within the Licence Area shall be connected to the Works.

(9) A Wastewater service is deemed to be readily available when the total length of the required extension of the Works is not in excess of three hundred (300) feet per service connection.

(10) If Wastewater Service is not available within the meaning of Section 27(9), a person wishing to have his premises connected to the Works may apply to the Company for such connection and the Company may grant the application if, in its opinion, the connection is feasible, and subject to the payment by the applicant of such connection charge as will have been agreed upon by the parties based on the cost of the works, and approved by the Authority subject to Section 54.

(11) Existing properties in recently completed extensions of the Licence Area:

(a) Subject to the Wastewater service being readily available, as defined in Section 27(9), all buildings in the Licence Area shall be connected to the Works.

(b) The Company shall extend the Works to all existing properties at its own expense, inclusive of the cost of the connection and all work on the Customer’s premises (i.e., upstream of the disconnection device, installed as per Section 27(3)).

(c) For the avoidance of doubt, existing properties shall be connected without payment of the connection charge.

(12) New or reconstructed buildings situated within the Licence Area

(a) For the avoidance of doubt, new or reconstructed building shall mean any building that was not substantially completed at the Licence Date or, if situated within any extension of the Licence Area that was not substantially completed at the time of completion of that extension of the Licence Area.

(b) In addition to the standard method for installing Individual Service Connections, as per Section 27(1), the Company shall specify for each application, the manner in which the Customer’s service line is to be installed, as regards to materials, size of pipes, depth of fall, direction of outfall, or otherwise. These requirements shall be made in writing.

(c) The Customer shall provide and install the necessary pipes and ancillary works to make the connection up to the property line nearest the Works to the point of use, as per these requirements, and shall keep the service line in good repair.

(d) The Customer shall not make any changes in or rebuild such service line without giving written notice to the Company.
(e) Subject to the Wastewater service being readily available, as defined in Section 27(9), the Company shall extend the Works to new or reconstructed developed properties at its own expense, exclusive of the cost of the connection charge.

(f) On failure or neglect by the owner of any new or reconstructed building to make an application for connection of it to the Works, the Company may enter onto the property at any reasonable time and connect the same, and the expense thereof shall become a debt due from the owner to the Company.

28. **No connection without consent**

(1) No person shall connect any sewer to the Works without the consent in writing of the Company.

(2) No storm-water drain shall be permitted to be connected to the Works under any circumstances.

(3) No person shall discharge any Commercial Effluent into the Works without the consent in writing of the Company and subject to such terms and conditions as it deems fit, including standards of effluent quality, which shall be approved by the Authority.

(4) No person shall dispose into the Works any matter which is likely to injure the Works, to interfere with the free flow of its contents or to prejudicially affect the treatment and disposal of its contents;

(5) The Company shall keep a record of all consents and of any action taken by it in relation to such consents following their issue.

29. **Limit of Responsibility**

(1) The responsibility of the Company to provide and maintain the Works shall terminate at the disconnect chamber, manhole or other suitable, and approved, disconnection device which shall normally be located on or near the boundary of the property connected to the Works (the "Delivery Point").

(2) It shall be unlawful for any Person to make any connection to, or alter, the Company’s Works except with the Company’s consent, as per the Law.

(3) The Company shall at all reasonable times have access to service connections, and other property owned by it on Customer's premises for purposes of maintenance and operation, including cutting off Wastewater service for any of the causes provided for in this Licence.

(4) The Company shall own all Wastewater upon its entry into the Works from the Delivery Point onwards.

(a) Notwithstanding the above, the Governor shall retain the right to share in the revenue of any arrangements with third parties for the use of any reclaimed water (e.g., Treated Effluent) and/or sludge (e.g., bio-solids).

(b) The Company shall not make any separate agreements with third parties without the prior written approval of the Authority.
30. Adequacy of Facilities

(1) The Company shall plan and operate the Works to ensure that the system is capable of providing Customers with a reliable and efficient Wastewater service.

(2) The Company shall at all times, subject to the terms and conditions of this Licence, be responsible for ensuring that adequate Wastewater services are provided in a prudent manner, taking into consideration various operating conditions, including but not limited to least cost, planned maintenance schedules and operating reserves.

(3) The Company shall ensure that bypassing of raw Wastewater and primary effluent will not occur except in emergency conditions.

(a) In accordance with Section 39 all bypass incidences shall be recorded and the appropriate agencies (i.e. Authority, Water Authority, CEHO and Medical Officer of Health) notified. In addition, the measured or estimated volume, duration and reasons for bypassing shall be documented and reported to the Authority.

(b) For New Works, emergency bypass facilities which allow by-passing from the Collection/Transmission System, pumping stations and/or Wastewater Treatment Plants or Wastewater not satisfying the specified treatment requirements, must receive approval. It is understood, however, that the approval required is an integral part of normal review procedures for New Works as per Section 24 and that a separate approval is not required. These emergency bypasses will be allowed only to prevent damage to equipment at Wastewater Treatment Plants or pumping facilities or to prevent treatment process wash-out.

(c) In order to reduce the frequency and volume of Wastewater discharged from emergency by-passes to an acceptable minimum, measures shall be taken to provide adequate Collection/Transmission System and pumping station capacity, stand-by equipment, stand-by power, reserve storage capacity in the Works, and/or at Wastewater Treatment Plants and adequate treatment capacity in Wastewater Treatment Plants.

(d) Where the Works is found to experience excessive infiltration/inflow problems, which result in unacceptable frequencies or quantities of raw Wastewater and/or primary effluent by-passing, and where the above measures alone are either impractical or uneconomical to reduce the by-passing to acceptable levels, staged programmes shall be developed for the ultimate containment of these flows by a combination of the above measures and the reduction of infiltration/inflow to the Works. These programmes should outline the approaches to solving the problems along with the anticipated timing of when the changes to the Works could be made.

(4) Notwithstanding the above, and unless requirements to the contrary in the Wastewater Collection and Treatment Planning and Reliability Standards have been approved by the Authority, the following requirements shall be met:

(a) All pumping stations shall be equipped with full stand-by capacity (i.e, duty and stand-by pumps)

(b) The Works shall be designed and constructed in such a manner to ensure its proper operation in the absence of normal power
31. Contiguous Extension of the Works

(1) The Company may extend Wastewater service to customers located within the Licence Area, but in areas contiguous to that served by the Works.

(2) The Company shall provide written notice to the Authority of its intention to construct such Works. The notice shall be in a form approved by the Authority and shall identify the area to be served by the extension.

(3) For the avoidance of doubt, the phrase "areas contiguous to that already served" shall mean any area that is immediately adjacent. In order to be immediately adjacent, the area must share a significant common boundary line with that already served, but there must not be any intervening land or any body of water. A contiguous extension may not be made across unoccupied areas that will not be served by the extension.

(4) Construction of contiguous extensions exceeding 5,000 linear feet, or such other thresholds as the Authority may deem appropriate from time to time, shall be competitively bid in order to achieve value for money, and the Company shall follow the procedures as detailed in Section 33.

32. Extension of Licence Area

(1) Where the Authority considers that the Licence Area should be extended in the public interest, the Authority shall give to the Company a written notice that provides details on the extension of the Licence Area.

(2) In addition to the above, the Company may submit for the Authority’s consideration a proposal for an extension of the Licence Area. If the Authority considers that the proposal has merits it shall give to the Company a written notice requesting further details on the proposal.

(3) In response to the written notice provided by the Authority as per Section 32(1) or 32(2) the Company shall prepare a feasibility report for the extension within the time frame given in the notice. The feasibility report shall be detailed enough to provide any such information as the Authority may request, including, but not necessarily limited to the estimated additional quantity of wastewater, the number of additional Customers in each billing class and the estimated total additional revenue, the effect on available Wastewater pumping and treatment capacity within the existing Works, details on the proposed Collection/Transmission System and the cost of the proposed extension.

(4) If, after having reviewed the Company’s feasibility report, the Authority considers that it is in the public interest to extend the Licence Area, the Authority may instruct the Company to add to the Licence Area:

(a) to the extent set out in the notice, or

(b) to a modified extent taking into account the findings of the feasibility report.

(5) The Company shall comply with the Authority’s written instruction to extend the Licence Area within the time frame specified in the instruction.

(6) In response to the written instruction from the Authority to add to the Licence Area, the Company shall prepare bid documents for the construction of the proposed and approved extension.
(a) The contract for the construction of the Collection/Transmission System extension shall be competitively bid, in order to achieve value for money.

(b) The bid process shall be carried out in full compliance with the Authority’s requirements, which generally will be similar to the published procedures of the Central Tenders Committee (CTC) for the Open Tender Process:

(i) The bid documents shall include the criteria (both quantitative and qualitative) that will be used to evaluate the bids, and the timetable for the bid process. Criteria and relative weighting will be transparent and set forth in the bid documents; greater weight will be attached to price factors than non-price factors.

(ii) The Company shall prepare the minimum requirements for potential bidders for review and approval by the Authority. The Authority will not approve any potential bidders that do not meet the minimum criteria. Bid documents will only be issued to qualified bidders.

(iii) The Company shall prepare the bid documents and submit them to the Authority for review and approval. Only approved bid documents shall be issued to bidders.

(iv) All bids shall be submitted to the Authority in the manner and format prescribed in the bid documents for evaluation purposes.

(v) The Authority will receive all bids and will conduct a detailed evaluation of the bids using the quantitative and qualitative criteria established in the bid documents.

(c) In the event the lowest, responsive and responsible bid is higher than the estimated cost in the feasibility report, the Authority shall review whether it is still in the public interest to extend the Licence Area, and advise the Company accordingly.

(7) If, following the completion of the bid process as detailed in Section 32(6), the Authority has given the Company a written notice instructing it to extend the Licence Area, the Company shall, subject to periods of Force Majeure, within a period of three (3) years, or such other period as the Authority in its sole judgement deems reasonable, from the date of approval of the extension of the Licence Area, construct all necessary New Works to provide adequate Wastewater services to all properties within the Additional Area, where in the opinion of the Authority its provision is feasible.

(8) The process detailed in this Section 32 shall also apply to any new Wastewater Treatment Plant or any expansion of an existing Wastewater Treatment Plant.

(9) For the avoidance of doubt, Section 27(11) shall apply to all existing properties within the Additional Area.

33. Operation and Maintenance of the Works

(1) The Company shall operate the Works in a proper, workmanlike and efficient manner so as to ensure that at all times the risk of contamination of the surrounding areas is kept to a minimum and the continuity of the Wastewater services is maintained. The operation of the Works shall conform to good practice in accordance with the standards
and criteria contained in the Standard Manuals and Publications listed in Section 24(4), and other relevant Manuals of Practice of the Water Environment Federation (WEF).

(2) The Company shall develop a capacity, management, operation and maintenance (CMOM) programme, as detailed in Schedule Five and submit to the Authority for review and approval. The Authority will regularly review the implementation and effectiveness of the CMOM programme.

(3) No later than three (3) months after the Licence Date, the Company shall provide the Authority with an Operation and Maintenance/Quality Management Plan. The Plan shall ensure the provision of reliable, cost-effective, and compliant service over the Term. The Company shall update the Plan as necessary and adhere to its requirements throughout the Term. It shall not be materially altered without the Authority’s consent.

(4) The Company shall only collect and treat Wastewater in accordance with this Licence, and shall at all times comply with the requirements of Schedules Six and Seven, and its operation of the Works shall be subject to inspection by, and in compliance with all lawful requirements of, the CEHO, the Water Authority and the Authority.

(5) The Works shall be operated and maintained so as to provide uninterrupted service.

(6) All equipment necessary for the collection/transmission and treatment of Wastewater shall be maintained so as to function as intended. In the event odour, noise or lighting adversely affect neighbouring developed areas, corrective action (which may include modifications of the Collection/Transmission System and/or Wastewater Treatment Plant) shall be taken by the Company. Other corrective action may be required to ensure compliance with rules of the Authority.

(7) Additionally the following acts and the causing thereof shall be prohibited:

(a) The release or disposal of Wastewater without providing proper treatment approved by the Authority;

(b) The deliberate introduction of storm water into the Works in amounts which may reduce the efficiency of pollutant removal by the Wastewater Treatment Plant.

(c) The acceptance of connections of Commercial Effluent discharges which have not received the necessary Pre-treatment or which contain materials or pollutants (other than Domestic Wastewater constituents):

   (i) Which may cause fire or explosion hazards; or
   (ii) Which may cause excessive corrosion or other deterioration of the Works due to chemical action or pH levels; or
   (iii) Which are solid or viscous and may obstruct flow or otherwise interfere with the proper operation of the Works; or
   (iv) Which result in the Wastewater temperature at the introduction of the treatment plant exceeding 40°C or otherwise inhibiting treatment; or
   (v) Which result in the presence of toxic gases, vapours, or fumes that may cause worker health and safety problems.
(8) The Company shall be responsible for accomplishing any environmental response required as a result of the Company’s activities. The Company may be required to perform, but shall not be responsible for the cost of, remediation for pre-existing environmental conditions.

(9) Copies of record drawings and the operation and maintenance manual shall be readily available, for use by operation and maintenance personnel and for inspection by Authority personnel.

(a) The operation and maintenance manual shall provide for reliable and efficient operation and maintenance of the Collection/Transmission System and the Wastewater Treatment Plant.

(b) The detail of the operation and maintenance manual shall be consistent with the complexity of the Works, and the unique requirements thereof and shall provide the operator with adequate information and description regarding the design, operation, and maintenance features of the facility involved, including an emergency response plan.

(c) The operation and maintenance manual shall be revised periodically to reflect any alterations performed or to reflect experience resulting from operation.

(10) At the request of other utility companies (e.g., water, electricity, telecommunications etc.) and third parties, the Company shall identify its underground Wastewater system components. Requests for line location shall be responded to within three (3) working days of the request at no cost to the utility company or third party.

34. Wastewater Quality Monitoring Programme

(1) The Company shall carry out monitoring of the untreated influent received at the Wastewater Treatment Plant(s) and the Treated Effluent from the Wastewater Treatment Plant(s) in accordance with Schedules Six and Seven.

(a) The Company shall submit the results of the Wastewater Quality Monitoring Programme to the Authority and the CEHO on a monthly basis, within fourteen (14) days of the end of every calendar month.

(b) From time to time the Authority or the CEHO may, upon reasonable notice, require the Company to carry out testing of specific constituents that are considered of significance to public health or to the environment, but that are not listed in Schedule Six.

(2) All tests that are not carried out on-site by the Company shall be carried out by an accredited laboratory that has been approved by the Authority.

(3) The Authority and the CEHO may, upon reasonable notice, require the Company to provide splits of samples obtained under the Wastewater Quality Monitoring Programme referred to in Section 34(1) for independent testing. The Authority and the CEHO shall provide the Company with the results of all such tests.

(4) The Authority and the CEHO may independently collect samples to test the quality of the Treated Effluent from the Wastewater Treatment Plant(s) or any Wastewater present in the Works and shall be entitled to enter the Works to collect samples at any reasonable time and without prior notice. The Authority and the CEHO shall provide the Company with the results of all such tests.
35. Safety Programme

(1) No later than three (3) months after the Licence Date, the Company shall adopt and execute a safety programme, fitted to the size and type of its operations. All personnel shall comply with the safety programme. As a minimum, the safety programme shall:

(a) Require employees to use suitable tools and personal protective equipment (PPE) in order to reduce employee exposure to hazards and allow them to perform their work in a safe manner.

(i) A PPE programme shall address the hazards present; the selection, maintenance, and use of PPE; the training of employees; and monitoring of the programme to ensure its ongoing effectiveness.

(ii) A Confined Space Entry Programme shall address the hazards associated with entering and working in confined spaces, e.g., oxygen-deficient atmosphere, that may toxic or combustible compounds

(b) Instruct employees in safe methods of performing their work.

(c) Instruct employees who, in the course of their work, are subject to the hazard of electrical shock, asphyxiation or drowning, in accepted methods of artificial respiration.

(d) Comply with all the Health and Safety Regulations (part of the Labour Law), and all other relevant laws.

(2) The Company shall provide an adequate security fence around any hazardous equipment and chemical storage not contained within the plant buildings.

(3) All chemicals shall be stored in strict compliance with the manufacturer’s recommendations, the appropriate Hazardous Materials regulations, and best management practices.

(a) Incompatible chemicals (e.g., acids and caustic solutions) shall be stored in separate areas.

(b) The Company shall ensure that all equipment and chemicals are locked to prevent tampering.

(c) All chemical storage shall be provided with secondary containment protection and appropriate signage.

(4) No later than three (3) months after the Licence Date, the Company shall provide the Authority with a Waste Management Plan for all chemicals, lubricants, fuels and any other hazardous materials used at each Site, for approval by the Authority. An update of the Waste Management Plan shall be provided when deemed necessary by the Company or when requested by the Authority, the latter to be no more frequent than once every twelve months.

(a) Hazardous materials shall be handled, stored and disposed of in accordance with applicable laws and regulations.
(b) Appropriate Material Safety Data Sheets (MSDS) shall accompany all hazardous materials used on or in the Works. The company shall submit copies of MSDS to the Authority, and retain a readily available copy of each MSDS on site.

36. Right of Inspection of Works

(1) The Authority shall at all times upon giving reasonable notice to the Company have the right to enter any part of the Works to carry out any inspection.

37. Service Interruption

(1) The Company shall employ sound wastewater utility practices to ensure continuous, dependable, and reliable wastewater services and to minimize the scope and length of any service disruption.

(2) No later than six (6) months after the Licence Date, the Company shall provide the Authority, for its review and approval, a Service Interruption/Contingency and Catastrophic Loss Plan describing how it plans to protect itself from a catastrophic loss that significantly affect the Wastewater system, and how it intends to bring the Wastewater system back into service expeditiously following any such catastrophic loss or event.

(a) The Plan shall define procedures and provisions for reacting to all service interruptions.

(b) The Plan shall address possible causes for interruption including, but not limited to, acts of God/ natural disasters, human error, equipment failure, employee strikes, cease and desist orders, and Notice of Violations (NOVs) issued by any regulatory agency.

(c) The Company may propose Standard Operating Procedures (SOPs) broadly applicable across its customer base as its Service Interruption/Contingency and Catastrophic Loss Plan.

(3) The Company shall maintain and update the Service Interruption/Contingency and Catastrophic Loss Plan as necessary and adhere to its requirements throughout the Term. It shall not be materially altered without the Authority’s prior consent. However, the Company need not seek the Authority’s consent prior to minor, non-substantive alterations in such procedures.

(4) The Company shall keep a record of all interruptions of service upon its entire system or major divisions thereof, including a statement of time, duration, and cause of such interruptions.

(5) Insofar as practical every Customer affected shall be notified in advance of any contemplated work which will result in interruption of service of any long duration, but such notice shall not be required in case of interruption due to accident, the elements, public enemies, or strikes, which are beyond the control of the Company.

38. Wastewater Treatment Plant Record Keeping

(1) The Company shall maintain the following records on the site of the Wastewater Treatment Plant and make them available for inspection:
(a) Records of all compliance monitoring information, including all calibration and
maintenance records and all original strip chart recordings for continuous
monitoring instrumentation, including, if applicable, a copy of the laboratory
certification showing the certification number of the laboratory, for at least three
years from the date the sample or measurement was taken;

(b) Monitoring information, including a copy of the laboratory certification showing the
laboratory certification number, related to the disposal activities for at least three
years from the date of sampling or measurement;

(c) A copy of the current operation and maintenance manual as required;

(d) A copy of any required record drawings;

(e) Copies of the licenses and/or certifications of the current certified operators;

(f) Copies of the logs and schedules showing plant operations and equipment
maintenance for three years from the date on the logs or schedules.

39. Reporting of Abnormal Events

(1) The Company shall report to the Authority all unauthorized releases or spills of
Wastewater to any surface water or groundwater from the Works or any other abnormal
events as described below:

(a) Unauthorized releases or spills, or other abnormal events where information
indicates that public health or the environment will be endangered, shall be
reported orally to the Authority as soon as practical, but no later than twenty-four
(24) hours from the time that the Company becomes aware of the circumstances.
The Company, to the extent known, shall provide the following information to the
Authority:

(i) Name, address, and telephone number of person reporting;

(ii) Date and time of the discharge and status of discharge (ongoing or ceased);

(iii) Characteristics of the Wastewater spilled or released (untreated or (partially)
treated, Domestic Wastewater or Commercial Effluent etc.);

(iv) Estimated amount of the discharge;

(v) Location or address of the discharge;

(vi) Source and cause of the discharge;

(vii) Whether the discharge was contained on-site, and cleanup actions taken to
date;

(viii) Description of area affected by the discharge, including name of water body
affected, if any; and

(ix) Other persons or agencies contacted.

(b) The oral notification shall be followed by a written submission, which shall be
provided within five days of the time that the Company becomes aware of the
circumstances. The written submission shall contain: a description of the spill, release or abnormal event and its cause; the duration including exact dates and time, and if it has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence.

(i) The Authority may waive the written report if the oral report has been received within twenty-four (24) hours from the time that the Company becomes aware of the circumstances, and the release, spill or abnormal event has been corrected and did not endanger health or the environment.

(2) The Company shall report to the Authority all recurrent problems with the Works that the Company has identified, the nature of any such problems and the corrective measures taken or to be taken.

40. Records of Accidents.

(1) The Company shall make and keep a record of each accident happening in connection with the operation of its plant, station, property, and equipment, whereby any person shall have been killed or seriously injured, or any substantial amount of property damaged or destroyed, which report shall be filed with the Authority within twenty-one (21) days of said accident.

41. Refusal to serve applicants.

(1) The Company may decline to serve an applicant until he has complied with the approved rules and regulations of the Company.

(2) Until adequate facilities can be provided, the Company may decline to serve an applicant if, in the best judgment of the Company, it does not have adequate facilities to render service applied for or if the intended use is of a character that is likely to affect unfavourable service to other Customers.

(3) In the event that the Company refuses to serve an applicant under the provisions of this Section, the Company shall inform the applicant of the basis of its refusal, and the applicant may apply to the Authority for a ruling thereon.

(4) The Company may refuse to serve an applicant if, in its judgment, the applicant's installation of sewer piping is regarded as hazardous or of such character that satisfactory service cannot be given.

42. Customer's Discontinuance of Service.

(1) Any Customer desiring service discontinued shall give a written notice to the Company. Until the Company shall have received such notice the Customer may be held responsible for all Wastewater service rendered.

43. Company's Discontinuance of Service

(1) Neglect or refusal on the part of a Customer to comply with the Company's rules properly filed with the Authority shall be deemed to be sufficient cause for discontinuance of service on the part of the Company.

(2) The Company shall at all reasonable times have access to Individual Service Connections and other Company-owned property on Customer's Premises for purposes of maintenance and operation. Neglect or refusal on the part of the Customer to provide
reasonable access to his Premises for the above purposes shall be deemed to be sufficient cause for discontinuance of Wastewater service.

(3) The Company shall not discontinue service to any Customer for violation of its rules or regulations without first having diligently tried to induce the Customer to comply with its rules and regulations. After such effort on the part of the Company, service may be discontinued only after at least five (5) days' written notice excluding Sundays and holidays shall have been given the Customer by the Company, provided, however, where an emergency exists or where fraudulent use is detected, or where a dangerous condition is found to exist on the Customer's premises, the Wastewater service may be cut off without such notice.

(4) In the event of a dispute between the Customer and the Company regarding any bill, the Company shall make forthwith such investigation as reasonably requested by the Customer. In the event that the matter in dispute cannot be compromised or settled by the parties, either party may submit the facts to the Authority for its decision, and pending such decision, service shall not be discontinued, subject to the Customer having met all his other obligations towards the Company.

(5) Whenever Wastewater service is discontinued for any reason the Company shall, within three (3) days, send a report of termination of service to the Authority and the CEHO.

44. Performance Standards

(1) Performance standards will provide a balanced framework of potential penalties or rewards compared to historical performance. The Authority may impose penalties for poor performance or provide rewards for superior performance. Standards shall include “Zones of Acceptability” where no penalties or rewards would apply. These performance standards will be reconsidered as part of each five-year review.

(2) After review and approval, the Authority will implement and enforce all the performance standards on separate schedules for each standard. Each schedule will depend on whether an appropriate measure has yet been defined and the availability of historical performance data against the measure to determine an appropriate benchmark for the Company.

(3) The Company shall conduct its business in the manner which it reasonably considers to be best to achieve the Wastewater System Operating Standards in connection with provision of Wastewater services.

(4) The Company shall supply annually, information to the Authority as to the means by which it proposes to achieve the Performance Standards and other standards referred to in this Section.

(5) Effective on the Licence Date, the Performance Standards shall be that set out in Schedule Eight.

(6) Effective on the Licence Date, penalties for poor performance or rewards for superior performance shall be calculated annually as set out in Schedule Eight.

(7) The Company shall indicate in its quarterly reports whether the performance standards are likely to be outside of the Zone of Acceptability for the calendar year. If any quarterly report indicates a deficiency for the year, or upon the Authority’s request, the Authority and the Company shall discuss the reasons for such anticipated performance. The Company shall propose and implement corrective actions, which in its judgment
will correct the likely deficiency and the Authority and the Company will agree upon the nature and timing of such corrective actions.

(8) If the Company's prior-year performance, as shown in the report submitted to the Authority in January of each year, is outside of the applicable Zone of Acceptability for any of the performance standards, then the Company shall implement any necessary changes in customer billings to reflect an applicable reward or penalty during the balance of that calendar year, using the Company's forecast of sales to spread those amounts evenly, subject to Authority approval. Rewards and penalties shall be reflected as a “Z factor” on Customers' bills. The goal shall be for the balance of any reward due or penalty imposed on the Company to be zero at the end of each calendar year, and the Company shall establish a tracking account to monitor the balance in this account.

45. Disaster Management Plan

(1) No later than three (3) months after the Licence Date, the Company shall provide the Authority with a Disaster Management Plan for the Works, which shall incorporate a Hurricane Contingency (Preparedness and Recovery) Plan, for review by the Authority. This Plan shall be updated annually and forwarded to the Authority by 1st May of each year.

(2) The Disaster Management Plan for the Works shall be part of the Service Interruption/Contingency and Catastrophic Loss Plan (as per Section 37) and shall include an Emergency Restoration Plan that prioritizes service restoration. The Company shall adhere to the priority list established by the Emergency Restoration Plan.

(3) The Company shall nominate a senior member of management for active participation in the Hazard Management Cayman Islands (HMCI) Utilities & Communications Subcommittee.

46. Customer Relations, Information and Protection

(1) The Company shall, within three (3) months after the Licence Date:

(a) establish a physical local office on the island of Grand Cayman, for the purpose of conducting its business, dealing with the Customers etc., and

(b) provide relevant information to the Customers and the general public (e.g., emergency telephone numbers).

(2) The Company shall provide in its local office, near the cashier's window, where it may be available to the public a copy of the rates, rules and regulations of the Company;

(3) The Company shall, when accepting application for Wastewater service, give full information to the applicant concerning type of service to be rendered and rates which will be applicable.

(4) All billings will be rendered as nearly as possible at monthly intervals. No change shall be made in the billing interval except on approval of the Authority.

(5) Dispute Resolution: The Company's Customer Service Standards shall include a procedure to resolve problems and complaints quickly and effectively:
(a) Where a Customer has a concern that cannot be resolved through negotiations with the Company, either party may request the commencement of a dispute resolution procedure, other than litigation or arbitration, using the Authority as the independent mediator, provided both parties agree to be bound by the Authority’s decision.

(b) Either party may refer any dispute between the Customer and the Company to arbitration and such arbitration shall take place in accordance with the Arbitration Law (Latest Revision). The result of such arbitration is binding unless the arbitrator has made obvious legal mistakes or behaved improperly.

(c) Either party may also refer any dispute to the Courts.

(6) No later than twelve (12) months after the Licence Date, the Company shall have available a website which will list, as a minimum, basic information on the Company, its key staff, standard forms, complaints procedure, this entire Licence, and will clearly state the current rates and fees.

(7) The Company shall apply to the Authority for the approval of any rule or requirement which may affect the Customers, clearly stating in its application the reason for such rule or requirement.

PART III RATE STRUCTURE

47. Wastewater Service Charge

(1) There shall be payable to the Company, in respect of any Premises connected to the Works, a Base Wastewater Service Charge, which shall be levied monthly, so long as the service continues.

(2) There shall be payable to the Company, in respect of any Septage delivered to the Wastewater Treatment Plant, a Base Wastewater Service Charge, which shall be levied on the actual quantity of Septage delivered.

(3) Effective on the Licence Date, the Base Wastewater Service Charges (“Base Rate”) shall be that set out in Schedule Three.

48. Pass-through Charges

(1) Pass-through charges for (a) Electricity Costs and (b) Regulatory Fees will be shown as separate items on a Customer’s bill and the charges will be designed to recover 100% of actual costs of these items as described in more detail below.

(2) Electricity Cost

(a) Electricity Costs are the actual cost of electricity used in the collection, conveyance and treatment of Wastewater and/or Septage. Electricity Costs do not constitute a component of Base Rate but will instead be collected from Customers through the Electricity Cost Charge.

(i) For Customers on the Collection/Transmission System the Electricity Cost Charge represents a per Wastewater Service Unit (WSU) charge designed to fully recover Electricity Costs consumed in the collection, conveyance and treatment of Wastewater.
(ii) For Septage Customers (“Cesspool Emptiers”) the Electricity Cost Charge represents a charge per thousand (1,000) Gallons of Septage delivered at the Wastewater Treatment Plant, designed to fully recover Electricity Costs consumed in the treatment of Septage.

(b) The Electricity Cost Charge will be calculated monthly to recover Electricity Costs on a timely basis. The Electricity Cost Charge will be that set out in Schedule Three. This formula will ensure that over time the Electricity Costs are passed through to the Customers without benefit or cost to the Company.

(c) The Electricity Cost will be shown as a separate item on a Customer’s bill.

(i) For Customers on the Collection/Transmission System the Electricity Cost portion of the monthly bill will be the number of WSUs multiplied by the Electricity Cost Charge for that month.

(ii) For Septage Customers (“Cesspool Emptiers”) the Electricity Cost portion of the monthly bill will be the quantity of Septage delivered at the Wastewater Treatment Plant (expressed in thousands of Gallons) multiplied by the Electricity Cost Charge for that month.

(3) Regulatory Fees

(a) The Regulatory Fees comprise the Government and Regulatory Costs pursuant to this Licence. These costs will be detailed as a separate item on a Customer’s bill, showing these costs as a direct pass-through to Customers.

(b) The Regulatory Fee Charge will include any future levy or charge imposed by Government that the Company is required to pay to the Authority.

(i) The Regulatory Fees do not include Government duties on fuel, which will be included in the Electricity Cost (as per Section 48(2)), or Customs duties (as per Section 15) and other Government charges.

(c) The Regulatory Fee Charge represents a per Wastewater Service Unit (WSU) charge or a per thousand (1,000) Gallons of Septage charge, separate from the Base Wastewater Service Charge, designed to fully cover the Government and Regulatory Costs by Customers without benefit or cost to the Company.

(d) The Regulatory Fee Charge shall be subject to annual adjustment and periodic review. Any future change in the Regulatory Fee Charge shall be effective with and result in an automatic and equal adjustment on the Company’s bills to Customers at the beginning of the next Calendar Quarter. Effective on the Licence Date, the appropriate Regulatory Fee Charges will be that set out in Schedule Three.

(e) The Regulatory Fee will be shown as a separate item on a Customer’s bill.

(i) For Customers on the Wastewater collection system the Regulatory Fee portion of the monthly bill will be the number of WSUs multiplied by the appropriate Regulatory Fee Charge.

(ii) For Septage Customers (“Cesspool Emptiers”) the Regulatory Fee portion of the monthly bill will be the quantity of Septage delivered at the Wastewater Treatment Plant (expressed in thousands of Gallons) multiplied by the appropriate Regulatory Fee Charge.
(f) The Regulatory Fee Charges shall be payable by the Company to the Authority monthly in arrears within thirty (30) days of the end of the month to which it relates.

(g) In the event that the Company fails to pay to the Authority the Regulatory Fee Charges by the due dates then the Company shall be liable to pay one-and-a-half percent (1.5%) per month on the outstanding amount from the due date until the date of payment. Any such interest shall not be passed on to Customers.

49. Connection and Account Transfer Fee

(1) The Company may charge a fee to cover the cost of connecting a new or redeveloped property to the Works. The fee shall be that set out in Schedule Three.

(2) If an account for the provision of Wastewater service to premises is transferred to a new account holder without the physical disconnection and reconnection of the service, an account transfer fee as set out in Schedule Three may be charged to the new account holder before the transfer is effected.

50. Reconnection Fee

(1) The Company may disconnect a Customer for non-payment of an account provided that the account is more than four (4) weeks in arrears.

(2) Any Customer whose Wastewater service is disconnected for non-payment of his bill or for the violation of any rules and regulations, and who subsequently settles the total arrears and applies for reconnection may be reconnected.

(3) The Company is entitled to charge a Reconnection Fee payable in advance, for restoring the Wastewater service. The Reconnection Fee shall be as set out in Schedule Three, except if the Company proves that its actual and reasonable cost for restoring the service is greater than the Reconnection Fee, the fee may be set at no more than the proven cost, as approved by the Authority.

51. Security Deposit

(1) The Company may levy a security deposit to be paid by any person whose property is connected to the Works.

(2) The security deposit, if levied, shall be an amount not exceeding twice the monthly Base Wastewater Service Charge calculated in respect of the premises.

(3) The Company is entitled to withhold a connection to the Works until the security deposit is paid.

(4) The company may apply the security deposit towards payment of any monthly charge that has been in arrears for four (4) weeks. After payment of the Reconnection Fee as per Section 50, the company may levy a new security deposit.

(5) The company may use the deposit to pay any money that the person who has paid the deposit may owe to the Company at the time of termination of service.

(6) If all money due to the Company by the Customer has been paid, the remaining deposit shall be repaid to the Customer thirty (30) days after his property ceases to be connected to the Works.
52. Late Payment Fee

(1) Any account which is not paid within twenty-one (21) days of becoming due shall attract an additional charge of an amount equal to one-and-one-half percent (1-½%) of the amount of the unpaid charge.

(2) Any part of the charge or additional charge which remains unpaid on the next and each subsequent twenty-first (21st) day of the month after the day on which an additional charge was added as per Section 52(1) shall attract a further additional charge of an amount equal to one-and-one-half percent (1-½ %) of the amount of the total amount due to the Company in respect of those unpaid charges. Any such additional charge shall be added to the total amount remaining unpaid in respect of the charge and additional charges on the twenty-first (21st) day of each month in which such charges remain unpaid.

53. Miscellaneous Fees

(1) The Company will be allowed to charge other fees (e.g., for returned cheques etc.) to the extent as they are permitted by and enforceable under the laws of the Cayman Islands.

(2) Compensation for tampering with and/or damage to the Works shall be determined by the Courts, unless an amicable agreement can be reached between the parties.

54. Customer Capital Contributions

(1) Subject to the provision of Section 27(10), the Company may solicit capital contributions from potential Customers seeking to connect to the Works in accordance with the procedures agreed upon with the Authority.

55. Annual Rate Adjustment

(1) As used herein, all rate adjustments will be applied to Customer’s bills on the first normal billing date following the 1 July of each year and will apply to the monthly Wastewater services on that bill.

(2) Subject to Section 55(7) and 55(8), the Base Rates will be adjusted annually in accordance with the Rate Cap Adjustment Mechanism (RCAM) as detailed in Section 56.

(3) Following the rate adjustment effective o the Licence Date, the annual Base Rates adjustments will be calculated in accordance with Section 56 and shall be effective each 1 July. Changes to the RCAM will only be made as set forth in Section 56.

(4) The Company will calculate the rate adjustment in accordance with the above and will implement the same upon verification by the Authority, which shall not be unreasonably withheld or delayed. If the Company submits a valid request for rate adjustment in a timely manner and the Authority’s verification process unreasonably delays the implementation of the rate adjustment, the Company shall be entitled to receive a rate adjustment that would provide it with the revenues it would have earned had the rate adjustment been implemented as the appropriate time.

(5) A Z Factor may be added to the Base Rates in effect from time to time. The Z Factor is the amount, expressed in CI$ per Wastewater Service Unit (WSU) or per thousand (1,000) Gallons of Septage delivered at the Wastewater Treatment Plant, approved by

Company’s Representative Initials or Stamp:
the Authority and estimated to account for the penalties imposed and/or rewards awarded as per Section 44, as those cost items are deemed to be outside the constraints of the RCAM.

(a) Rewards for superior performance shall be reflected as a rate surcharge (i.e., a positive Z Factor)

(b) Penalties for poor performance shall be reflected as a rate reduction (i.e., a negative Z Factor)

(6) New rates, schedules, rules, regulations, and other charges for Wastewater service shall not become effective until approved by the Authority.

(7) After the Licence Date, either upon the request of the Authority or at its own initiative, the Company may propose re-balanced and re-structured rates to the Authority for review and approval from time to time taking into account the results of any cost of service study completed, reviewed and approved in advance of the proposed rate adjustment. For the avoidance of doubt, any such re-balanced or re-structured rates shall be designed to be revenue neutral to the Company.

(8) Any re-balancing or re-structuring of rates shall preserve the principle that commercial, industrial and other non-residential Customers subsidize the rates to the residential Customer, as residential Wastewater service covers basic needs while commercial, industrial and other non-residential Customers typically have a profit motive.

(9) Notwithstanding any specific analyses and adjustments, the Company shall prepare a comprehensive allocated cost of service study of Base Rates upon the request of the Authority, which shall not be more frequent than once every five (5) years.

56. Rate Cap Adjustment Mechanism (RCAM)

(1) The RCAM is based on a formula that incorporates readily available external data to determine the Price Level Index. The Price Level Index is adjusted by an appropriate factor, which may provide for a rate increase less than, equal to, or greater than the Price Level Index, or for no increase. The relationship of the level of adjustment to the Price Level Index is based on the Company’s Return on Rate Base, which is to be calculated from the most recent audited financial statements.

(2) All of the provisions regarding the RCAM described in this Section will not be changed except by mutual agreement of the Company and the Authority. However, it is the responsibility of the Authority to determine the value of the X Factor on an annual basis in accordance with Section 56(5) below, to adjust the value of the X Factor at the time of the five (5) year review, and to establish appropriate Z Factors as the need arises in accordance with Section 55(5).

(3) Subject to Section 55(2) above, the Authority shall review the RCAM as part of the five year review. In addition, and again subject to Section 55(2) above, the Company may request or the Governor may direct at any time that the Authority review the RCAM, recognizing that actual circumstances may result in performance outside the bounds of reasonable expectations. For example, the Company’s business results and financial stability may be affected by circumstances or conditions outside its direct control.

(4) The RCAM will adjust the Base Rates on 1 July of each year (unless a change is agreed upon by the Company and the Authority) in accordance with the following formula:
If \( P > 0 \), then:

\[
\text{New Base Rate} = \text{Current Base Rate} \times (100\% + P \times (100\% - X))
\]

If \( P < 0 \) then:

\[
\text{New Base Rate} = \text{Current Base Rate} \times (100\% + P \times X)
\]

Where,

\( P \) = change in the Price Level Index composed of a 75% weighting of the Cayman Islands Consumer Price Index (CI CPI) and a 25% weighting of the United States of America Producer Price Index (US PPI), expressed as an annual percentage change as reported for the most recent calendar year (e.g., \( P = 3.0\% \)), and based on the last and the previous December CPI's.

\( P \) is calculated as \( \frac{P(\text{current year}) - P(\text{previous year})}{P(\text{previous year})} \), and

\( X \) = the X Factor, or \"productivity factor\", which is the amount by which the effects of inflation \( (P) \) will be adjusted in determining the rate adjustment, expressed as a percentage or proportion of \( P \).

For the avoidance of doubt, the United States of America Producer Price Index (US PPI) means the US Producer Price Index for Industrial Commodities less Fuels, Not Seasonally Adjusted – Series ID: WPU03T15M05, as published by United States Department of Labor.

The Z Factor will be added where necessary in accordance with Section 55(5).

(5) The X Factor to be used in the annual Base Rate adjustment as defined in Section 56(4) above will be determined by the Company's Return on Rate Base for the most recent financial year for which audited financial statements are available as set out in the following table.

<table>
<thead>
<tr>
<th>Range of Return on Rate Base Values</th>
<th>X Factor</th>
<th>Change in Base Rates as a percentage of ( P ) (100% - X)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over ([A] + 3)%</td>
<td>140%</td>
<td>-40% (rate reduction)</td>
</tr>
<tr>
<td>([A]+1)% - ([A]+3)%</td>
<td>100%</td>
<td>0% (no rate adjustment)</td>
</tr>
<tr>
<td>([A]-1)% - ([A]+1)%</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>([A]-3)% - ([A]-1)%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Below ([A]-3)%</td>
<td>-40%</td>
<td>140%</td>
</tr>
</tbody>
</table>

(6) The ranges of Return on Rate Base in the above table will be adjusted annually on a one-for-one basis with changes in the Cost of Capital, which is set by the formula as described in Section 56(11). This provision may not be changed except by mutual agreement between the Company and the Authority.
(7) The 
\[ ([A]-1)\% - ([A]+1)\% \] range of Return on Rate Base in the table above, as such range may be adjusted from time to time by changes in the Cost of Capital as prescribed in Section 56(11), shall be the target range of Return on Rate Base. The midpoint of the target range of Return on Rate Base shall constitute the definition of financial well being of the Company. The provisions may not be changed except by mutual agreement between the Company and the Authority. It is the Authority’s responsibility to adjust the X Factor, and the Authority will use such midpoint as the appropriate target for any decisions regarding changes to the X Factor or any other pricing related decisions of the Authority permitted by this Licence.

(8) Return on Rate Base is the fraction, expressed as a percentage, of Company Income for the financial year as the numerator and Rate Base as the denominator, as per the formula below:

\[
\text{Return on Rate Base (\%)} = \frac{\text{Company Income}}{\text{Rate Base}}
\]

(9) Company Income is the net earnings before preference dividends, or any other expenses related to distributions to shareholders, adjusted by adding back interest expense and any expenses in excess of the maximum allowed amount for bad debt expense and total employee compensation package costs, as determined from the audited financial statements of the Company for the financial year then ended. This definition is provisional based on the assumption that the composition of earnings and interest expense for the year will incorporate the specified accounting treatment for each of the defined terms herein as defined by applicable accounting principles.

(a) Rewards awarded and penalties imposed, as per Section 44, shall be excluded from the calculation of changes to base rates. This means that with regard to all performance standards, the effect of any rewards or penalties recognized in the applicable financial balances of the Company will be removed before calculating Return on Rate Base in determining the RCAM annual base rate adjustment.

(10) Rate Base is the value of capital upon which the Company is permitted an opportunity to earn the Return on Rate Base as established by this Licence. The value of this capital is the average of the beginning and ending values for the applicable financial year of: Fixed Assets, less Accumulated Depreciation, plus the Allowance for Working Capital.

(a) Fixed Assets are the Property, Plant & Equipment, before Accumulated Depreciation, as reported in the Company’s audited financial statements for any given year. Fixed Assets will be increased by the original book value of lands, buildings, plant and equipment, including computer software, acquired or constructed by the Company. The original book value of these Fixed Assets will include an Allowance for Funds Used during Construction (AFUDC), as defined below, and an Allowance for General Expenses Capitalized. Fixed Assets will be decreased by the retirement of the original book value of lands, buildings, plant and equipment, including computer software, permanently removed from service by the Company. The original book value to be retired will include any AFUDC and any Allowance for General Expenses Capitalized, if applicable.

(i) If the event that the total sum offered for the existing wastewater assets is less than the Net Book Value of these assets at the Licence Date, this sum will be the amount for Fixed Assets less Accumulated Depreciation, as defined above and the Fixed Assets will be adjusted accordingly.

(ii) In the event that the total sum offered for the existing wastewater assets is more than the Net Book Value of these assets at the Licence Date, the
difference between the total sum offered and the Net Book Value will be defined as the Initial Licence Fee. The Initial Licence Fee will NOT be part of the Fixed Assets as defined above (although it will likely be posted in the Company’s balance sheet to an “other-asset” account). The Initial Licence Fee will be amortized to expense over the Licence Term.

(b) Accumulated Depreciation is the accumulated depreciation as reported on the Company’s audited financial statements for any given year. Accumulated Depreciation is increased by the Depreciation of Fixed Assets. Additionally, Accumulated Depreciation will be reduced by the original book value of Fixed Assets retired plus disposal cost expenditure, net of salvage proceeds.

c) Depreciation is the straight line amortization of Fixed Assets at percentage rates established, from time to time, by the Company that are designed to recover the original cost of Fixed Assets over their economic life. The rates will vary with each class of assets depending on estimates of the average useful life. Depreciation rates will include an allowance for estimated disposal costs, net of salvage, to be recovered over the economic life of the Fixed Assets.

d) Allowance for Funds Used during Construction (AFUDC) is the financing cost calculated by multiplying the Company’s Cost of Capital, adjusted accordingly for periods of application that are less than one year, by the average Work In Progress for the given period. AFUDC is a provision for Cost of Capital to be included in Fixed Assets that represents the financing costs associated with the interim financing of capital expenditures through Work In Progress (WIP). AFUDC will be calculated and applied to Work In Progress on a monthly basis as follows:

\[
\text{(Company’s Cost of Capital / 12)} \times \text{Average Work In Progress for the Month}
\]

The average Work In Progress for a given month is calculated from the opening and ending balances for the months, before the application of AFUDC.

(11) The base year Cost of Capital of the Company is [A] per cent. The Cost of Capital will be adjusted annually on a fiscal year basis according to the following formula:

\[
\text{Cost of Capital} = [A] \% + [0.65 \times (\text{Average Treasury Yield} - 3.25\%)]
\]

Where,

The Cost of Capital of the Company for the year ended 31 December 2010, the base year of the Licence, is [A] percent. For all years after the base year, the Cost of Capital will be subject to adjustment for a given year, if required, based on the above formula;

The Average Treasury Yield represents the average yield of 10-Year United States Treasury Notes for the preceding fiscal year; and

The calculation of \([0.65 \times (\text{Average Treasury Yield} - 3.25\%)]\) is rounded up or down to the nearest 0.25 percent, either positive or negative, before adding to, or deducting from, the Cost of Capital.

(12) Work in Progress (WIP) represents Fixed Assets of the Company that are under construction or in the process of implementation and are not yet used and useful. WIP will not be considered as a part of Rate Base until the asset in question is completed and placed into service. No depreciation will be taken on WIP until the Fixed Assets have been placed into service. WIP will include AFUDC.
(13) General Expenses Capitalized (GEC) are a portion of Operating Expenses of the Company that are capitalized as a component of Fixed Assets. GEC represents the fact that a portion of the Operating Expenses are related, directly or indirectly, to the Company's capital projects. Indirect GEC will be calculated as a percentage of up to 10 percent of Operating Expenses and will vary annually depending on the level of the Company’s activity for the year under the Capital Investment Plan (CIP).

(14) Operating Expenses represents all operating expenses as reported in the financial statements of the Company.

(15) Allowance for Working Capital is equal to thirty (30) days of total revenues, as represented in the audited financial statements of the Company, including Base Rates, Electricity Costs and other income, but excluding Regulatory Fee Charges. This allowance is calculated according to the following formula:

\[(\text{Total Revenue for the preceding financial year} / 365) \times 30\]

(16) The change in Price Level Index, as defined in Section 56(4) shall be used to adjust the Regulatory Fee Charges, as defined in Section 48(3), on 1 July of each year (unless otherwise agreed between the Company and the Authority) in accordance with the following formula:

\[\text{New Regulatory Fee Charge} = \text{Current Regulatory Fee Charge} \times (100\% + P)\]

57. Disaster Provisions

(1) In the event of a Disaster which results in a state of emergency being proclaimed by the Governor under the Emergency Powers Law (2006 Revision) and (1) where the change in the Cayman Islands Consumer Price Index in the quarter following the disaster is twice or more of the average of the previous three years’ CPI change for the equivalent quarter; and (2) the adjustment of Base Rates on the first adjustment date following the Disaster as calculated in Section 56(4) above would be greater than 60% of the change in the Price Level Index:

(a) The actual increase in Base Rates will be capped for the year at 60% of the change in the Price Level Index; and

(b) The difference between the calculated rate increase and the actual increase expressed as a percentage shall be carried over and applied in addition to the normal RCAM adjustment in either of the two following years if the Company’s Return on Rate Base is below the target range referred to in Section 56(7) above.

(2) In the event of a Disaster the Company will write-off destroyed assets. The write-off calculation would be net of insurance proceeds, so property insurance deductibles would be included in the loss.

(3) In the event of damage from a Disaster, the Company will invest in any required replacement assets in good faith as expeditiously as possible and will not require advance approval by the Authority. Unless the Authority subsequently determines that the Company acted unreasonably in the replacement of assets, such assets will be capitalized and amortized as part of Rate Base in accordance with generally accepted accounting principles and the provisions of this Licence.
SCHEDULE ONE

Licence Area

The following plan indicates the Licence Area and comprises all that land bounded by the northern-most boundary A and southern-most boundary B, and in an eastern and western direction by the Caribbean Sea.
SCHEDULE TWO

Approved Directors and Officers

[TO BE COMPLETED PRIOR TO SIGNING OF LICENCE]
SCHEDULE THREE

Wastewater Service Charges

The charges to be paid to the Company to retain the connection of premises to the Works and for any collection, treatment and disposal of Wastewater from the premises so connected (or for the receipt of Septage at the Wastewater Treatment Plant) will be as follows, and will separate the Base Wastewater Service Charges ("Base Rate") from the Electricity Cost Charge and Regulatory Fee Charge.

<table>
<thead>
<tr>
<th>Description of premises</th>
<th>Wastewater Service Unit (WSU)</th>
</tr>
</thead>
<tbody>
<tr>
<td>each private bedroom</td>
<td>6</td>
</tr>
<tr>
<td>each private bathroom</td>
<td>14</td>
</tr>
<tr>
<td>each bedroom in a hotel</td>
<td>18</td>
</tr>
<tr>
<td>stores</td>
<td>0.0275 per sq. ft. of floor area</td>
</tr>
<tr>
<td>offices</td>
<td>0.0375 per sq. ft. of floor area</td>
</tr>
<tr>
<td>beauty salons, surgeries, clubs and water sports</td>
<td>0.0475 per sq. ft. of floor area</td>
</tr>
<tr>
<td>restaurants, garages and photographic facilities</td>
<td>0.0575 per sq. ft. of floor area</td>
</tr>
<tr>
<td>schools, colleges and technical training facilities</td>
<td>0.0375 per sq. ft. of classroom</td>
</tr>
<tr>
<td>public swimming pools, public sports stadiums and public parks</td>
<td>20 per toilet, plus 50 per urinal, plus 20 per wash basin</td>
</tr>
</tbody>
</table>

For Customers on the Wastewater Collection System

<table>
<thead>
<tr>
<th>Description of premises</th>
<th>Wastewater Service Unit (WSU)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Wastewater Service Charges (&quot;Base Rate&quot;):</td>
<td>CI$ 1.372 per WSU</td>
</tr>
<tr>
<td>Specific Energy Consumption (SEC1):</td>
<td>0.415 kWh per WSU</td>
</tr>
</tbody>
</table>

For Septage Customers ("Cesspool Emptiers")

<table>
<thead>
<tr>
<th>Description of premises</th>
<th>Wastewater Service Unit (WSU)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Wastewater Service Charges (&quot;Base Rate&quot;):</td>
<td>CI$ 9.348 /1,000 Gallons of Septage</td>
</tr>
<tr>
<td>Specific Energy Consumption (SEC2):</td>
<td>25.199 kWh/1,000 Gallons of Septage</td>
</tr>
</tbody>
</table>

Base Rates shall be expressed in three decimals of Cayman Islands dollars.

(The average cost of electricity in 2009-2010 was CI$ 0.26/kWh, resulting in a cost per WSU of CI$ 1.48 and CI$ 15.90 respectively, as per current Water Authority Regulations (1999 Revision) SFU and Septage charges)

Historical financial statements have been produced for the wastewater operations, on a standalone basis (unaudited), based on audited accounts for the previous three (3) years and using assumptions agreed with Water Authority management.

Company’s Representative Initials or Stamp :
For the first year of the Licence Term the aforementioned Base Wastewater Service Charges ("Base Rate") will be multiplied with a factor "M" such that the Company’s target range of Return on Rate Base, as per Section 56(7), will be achieved taking into consideration the indicated Cost of Capital, as per Section 56(11), and the total sum offered for the existing wastewater assets (as indicated on the Form of Proposal), and furthermore assuming that the Wastewater operations will continue to be similar to the last few years of operations by the Water Authority (The Pro-Forma Income Statement).

Pass-through Charges

1. Electricity Cost Charge

In accordance with Section 48 and for the purpose of dealing with fluctuations in the cost of electricity consumed by the Company to collect and treat wastewater, the Company shall, within fourteen (14) days of the end of each calendar month, determine the Electricity Cost Charge for that month in accordance with the following formula and shall give notice to the Authority:

(a) For Customers on the Collection/Transmission System the Electricity Cost Charge shall be calculated as

\[ ECC_1 = SEC_1 \times ET \]

(b) For Septage Customers ("Cesspool Emptiers") the Electricity Cost Charge shall be calculated as

\[ ECC_2 = SEC_2 \times ET \]

Where

\[ ET = \text{the weighted average cost of electricity (including CUC's fuel factor and regulatory fees) of the Company's lift and pumping stations and wastewater treatment facilities to collect and treat wastewater during the month in review, expressed in three decimals of Cayman Islands dollars per kWh.} \]

The Electricity Cost Charges shall be expressed in three decimals of Cayman Islands dollars.

An adjustment may be made to the ECC's and ET each month by adding or subtracting, as appropriate, any amount that was over or under invoiced by the Company to its customers, because of oversight or computational error of the ECC's and ET in the previous twelve (12) month period. The measurements and meter readings required for the calculations that form part of this Schedule and for any adjustments may be carried out by the staff of the Company, but shall be subject to verifications by the Authority, which may request any such additional information and invoices that in its opinion is necessary to verify the accuracy of the same readings, measurements and calculations.

2. Regulatory Fee Charge

Effective on the Licence Date, and in accordance with Section 48, the Regulatory Fee Charge shall be 7.5% of the aforementioned Base Wastewater Service Charges ("Base Rate") multiplied with a factor "M"

The Regulatory Fee Charges shall be expressed in three decimals of Cayman Islands dollars.
Connection and Account Transfer Fee

1. Connection Fee

The fee to be paid by a Customer to the Company for connecting a new or redeveloped property to the Works shall be the actual cost of such connection, as approved by the Authority, plus twenty-five (25) percent.

2. Account Transfer Fee

The Company may charge a Customer a fee of twenty-five (25) Cayman Islands dollars for the transfer of an existing account to the new account holder, before the transfer is effected.

Reconnection Fee

If the Company has disconnected Wastewater service for any reason allowed for under the Licence, the Company may charge a Customer a fee of twenty-five (25) Cayman Islands dollars for reconnection of the Wastewater service.
## SCHEDULE FOUR
Standards of Service

<table>
<thead>
<tr>
<th>SERVICE CRITERIA</th>
<th>STANDARD DESCRIPTION</th>
<th>PERFORMANCE METRICS/STANDARDS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Effluent Quality</strong></td>
<td>Effluent quality will be preserved throughout the transportation system. Flows will not be stored for prolonged periods that could result in septicity and odour issues. Company will comply with Water Authority's permitting requirements and Company's high quality standards will be rigidly applied.</td>
<td>Compliance with permit standards.</td>
</tr>
<tr>
<td><strong>Reliability</strong></td>
<td>Reliability of system conveyance is assured through strict adherence to ASCE, WEF and USEPA standards, as well as local requirements</td>
<td>Target for blockages and other service interruptions such as line breaks, plant outages etc.</td>
</tr>
<tr>
<td><strong>Recurring and Preventative Maintenance</strong></td>
<td>Company implements predictive maintenance to enhance the life of the infrastructure</td>
<td>Wastewater System downtime</td>
</tr>
<tr>
<td><strong>Sampling / Analysis</strong></td>
<td>Where applicable, chain of custody and conformance to the Standard Practices and USEPA requirements. Certified laboratories will perform compliance testing</td>
<td>Sample in compliance</td>
</tr>
<tr>
<td><strong>Permitting</strong></td>
<td>The required operating permits from Water Authority will be applied for, obtained, and maintained. Any additional permits that become required during the Term will also be applied for, obtained, and maintained.</td>
<td>Permit Requirements</td>
</tr>
<tr>
<td><strong>Demand and Collection Capacity</strong></td>
<td>Hydraulic modelling and/or Wastewater System monitoring will assess Wastewater system capacity and match usage to operational practice and capital improvements.</td>
<td>Permit compliance</td>
</tr>
<tr>
<td><strong>Pre-Treatment Requirements</strong></td>
<td>Company will require pre-treatment agreements for industrial users to ensure regulatory compliance.</td>
<td>Permit compliance</td>
</tr>
<tr>
<td><strong>Minimization of Inflow and Infiltration</strong></td>
<td>A combination of hydraulic modelling, investigative engineering, system-wide monitoring and/or the CMMS work order system will be employed to ensure that Company mitigates the potential, extent, location, and nature of inflow and infiltration problems.</td>
<td></td>
</tr>
<tr>
<td>Flows to Wastewater Treatment Plant as a multiplier of dry weather flow at times of high rainfall or high groundwater levels (Electrical Conductivity (E.C.) to be used as indicator)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Service Connection Standards and Specification</strong></td>
<td>Company standards, and Authority specifications and guidelines will be implemented in any connection.</td>
<td></td>
</tr>
<tr>
<td>Compliance with specifications and standards</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>New Construction Standards</strong></td>
<td>Company will adhere to all applicable ANSI, ASCE, USEPA, WEF and local codes</td>
<td></td>
</tr>
<tr>
<td>Compliance with specifications</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Commissioning Standards</strong></td>
<td>These standards will be adapted from Company, AWWA, USEPA, WEF, and Authority.</td>
<td></td>
</tr>
<tr>
<td>Standardization</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>System Inspections</strong></td>
<td>Using the CMOM and best business practices, the system will be inspected on a recurring basis with the results being entered into the CMMS system for examination</td>
<td></td>
</tr>
<tr>
<td>CMMS will assign appropriate criteria for each component.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Meter and Equipment Calibration</strong></td>
<td>Equipment and flow meters in the system will be calibrated periodically in accordance with industry standards and manufacturer’s recommendations.</td>
<td></td>
</tr>
<tr>
<td>Age of meters and period between calibration</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Permits</strong></td>
<td>Associated discharge and solids handling permits</td>
<td></td>
</tr>
<tr>
<td>Company will operate within the limitations specified in the permits</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employee Certification</strong></td>
<td>The system will be operated in accordance with Authority requirements</td>
<td></td>
</tr>
<tr>
<td>Company operators will have the required level of certification.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CMMS: Computerized Management Maintenance Systems to be maintained by the Company for use in operating the Works;

Company’s Representative Initials or Stamp:
SCHEDULE FIVE
CAPACITY, MANAGEMENT, OPERATION AND MAINTENANCE (CMOM) PROGRAMME

1. General Standards
   (1) The Company shall:
      (a) at all times properly manage, operate and maintain all parts of the Works that it
          owns or over which it has operational control;
      (b) provide adequate capacity to convey base flows and peak flows for all parts of the
          Works it owns or has operational control;
      (c) take all feasible steps to stop, and mitigate the impact of, any overflows (spills) in
          portions of the Works it owns or has operational control; and
      (d) provide notification to parties with a reasonable potential for exposure to pollutants
          associated with the overflow event.
   (2) The Company must develop a capacity, management, operation and maintenance
       (CMOM) programme to comply with Section 33 of the Licence.

2. Management Programme
   (1) The Management Programme must:
      (a) State in detail the goals of the CMOM programme, consistent with the general
          standards identified above.
      (b) Identify:
          (i) administrative and maintenance positions responsible from implementing
              measures in the CMOM programme, including lines of authority by
              organization chart or similar document; and
          (ii) the chain of communication for reporting overflows from receipt of a complaint
               or other information to the person responsible for reporting to the Authority
      (2) Include service agreements or other documents, that:
          (a) Control infiltration and connections from inflow sources;
          (b) Require that Collection/Transmission Systems and service connections be
              properly designed and constructed;
          (c) Ensure proper installation, testing, and inspection of new and rehabilitated
              pipelines, and
          (d) Implement the general and specific prohibitions of the pre-treatment programme.
      (3) Address the elements listed below and identify the person or position in the Company
          responsible for each element.
          (a) Maintenance of facilities
          (b) Maintenance of a map of the Works
          (c) Management of information and use of timely, relevant information to establish and
              prioritize appropriate CMOM activities (such as the immediate elimination of
              overflows, and identify and illustrate trends in overflows.
          (d) Routine preventive operation and maintenance activities.
          (e) Assessment of the current capacity of the Works and Wastewater Treatment
              Plants.
(f) Identification and prioritization of structural deficiencies and identifying and implementing short-term and long term rehabilitation actions to address each one.

(g) Appropriate training on a regular basis.

(h) Equipment and replacement parts inventories including identification of critical replacement parts.

(i) Establish requirements and standards for the installation, inspection and testing of new Collection/Transmission Systems, pumps and other appurtenances; and rehabilitation and repair projects.

(4) Monitor the implementation and measure the effectiveness of each element of the CMOM programme. Update programme elements as appropriate based on monitoring or performance evaluations. Modify the CMOM programme as appropriate to keep it up to date and accurate.

3. Accidental Overflow (Spill) Response Plan

(1) The Company must develop and implement an accidental overflow response plan that identifies measures to protect public health and the environment by mechanisms to:

(a) ensure that all overflows are reported to the Company (to the greatest extent possible);

(b) ensure that overflows are appropriately responded to, including ensuring that reports of overflows are immediately dispatched to appropriate personnel for investigation and appropriate response;

(c) ensure appropriate notification to the Authority, public, health agencies, and other affected entities (e.g. water suppliers). The CMOM should identify the public health and other officials who will receive immediate notification

(d) ensure that appropriate personnel are aware of and follow the plan and are appropriately trained and provided with the personal protective equipment (PPE) to reduce employee exposure to hazards.

(e) provide emergency operations.

4. System Evaluation and Capacity Assurance Plan

(1) The Company must prepare and implement a plan for system evaluation and capacity assurance if peak flow conditions are contributing to an overflow discharge unless the Company has already taken steps to correct the hydraulic deficiency. At a minimum the plan must include:

(a) Steps to evaluate those portions of the Works which are experiencing or contributing to an overflow discharge caused by hydraulic deficiency or to non-compliance at the Wastewater Treatment Plant. The evaluation must provide estimates of peak flows (including flows from overflows that escape from the Works) associated with conditions causing overflow events, provide estimates of the capacity of key system components, identify hydraulic deficiencies, including components of the Works with limiting capacity and identify the major sources that contribute to the peak flows associated with overflow events.

(b) Establish short and long term actions to address each hydraulic deficiency including prioritization, alternative analysis, and a schedule.

(c) Regular updates to describe any significant change in proposed actions and/or implementation schedule. The plan must also be updated to reflect available information on the performance of measures that have been implemented.
5. Communications

(1) The Company must communicate on a regular basis with the Authority and various interested parties on the implementation and performance of the CMOM programme. The communication system shall allow interested parties to provide input to the Company as the CMOM programme is developed and implemented.
## SCHEDULE SIX

**Wastewater Quality Monitoring Programme (as per Section 34)**

**Minimum Required Sampling and Testing Frequency**

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Sample Type</th>
<th>Frequency</th>
<th>Reporting Units</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flow</td>
<td>Continuous measurement at</td>
<td>Continuous</td>
<td>Gallons per day</td>
<td>Continuous on-line monitoring with electro-magnetic flow meter</td>
</tr>
<tr>
<td></td>
<td>Headworks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Septage</td>
<td>Per delivery</td>
<td></td>
<td></td>
<td>Number of loads delivered per day and Gallons delivered per day</td>
</tr>
<tr>
<td>Biochemical Oxygen Demand-5 day*</td>
<td>Composite</td>
<td>Twice per month</td>
<td>mg/l</td>
<td></td>
</tr>
<tr>
<td>Total Suspended Solids*</td>
<td>Composite</td>
<td>Twice per month</td>
<td>mg/l</td>
<td></td>
</tr>
<tr>
<td>Volatile Suspended Solids*</td>
<td>Composite</td>
<td>Twice per month</td>
<td>mg/l</td>
<td></td>
</tr>
<tr>
<td>Fixed Suspended Solids*</td>
<td>Composite</td>
<td>Twice per month</td>
<td>mg/l</td>
<td></td>
</tr>
<tr>
<td>Total Phosphorous*</td>
<td>Composite</td>
<td>Twice per month</td>
<td>mg/l as P</td>
<td></td>
</tr>
<tr>
<td>Total Nitrogen*</td>
<td>Composite</td>
<td>Twice per month</td>
<td>mg/l as N</td>
<td></td>
</tr>
<tr>
<td>Kjeldahl-N*</td>
<td>Composite</td>
<td>Twice per month</td>
<td>mg/l as N</td>
<td></td>
</tr>
<tr>
<td>Total oxidized N (NO₃ and NO₂)*</td>
<td>Composite</td>
<td>Twice per month</td>
<td>mg/l as N</td>
<td></td>
</tr>
<tr>
<td>pH*</td>
<td>Composite</td>
<td>Twice per month</td>
<td>pH units</td>
<td></td>
</tr>
<tr>
<td>Temperature</td>
<td>Grab</td>
<td>Twice per month</td>
<td>degrees C</td>
<td></td>
</tr>
<tr>
<td>Electrical Conductivity*</td>
<td>Composite</td>
<td>Twice per month</td>
<td>μS/cm</td>
<td></td>
</tr>
<tr>
<td>E. Coli*</td>
<td>Composite</td>
<td>Twice per month</td>
<td>cfu/100 ml</td>
<td></td>
</tr>
<tr>
<td>Enterococci*</td>
<td>Composite sample</td>
<td>Twice per month</td>
<td>cfu/100 ml</td>
<td></td>
</tr>
<tr>
<td>USEPA priority pollutants*</td>
<td>Composite sample</td>
<td>Annually</td>
<td>as per appropriate analytical method</td>
<td>treated effluent only</td>
</tr>
</tbody>
</table>
Explanatory notes to be read in conjunction with the table in Schedule Six.

(1) A composite sample is a time-weighted sample representing a period of twenty-four (24) hours.

(2) There shall be an interval of at least seven (7) days between the sampling and analysis of parameters of successive samples for which the sampling frequency is twice per month. For clarity, if a sample is collected on the 10th day of the month, the next sample shall not be collected until the 18th day of the month.

(3) Tests for parameters marked with an asterisks (*) shall be carried out by an accredited laboratory that has been approved by the Authority.

(4) Unless indicated otherwise, all tests of the Wastewater Quality Monitoring Programme shall be carried out in accordance with the current edition of **Standard Methods for the Examination of Water and Wastewater, jointly published by the American Public Health Association, the American Water Works Association and the Water Environment Federation** or by methods appropriate for the testing of wastewater as prescribed by the United States Environmental Protection Agency or by any other method approved by the Authority.

(5) With the exception of Flow, Septage and US EPA priority pollutants in the table above, the Wastewater Quality Monitoring Programme shall comprise of sampling and testing of both the untreated influent received at the Wastewater Treatment Plant(s) and the Treated Effluent discharged from the Wastewater Treatment Plant(s).

SCHEDULE SEVEN

Treated Effluent Quality Limits

Treated Effluent Quality Limits for each sample as measured at the point of discharge shall comply with the table below.

Sampling and Testing of the Parameters in the table below shall be carried out in accordance with Schedule Six.

During the Initial Period the Company shall meet the Initial Treated Effluent Quality Limits. Upon expiry of the Initial Period the Company shall meet the Treated Effluent Quality Limits. The Initial Period is defined as the first twelve (12) calendar months upon signing of the Licence.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Each individual sample (mg/l)</th>
<th>Monthly Average (mg/l)</th>
<th>Annual Average (mg/l)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INITIAL PERIOD</strong> (first twelve calendar months upon signing of the Licence)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biochemical Oxygen Demand-5 day</td>
<td>25</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>Total Suspended Solids</td>
<td>30</td>
<td>25</td>
<td>20</td>
</tr>
<tr>
<td>Total Phosphorous (as P)</td>
<td>To be determined</td>
<td>To be determined</td>
<td>To be determined</td>
</tr>
<tr>
<td>Total Nitrogen (as N)</td>
<td>To be determined</td>
<td>To be determined</td>
<td>To be determined</td>
</tr>
<tr>
<td><strong>AFTER INITIAL PERIOD</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biochemical Oxygen Demand-5 day</td>
<td>20</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>Total Suspended Solids</td>
<td>25</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>Total Phosphorous (as P)</td>
<td>To be determined</td>
<td>To be determined</td>
<td>To be determined</td>
</tr>
<tr>
<td>Total Nitrogen (as N)</td>
<td>To be determined</td>
<td>To be determined</td>
<td>To be determined</td>
</tr>
</tbody>
</table>

The monthly average is the arithmetic mean of the analytical results of the samples collected during one calendar month

The annual average is the arithmetic mean of the analytical results of the samples collected during the calendar year
SCHEDULE EIGHT
Performance Standards

1. Introduction

1. During the Initial Period, the Company shall meet with the Authority on a quarterly or semi-annual basis, as requested by the Authority, to discuss its performance during the prior period(s) in all areas related to these standards.

2. Rewards and penalties shall be excluded from the calculation of changes to base rates. This means that with regard to all performance standards, the effect of any rewards or penalties recognized in the applicable financial balances of the Licensee will be removed before calculating Return on Rate Base in determining the RCAM annual base rate adjustment.

3. During the Initial Period, no penalties for poor performance (as per Section 44 of the Licence) shall be imposed.

2. General Interpretation

In this Schedule Eight, and the preceding Section Seven, unless the context otherwise requires

"Initial Period" means the period commencing on the Licence Date, and terminating on 31 December 2011;

Expressions not otherwise defined shall have the same meanings as those contained within the Licence.

3. Wastewater Collection and Treatment Standards

System Integrity Standard

1. The Company’s performance target for System Integrity of the Wastewater system shall be measured by the salinity of the collected and treated wastewater, expressed as Electrical Conductivity (E.C.), and is set at 11,000 μS/cm. This is equivalent to 20% of saline groundwater infiltration to the actual wastewater flow generated by the connected properties.

   (a) The Zone of Acceptability shall be a range 5% below and 10% above the aforementioned Target for System Integrity (or between 15% and 30% of saline groundwater infiltration). Therefore the Zone of Acceptability for salinity, rounded to the nearest 500 μS/cm on an annual basis, shall be between 9,000 μS/cm and 14,000 μS/cm.

   (b) The Company shall report its salinity performance no later than 15 January, 15 April, 15 July and 15 October of each calendar year (or the first business day following if these days are a weekend or holiday), with monthly detail, on the performance data, as a minimum, at each lift and pump station. These reports will enable the Authority and the Company to determine during the year whether performance is expected to be within or outside the Zone of Acceptability for the calendar year.

2. The Reward or Penalty for the System Integrity Standard (energy efficiency) shall be calculated annually, and applied on a monthly basis using the E.C readings of the incoming Wastewater and the CUC bills for each month, using the following formula:
CUC Bill Correction: \[(\text{Actual E.C of Wastewater} \ (\mu\text{S/cm}) - \text{Allowed E.C.} \ (\mu\text{S/cm})) / (\text{Seawater E.C.} \ (\mu\text{S/cm}) - \text{Allowed E.C.} \ (\mu\text{S/cm}))\]

The above formula will calculate the portion of the CUC bills for each month that will be either a Reward (if E.C. < 9,000 \(\mu\text{S/cm}\)) or a Penalty (if E.C. > 14,000 \(\mu\text{S/cm}\)).

The above calculations are based on the following assumptions:

- Electricity consumption is directly related to the quantity of wastewater pumped/treated, which is directly related to the amount of saline groundwater infiltration into the system.
- Electrical conductivity of wastewater generated by the connected properties: 2,000 \(\mu\text{S/cm}\).
- Electrical conductivity of Seawater: 54,000 \(\mu\text{S/cm}\).
- Seawater (saline groundwater) infiltration allowed (as a percentage of wastewater flow generated by the connected properties): 15-30% (Zone of Acceptability).
- Allowed E.C. of Wastewater:
  - For Reward: Allowed E.C. = 9,000 \(\mu\text{S/cm}\) (15% saline groundwater infiltration)
  - For Penalty: Allowed E.C. = 14,000 \(\mu\text{S/cm}\) (30% saline groundwater infiltration)

Example 1: Actual E.C. of wastewater: 20,000 \(\mu\text{S/cm}\)

\[
\text{CUC Bill Correction: } (20,000-14,000)/(54,000-14,000) = 0.15
\]

Therefore 15% of the CUC bill amount (for that month) will be a penalty.

Example 2: Actual E.C. of wastewater: 6,000 \(\mu\text{S/cm}\)

\[
\text{CUC Bill Correction: } (6,000-9,000)/(54,000-9,000) = -.066
\]

Therefore 6.7% of the CUC bill amount (for that month) will be a reward.

3. For the avoidance of doubt, the above Penalty/Reward will be calculated for 100% of the CUC bills for the lift stations and pump stations. However for any CUC bills related to the Wastewater Treatment Plant the Penalty/reward will only apply to the monthly electricity usage for those CUC bills in excess of 25,000 kWh/month.

4. In addition saline groundwater infiltration will increase operational expenditure due to increased wear and tear on mechanical equipment (due to the higher flow rates) as well as cause increased corrosion issues (due to the increased salinity of the Wastewater).

5. The Penalty for the System Integrity Standard (corrosion control) shall be calculated annually, and applied on a monthly basis using the E.C readings of the incoming Wastewater, using the following formula:

   Monthly Penalty:

   \[\text{Base Penalty Amount} \times \left(\frac{\text{Actual E.C of Wastewater} - \text{Allowed E.C.}}{1,000}\right)^2\]

   Whereby:
   - \(\text{Allowed E.C. of Wastewater} = 14,000 \mu\text{S/cm}\)
   - \(\text{Base Penalty Amount} = \text{CI} \$ 250.00\)

   Example:
   - \(\text{Actual E.C. of Wastewater: 20,000 \mu\text{S/cm}}\)
   - \(\text{Allowed E.C. = 14,000 \mu\text{S/cm}}\)
   - \(\text{Penalty (for that month): CI} \$ 250.00 \times (20-14)^2 = \text{CI} \$ 9,000.00\)

The change in Price Level Index, as defined in Section 56(4) shall be used to adjust the Base Penalty Amount, as defined in this Schedule on 1 July of each year (unless
otherwise agreed between the Company and the Authority) in accordance with the following formula:

$$\text{New Base Penalty Amount} = \text{Current Base Penalty Amount} \times (100\% + P)$$

6. The Company shall indicate in its quarterly reports whether the annual performance for salinity is likely to be outside of the Zone of Acceptability for the calendar year. If any quarterly report indicates a deficiency for the year, or upon the Authority’s request, the Authority and the Company shall discuss the reasons for such anticipated performance. The Company shall propose and implement corrective actions, which in its judgment will correct the likely deficiency and the Authority and the Company will agree upon the nature and timing of such corrective actions.

7. If the Company’s prior-year performance on salinity, as shown in the report submitted to the Authority in January of each year, is outside of the applicable Zone of Acceptability, then the Company shall implement any necessary changes in customer billings to reflect an applicable reward or penalty during the balance of that calendar year, using the Company’s forecast of sales to spread those amounts evenly, subject to Authority approval. Rewards and penalties shall be reflected as a “Z factor” on customers’ bills. The goal shall be for the balance of any reward due or penalty imposed on the Company to be zero at the end of each calendar year, and the Company shall establish a tracking account to monitor the balance in this account.

8. The Company shall provide the Authority with a projection of the next year’s expected salinity performance by 1 November of each year, except for 2012, for which the projection shall be provided no later than 31 December 2011.

4. Customer Service Standards

1. The Company shall immediately commence measuring the customer service standards listed below, using the figures shown as indicative targets:

   - The time it takes for the Company to reconnect customers after a service interruption – a maximum of twenty-four (24) hours.
   - Reconnection after shut-off for non-payment, once payment is made – a maximum of twenty-four (24) hours.
   - Connection of new accounts – a maximum of ten (10) business days
   - Response time to billing complaints – a maximum of five (5) business days.

   The reconnection standards (the first two items) shall be measured in terms of hours, and the connection and response time standards (the last two items) shall be measured in parts of days (e.g., 2.5 days).

2. The Company shall collect comprehensive data beginning on the effective date of this Standard to document its performance on these measures of customer service. The intent is for these measures to become performance standards in the future. There shall be no rewards or penalties for these items until the Authority has determined the Target level, Zone of Acceptability, and an appropriate level of reward or penalty.

3. During the Initial Period, the Company shall provide quarterly reports with monthly detail on the performance for each of the customer service standards. Within one (1) month of the date of this Licence, the Company shall provide the Authority with any data that it has with regard to the historical performance of the Company vis-à-vis these measures for the Authority’s consideration in setting performance standards for these items.
4. Following a review of the performance of the Company, the Authority may set standards, including rewards and penalties, for these measures. In addition, the Authority may request the Company to propose Targets, Zones of Acceptability and Rewards/Penalties for these measures. The Company may also propose additional appropriate performance standards applicable to customer service for Authority consideration and approval.

5. Within three (3) months of receiving a request from the Authority to provide a customer satisfaction survey for regulatory purposes, the Company shall submit a proposed customer satisfaction survey to the Authority for approval, which shall be utilized for the next customer survey. The Company shall conduct such surveys and provide a report to the Authority on the results every six (6) months, including actions that the Company intends to take to maintain and grow satisfaction with its service, and to mitigate dissatisfaction revealed by the survey.

6. In addition to the customer service standards, the Authority shall use the customer satisfaction survey to help determine whether the Company is taking appropriate actions to provide and maintain and improve upon historical levels of customer service.

5. Miscellaneous (Financial) Standards

The following items “Human Resources Costs” and “Debt Collection Efficiency” are not strictly Performance Standards as per Section 44, as no rewards or penalties will apply. However for these items “Zones of Acceptability” apply, particularly with respect to maximum allowed expense amounts in the Company’s annual audited financial statements to determine the Company Income as per Section 56(9).

1. Human Resources Costs

In any one year the maximum allowed amount for the total compensation package for all staff (i.e., for operational and administrative staff combined), as referred to in Section 56(9) of the Licence, shall be twenty-five percent (25%) of the total Sales for that year, comprising the total of Base Wastewater Service Charges, the Electricity Cost Charges, and any other fees collected from Customers under this Licence, but which shall exclude the Regulatory Fee Charges.

For the avoidance of doubt, the total compensation package for staff shall be deemed to include the following:
- Salaries and wages, including all bonuses, incentives, overtime payments, and allowances.
- Pension contributions by the Company
- Health insurance premium and other such payments by the Company

2. Debt Collection Efficiency

In any one year the maximum allowed bad debt expense, as referred to in Section 56(9) of the Licence, shall be one-quarter of one percent (0.25%) of the total Sales, comprising the total of Base Wastewater Service Charges, the Electricity Cost Charges, and any other fees collected from Customers under this Licence, but which shall exclude the Regulatory Fee Charges.

For the avoidance of doubt, bad debt expense is the amount written off by the Company as a loss and classified as an expense because the debt owed to the Company is unable to be collected, and all reasonable efforts have been exhausted to collect the amount owed.
APPENDIX A
SAMPLE LEASE

REGISTERED LAND LAW (R)
LEASE OF GEORGE TOWN
BLOCK 13C PARCEL 2 REM1

SCHEDULE
This is the schedule referred to in the lease dated the __________day of ______________ 2011
and made between the Water Authority as Lessor and __________________________________
as Lessee.

1. PARTICULARS
1.1. THE LESSOR

The Water Authority, a body corporate having perpetual succession and established
under Section 3 of the Water Authority Law 1982 of 13G Red Gate Road, PO Box 1104,
George Town, Grand Cayman KY1-1102, Cayman Islands.

1.2. THE LESSEE

(ENTER NAME AND PARTICULARS OF COMPANY)

2. DEFINITIONS
2.1. For all purposes of this lease the terms defined in clauses 1 and 2 have the
meanings specified therein.

2.2. THE LEASED PROPERTY means that parcel of land in Registration Section
George Town Block 13C Parcel 2REM1 more particularly shown for the purpose of
identification only edged red on the Plan annexed hereto comprising approximately
20.26 acres.

2.3. "The Licence" means the Licence to provide Wastewater services on Grand
Cayman dated _______________ day of __________________2011, pursuant to
which this Lease is granted.

2.4. "The Lessor" and "the Lessee" include their respective successors in title.

2.5. PERMITTED USE means the construction, operation, and maintenance of a
Wastewater Treatment Plant.

2.6. "The Plan" means the plan annexed to this lease.
2.7.  "The Planning Law" means the Development and Planning Law (2005 Revision) and all regulations made thereunder.

2.8.  "the Plant" means all or any part of the mechanical, electrical and other equipment and all or any part of the civil engineering works including appurtenances which are in possession of the Lessee and used by the Lessee to provide Wastewater services.

2.9.  RENT means the sum of CI$ 1.00 per annum payable on demand.

2.10.  TERM means a period of 25 years commencing from the _______day of ____________________ 2011 and terminating on the _______ day of ____________________ 2036.

3.  LEASE
The Lessor leases to the Lessee the Leased Property to HOLD the Leased Property to the Lessee for the Term SUBJECT to all rights, easements, privileges, restrictions, covenants and stipulations of whatever nature affecting the Leased Property YIELDING AND PAYING to the Lessor the Rent

4.  THE LESSEE'S COVENANTS
The Lessee covenants with the Lessor:

4.1.  RENT

4.1.1.  to pay the rent on the days and in the manner set out in this Lease.

4.1.2.  bear its own legal costs in the preparation of this Lease and the cost of the stamp duty on this Lease.

4.2.  REPAIR

4.2.1.  keep the Leased Property and any improvements thereon in good condition and repair, reasonable were and tear excepted.

4.3.  WASTE

4.3.1.  NOT to commit any waste on or at the Leased Property or allow it to be committed nor permit maintenance of a nuisance or any other noxious matter which may interfere with or affect the Leased Property.

4.4.  STATUTORY OBLIGATIONS

4.4.1.  The Lessee shall the right to make and construct improvements to the leased property only with the prior written permission and consent of the Lessor. All improvements made on the Leased Property shall upon the expiration or earlier termination be the property of the Lessee unless otherwise agreed by the parties in writing.
4.4.2. At the Lessee's own expense to execute all works and provide and maintain all arrangements upon or in respect of the Leased Property or the use to which the Leased Property is being put that is required in order to comply with the requirements of any statute already passed or any government department or competent authority.

4.4.3. Without prejudice to the generality of the above to comply in all respects with the provisions of all statutes, building fire and sanitation regulations and codes and any other obligations imposed by law applicable to the Leased Property or in regard to carrying out the trade and business for the time being.

4.4.4. The Lessee will indemnify defend and hold harmless, the Lessor from any and all claims, demands, suits, causes of action, losses, damages, expenses and/or any and all litigation arising out of occurrences in or at the Leased property or as occasioned or suffered by the Lessee or any of its employee, agents, invitees, occupants or other persons in attendance in or at the Leased Property including awarded from such claims, demands, causes of action, losses, damages, and expenses or for costs or attorneys' fees due to the error act of omission of the Lessee.

4.5. ACCESS OF THE LESSOR AND NOTICE TO REPAIR

4.5.1. TO PERMIT THE LESSOR

4.5.1.1. to enter upon the Leased Property for the purpose of ascertaining that the covenants and conditions of this Lease have been observed and performed,

4.5.1.2. to view and to open up doors or windows in the Leased Property where such opening up is required in order to view the state of repair and condition of the Leased Property.

4.5.1.3. to give to the Lessee or leave upon the Leased Property a notice specifying any repairs, cleaning, or maintenance the Lessee has failed to execute in breach of the terms of this Lease and to request the Lessee immediately to execute the same.

4.5.2. Immediately to repair, cleanse, and maintain the Leased Property as required by such notice.

4.5.3. If within one month of the service of such a notice the Lessee shall not have commenced and be proceeding diligently with the execution of the work referred to in the notice or shall fail to complete the work within two months of the service of the notice to permit the Lessor to enter the Leased Property to execute such work as may be necessary to comply with the notice and to pay
to the Lessor the cost of so doing and all expenses incurred by the Lessor (including legal costs and other professional fees) within fourteen (14) days of a written demand.

4.6. ALIENATION

4.6.1. Not to hold on trust for another or (save pursuant to a transaction permitted by and effected in accordance with the provisions of this Lease) part with the possession of the whole or any part of the Leased Property or permit another to occupy the whole or any part of the Leased Property.

4.6.2. Not to assign, underlet or charge part only of the Leased Property and not to underlet the whole or any part of the Leased Property.

4.7. NUISANCE ETC AND RESIDENTIAL RESTRICTIONS

4.7.1. Not to do nor allow to remain upon the Leased Property anything which may be or become or cause a nuisance, annoyance, disturbance, inconvenience, injury or damage to the Lessor or the owners or occupiers of adjacent or neighbouring land unless relating to the operation of a Wastewater Treatment Plant pursuant to the Agreement.

4.8. YIELD UP

At the expiration of the Term

4.8.1. to yield up the Leased Property in repair and in accordance with the terms of this Lease.

4.9. LESSOR'S RIGHTS

To permit the Lessor at all times during the Term to exercise without interruption or interference any of the rights granted to it by the virtue of the provisions of this Lease.

5. THE LESSOR'S COVENANTS

The Lessor covenants with the Lessee:

5.1. QUIET ENJOYMENT

To permit the Lessee to peaceably and quietly hold and enjoy the Leased Property without any interruption or disturbance from or by the Lessor or any person claiming under or in trust for the Lessor.

6. PROVISOS

6.1. RE-ENTRY

If and whenever during the Term

6.1.1. there is a material breach by the Lessee of any covenant or other term of this Lease or any document expressed to be supplemental to this Lease the Lessor may serve notice in accordance with S.56 of the Registered Land Law
and may re-enter the Leased Property (or any part of it in the name of the whole) at any time (and even if any previous right of re-entry has been waived) and then the Term will absolutely cease without prejudice to any rights or remedies which may have accrued to the Lessor against the Lessee or to the Lessee against the Lessor in respect of any breach of covenant or other term of this Lease (including the breach in respect of which that re-entry is made).

6.2. SERVICE OF NOTICES

A notice is deemed to be duly served by a party either delivering the notice or sending it by prepaid registered mail addressed to the other party at the address stated at the beginning of this Lease or to its registered office or last known address. The notice is deemed to be received by the other party on delivery or forty-eight (48) hours after posting as the case may be unless it is posted on Saturday when it is deemed to be received the following Tuesday.

6.3. WAIVER

No neglect forbearance or omission by the Lessor to take advantage of or enforce any right or privilege arising out of any breach by the Lessee (whether original or recurring) of any obligation (express or implied) shall operate as or be deemed to be a general waiver of its entitlement to take advantage of or enforce that right or privilege.

6.4. EARLY TERMINATION

In the event of the Licence being lawfully terminated for any reason whatever this Lease will terminate forthwith without further act or deed of either party.

6.5. RENEWAL

If the Lessee wishes to take a further lease of the Leased Property from the expiry of the Term and shall at any time after the expiry of ??th year of term give to the Lessor not less than 12 months notice in writing, then provided the Lessee shall on the expiry of the term have paid the rents reserved and reasonably observed the covenants contained in this Lease, the Lessor shall grant to the Lessee a further lease of the premises for a term of ??? years commencing on the day following the last day of this term upon the same terms and conditions as this Lease (save as to the rent, the rent review dates and the option for a further lease).

6.6. NOTICES

Any notice hereunder shall be in writing. Any notice requiring to be served hereunder shall be deemed to have been duly served or made by the party concerned either by delivering such notice or sending the same by pre-paid registered mail addressed to the other part at the address stated at the commencement hereof or other the registered
office of either party from time to time and such notice shall be deemed to have been received by such other party on delivery or 48 hours after posting as the case may be unless the same shall be posted on Saturday or Sunday when the same shall be deemed to have been received on the Tuesday following.

6.7. GOVERNING LAW

Save as otherwise herein expressly provided, this Lease shall be subject to the Laws and jurisdiction of the Courts of the Cayman Islands.

IN WITNESS WHEREOF the parties hereof have caused this Lease to be executed by their duly authorised officers and have caused their respective Seals to be hereunto affixed the day and year first before written.

The Seal of Water Authority

was hereunto affixed by

_____________________________

and by

_____________________________

by authority of the Board of Directors

in the presence of:

_____________________________

Witness

The Seal of The Company

was hereunto affixed by

_____________________________

and by

_____________________________

by authority of the Board of Directors

in the presence of:

_____________________________

Witness
APPENDIX B

TECHNICAL PROPOSAL REQUIREMENTS

Introduction

1. The Company shall include in his Proposal Package a section “Technical Proposal” which shall specifically address each of the following:

   (1) Operational Transition Plan
   (2) Initial System Deficiency Corrections Plan
   (3) Capital Renewal Procedures Plan
   (4) Operations and Maintenance Plan/Quality Management Plan
   (5) Service Interruption/Contingency and Catastrophic Loss Plan
Operational Transition Plan

1. Introduction

   (1) The Company shall prepare an Operational Transition Plan and this Plan shall be submitted as part of the Proposal package.

   (2) The Operational Transition Plan shall propose an adequate transition period and schedule for turnover of the facilities, equipment, permits, operation and maintenance, customer service, and other responsibilities to include any new construction, installation of service connections, routine maintenance, emergency repair, turnover of customer audits and billing requirements, and the process for transferring existing employees for employment.

   (3) The Company shall propose the length of the transition period, which will begin on the Licence Date and will end three months later (or such other (shorter or longer) period as the Company may deem adequate).

   (4) This transition period is intended to provide the Company time to perform additional due diligence functions, complete the joint inventory, and stand up operations in support of the Licence requirements.

   (5) The Authority shall be paid for any costs it incurs during the transition period. Transition costs are defined as all costs expended during the transition period that are necessary and reasonable before ownership and full responsibility for the wastewater system can be transferred.

   (6) The Company shall complete all transitions and be prepared to provide full wastewater services at the end of the transition period.

   (7) The Operational Transition Plan is subject to review and final acceptance by the Water Authority.

2. Requirements

   (1) The Operational Transition Plan shall include, but shall not necessarily be limited to, the following:

      (a) Transition Period

          (i) The Company shall propose a date on which the Company will assume full responsibility for the wastewater system and for providing the wastewater services, as per the Conditions of the Licence, expressed as the number of days/weeks from the Licence Date.

          (ii) A plan for onsite familiarization and the transition of system operations.

      (b) Operational Requirements during the transition period

          (i) A plan for the construction of new works or new service connections that may be required.

          (ii) A plan for routine maintenance and/or emergency repairs that may be required.

          (iii) Procedures for notification of any related outages.

      (c) Permits and Procedures

          (i) A plan and schedule for the transfer or acquisition of permits as required. It is essential that advanced planning occurs and the Company initiates the acquisition of permits as soon as possible after the Licence Date.

      (d) Inventory and Transfer
(i) A detailed plan, schedule, and checklist for the joint inventory of:
   a. all facilities and fixed equipment, to include building structures and installed equipment;
   b. personal property transferring from the Water Authority to the Company; and
   c. all operating manuals, record drawings, plans and specifications, maintenance records, and other such information available for the wastewater system.

(ii) A schedule for the joint inventory to be completed and agreed upon prior to conclusion of the transition period.

(e) Authorized Personnel and Points of Contact

(i) A list of all Company personnel holding authority to sign for transfer of operations and property. This shall include the name, title, and clear definition of authority or limitations in authority for each person who will sign for acceptance of final transition.

(ii) A comprehensive list of Company points of contact (names, phone numbers, e-mail addresses etc.) for work to be performed.
Initial System Deficiency Corrections Plan

1. Introduction

   (1) The Company shall prepare an Initial System Deficiency Correction Plan and this Plan shall be submitted as part of the Proposal package. This Plan shall become part of the Licence.

   (2) The Plan shall contain a list with proposed work efforts that the Company plans to accomplish in the first two years of the Term as a matter of priority.

   (3) The Plan shall include as much information for each work effort as possible, including site plans, preliminary cost estimates, construction schedules, and an analysis of the impact of construction on the operations and the environment. It shall also address safety requirements.

2. Requirements

   (1) The Initial System Deficiency Corrections Plan shall describe in as much detail as possible the following:

       (a) the purpose, scope and estimated cost of all proposed Initial System Deficiency Corrections to the wastewater system.

       (b) Identification, justification, and detailed description of any Company-recommended additional system upgrades and/or improvements to increase the efficiency of system operations.
Capital Renewal Procedures Plan

1. Introduction
   (1) The Company shall provide a Capital Renewal Procedures Plan which shall describe in as much detail as possible the Company’s procedures for identifying, financing and scheduling long-term capital renewals and future upgrades.

2. Requirements
   (1) The Capital Renewal Procedures Plan shall include, at a minimum, the following:
      (a) Conceptual methodology that will be used for scheduling renewals and replacements for the duration of the Licence to ensure long-term efficient level of service.
      (b) A provisional 25-year renewal and replacement schedule, in as much detail as possible (without any reference to cost).
      (c) Description of the proposed process for satisfactorily responding to requests made by the Authority for system enhancements, including financing and installation arrangements.
Operations and Maintenance Plan/Quality Management Plan

1. Introduction
   (1) The Company shall submit an Operations and Maintenance/Quality Management Plan ("the Plan") in accordance with the requirements of Section 33 of the Licence. This Plan shall become part of the Licence.
   (2) The Plan shall describe the Company's operations and maintenance and quality management policies and procedures. The Plan shall propose performance standards and/or specifications for the provision of wastewater services.

2. Requirements
   (1) The wastewater system shall be operated and maintained in accordance with the most current version of any specific requirements defined in the Licence (e.g., performance standards and/or specifications that follow best engineering and management practices).
   (2) When developing the Operations and Maintenance/Quality Management Plan, the elements listed below shall be considered, if applicable:
      (a) Effluent Quality
      (b) Reliability
      (c) Recurring and Preventative Maintenance
      (d) Sampling/Analysis
      (e) Permitting
      (f) Demand and Collection Capacity
      (g) Pre-Treatment Requirements
      (h) Corrosion Control (including Cathodic Protection)
      (i) Minimization of Inflow and Infiltration
      (j) Safety of General Public, Personnel and Property
      (k) Service Connection Standards and Specifications
      (l) Blockages and Cross Connections
      (m) New Construction Standards
      (n) Commissioning Standards
      (o) Color Identification and Markings
      (p) System Inspections
      (q) Meter and Equipment Calibration
      (r) Service Interruption Frequency
      (s) Operating Permits
      (t) Employee Certifications
      (u) Disaster Recovery (refer to the Service Interruption/Contingency and Catastrophic Loss Plan)
   (3) Additionally, the Quality Management section of the Plan may include the following:
(a) A comprehensive narrative description of how the Company plans to operate and maintain the wastewater system in a manner that will satisfy, at a minimum, the requirements of the Licence.

(b) Processes for obtaining customer feedback and translating feedback into appropriate process improvements.

(c) A comprehensive narrative description of how the Company plans to implement a proven system of inspections or other quality assessment procedures and techniques.

(d) Record keeping processes.

(e) For each of the proposed Service Standards and/or specifications, if applicable, listed above, a description of how the Service Standards and/or specification will be met.

(f) Standards and specifications not established anywhere else in the Proposal.

(g) Description of how the proposal satisfies the requirements related to compliance with applicable environmental, safety and OSH laws and regulations.

(h) A listing and description of opportunities for efficiencies in wastewater operations. Opportunities for efficiencies will consist of market based solutions to improve system utilization as well as technological enhancements. The Company will also identify cost savings associated with the opportunities for efficiencies included within its proposal.

(i) Specialty skills training (if required)

(j) Proposed Staffing Plan, which clearly defines the qualifications of each staff position for the operation of the wastewater system. The staffing plan shall also identify training and certifications required for each staff position and the Company’s approach to ensuring personnel are current in training and certifications.
Service Interruption/Contingency and Catastrophic Loss Plan

1. Introduction
   (1) The Company shall submit a Service Interruption/Contingency and Catastrophic Loss Plan in accordance with the applicable requirements of Section 36 of the Licence. This Plan shall become part of the Licence.

2. Requirements
   (1) The Service Interruption/Contingency and Catastrophic Loss Plan must, at a minimum, address the following:
      (a) Service Interruption/Contingency:
         (i) Defined procedures and provisions for reacting to all service interruptions.
         (ii) Resources to be utilized in the implementation of the procedures described in the Plan including a description of the staffing and management personnel that will be available to ensure prompt response to emergency situations.
         (iii) Detailed contingency plan of action (including Government/Authority notifications).
         (iv) Estimated response times for each type of service call (e.g. emergency, urgent, and routine).
         (v) Description of the procedure for handling each type of service call (e.g. emergency, urgent, routine) from notification to completion (use diagrams, Gantt Charts, flow chart, etc. if necessary).
         (vi) Estimated time for re-establishment of temporary service.
         (vii) Estimated time for re-establishment of permanent service.
         (viii) Emergency Restoration Plan in the event of widespread utility outage.
         (ix) Installation specific requirements.
         (x) Possible causes for service interruptions and show how each would be handled both internally and externally by the Company including, but not necessarily limited to, acts of God, natural disasters, human error, equipment failure, and employee strikes.
      (b) Catastrophic Loss:
         (i) Description on how the Company plans to protect itself from a catastrophic loss, including but not limited to vehicular damage, vandalism, and Acts of God etc. that significantly affect the wastewater system.
         (ii) Details on how the Company will bring the system back into service expeditiously following any such catastrophic loss or event.
         (iii) Description of any catastrophic insurance.