



Governo do Estado do Rio de Janeiro

ANNEX IX

BOARD OF HOLDERS

1. GENERAL PROVISIONS

1.1. The BOARD OF HOLDERS is hereby instituted, in compliance with Article 9 of Federal Law No. 11,445/2007, and within the limits established in the joint management instruments entered into between the holders of the services and the STATE, both with the consent and intervention of the REGULATORY AGENCY, to structure the regionalized provision of public water supply and sanitation services in each of the CONCESSION BLOCKS.

1.2. The BOARDS OF HOLDERS shall be constituted as advisory bodies with the purpose of coordinating and integrating the relations between the holders of public water supply and sanitation services in the CONCESSION BLOCKS, the STATE and the REGULATORY AGENCY in order to ensure the participation of the holders in the decisions to be taken by the REGULATORY AGENCY concerning the implementation of the CONCESSION AGREEMENT, as provided for in subitem 3.1.

2. COMPOSITION

2.1. Each of the BOARD OF HOLDERS shall be composed of the holders of the public services of water supply and sanitation in the BLOCK OF THE CONCESSION and shall be chaired by the REGULATORY AGENCY, which will not have voting right.

2.2. The members of each of the BOARD OF HOLDERS shall have the right to appoint a representative member.

2.3. The METROPOLITAN REGION OF RIO DE JANEIRO shall appoint as its representative member one of the municipalities that are part of the CONCESSION BLOCK of which it is a member.

2.4. The appointment and replacement of members of the BOARDS OF HOLDERS shall be free to the members represented therein, provided that the requirements of the sub-items 2.1 and 2.3 are met.

2.5. The participation of the members appointed by the holders of the public water and sanitation services of the CONCESSION BLOCK shall be considered a relevant service without remuneration.

2.6. The BOARDS OF HOLDERS shall not be allowed to adopt measures or issue decisions that go against or amend the provisions of the CONCESSION AGREEMENT nor even that go beyond the purpose for which they were created.

2.7. The participation of the holders of water supply and sanitation services in the BOARD OF HOLDERS shall be optional.

2.7.1. The absence of an appointment as a member of the BOARD OF HOLDERS shall imply full compliance with the decisions issued by the BOARD OF HOLDERS.

3. ATTRIBUTIONS

3.1. The BOARDS OF HOLDERS, as advisory bodies, shall have the following attributions:

3.1.1. To monitor the review processes of the water and sanitation plans of all the holders that are part of the CONCESSION BLOCK, to ensure that they are in line with the regionalized provision of such services;

3.1.2. To express its prior opinion on the calculation of the amount of any indemnity due to the CONCESSIONAIRE as a result of the extinguishment of the CONCESSION, the WATER PRODUCTION AGREEMENT and the INTERDEPENDENCE AGREEMENT, including the calculation of the amount to be indemnified for the transfer of the REVERSIBLE ASSETS, in accordance with the guidelines established in the CONCESSION AGREEMENT.

3.1.3. To express its prior opinion regarding any intervention by the STATE in the CONCESSION, pursuant to the CONCESSION AGREEMENT.

3.1.4. To express its prior opinion concerning any of the forms of early extinguishment of the CONCESSION AGREEMENT;

3.1.5. To express its prior opinion on the extension of the CONCESSION AREA through the entry of new municipalities in the respective BLOCK, regardless of whether or not they are members of the METROPOLITAN REGION OF RIO DE JANEIRO.

3.1.6. To express its prior opinion on the removal of municipalities from the respective CONCESSION BLOCK;

3.1.7. To express its prior consent on the extension of the CONCESSION AGREEMENTS and the WATER PRODUCTION AGREEMENT in the cases in which the total term of such instruments exceeds 40 (forty) years;

3.1.8. Follow up, upon the termination of the CONCESSION, the TRANSITION PLAN, the evolution of the arrangements for the transfer of REVERSIBLE ASSETS and the conduct of the process to revert them to the HOLDERS, through the STATE.

3.1.9. To express its opinion on any request for arbitration by the STATE.

3.2. The activities of the holders of public water supply and sanitation services are limited to the CONCESSION BLOCK that it integrates, except for the METROPOLITAN REGION OF RIO DE JANEIRO, which is part of all the CONCESSION BLOCKS.

4. MEETINGS AND STATEMENTS

4.1. Whenever necessary for the exercise of some of the duties set forth in item 3 of this ANNEX, the REGULATORY AGENCY shall convene the members of the BOARD OF HOLDERS at least 15 (fifteen) calendar days before the date of the meeting, sending the requests and relevant documents for prior examination by the BOARD OF HOLDERS.

4.1.1. In compliance with art. 17, §1, of Federal Law no. 11.445/2007, it is incumbent upon the BOARD OF HOLDERS to make all necessary efforts so that the municipal and metropolitan water and sanitation plans remain compatible with each other, prioritizing the principles of economy, efficiency, tariff reasonableness and satisfactory service.

4.2. The first meeting of the BOARD OF HOLDERS must be convened by the REGULATORY AGENCY, and it shall be in the agenda to establish a deadline for the preparation of the internal regulations, in which the weight of the vote of each member will be defined, observing the proportion of the respective populations.

4.3. The statements by the BOARDS OF HOLDERS shall be of an advisory nature, except for sub-items 3.1.4 and 3.1.7, over which the BOARD OF HOLDERS shall have veto power and shall be recorded in minutes.

4.4. The BOARD OF HOLDERS issue a statement within 30 (thirty) calendar days as from the date of the meeting convened by the REGULATORY AGENCY.

4.4.1. If a statement is not issued within the deadline established in item 4.4, it shall be presumed that the BOARD OF HOLDERS agree with the proposal submitted to it.
