

LOAN AGREEMENT

in respect of

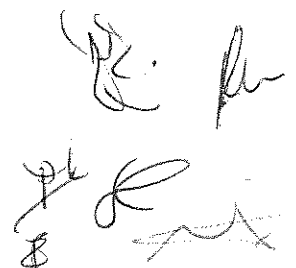
UGU SANITATION REFURBISHMENT PHASE 1

made and entered into by and between

UGU DISTRICT MUNICIPALITY

and

THE DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED

Handwritten signatures and initials in the bottom right corner of the page.

<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
MEMORANDUM OF LOAN	
TABLE OF CONTENTS	i
SUMMARY	ii
CLAUSE	
1. INTERPRETATIONS.....	2
2. THE LOAN	6
3. INTEREST	6
4. REPAYMENT OF LOAN AND PAYMENT OF INTEREST.....	7
5. COMMITMENT FEE.....	7
6. LATE PAYMENT	7
7. EARLY REPAYMENT.....	8
8. PAYMENT(S)	9
9. CANCELLATION/TERMINATION OF DRAWDOWNS	9
10. EVENTS OF DEFAULT	10
11. CONDITIONS PRECEDENT	11
12. FURTHER TERMS AND CONDITIONS	11
13. ARBITRATION	13
14. GENERAL	14
14.1 PROJECT NOTICE BOARDS	14
14.2 DOMICILIUM.....	14
14.3 WHOLE AGREEMENT.....	15
14.4 NON-VARIATION	15
14.5 NON-ENFORCEMENT/INDULGENCE.....	15
14.6 TERMS AND CONDITIONS OF DISBURSEMENT	16
SIGNATURE PAGE	17
ANNEXURE A PROJECT DESCRIPTION	18
ANNEXURE B SOURCE AND APPLICATION OF FUNDS STATEMENT.....	22
ANNEXURE C AUTHORISATION - BORROWER	23
ANNEXURE D AUTHORISATION - DBSA	24

Handwritten signatures and initials, including what appears to be 'Hk', 'FL', and 'Zr'.

S U M M A R Y

1. LOAN AMOUNT : R25 000 000-00 (twenty five million Rand)
2. LOAN PERIOD : 15 (fifteen) years
3. FIXED INTEREST RATE : 5%
4. GRACE PERIOD FOR CAPITAL REPAYMENT : 2 (two) years
5. CAPITAL REPAYMENT : 26 equal Half-yearly instalments, commencing on the last day of the 5th Half-year after the Half-year during which the first disbursement was advanced to the Borrower
6. INTEREST REPAYMENT : Payment shall commence on the last day of the Half-year during which the first disbursement was advanced to the Borrower
7. PROJECT FILE NO. : KZN 101980






1. INTERPRETATIONS

1.1 In this Agreement, unless the contrary appears from the context, the following words have the meanings as stated:-

1.1.1 "this Agreement" means this Agreement together with any Annexures thereto;

1.1.2 "Borrower" Ugu District Municipality;

1.1.3 "Breakage Costs" shall mean the net present value of the amount (if any) by which:

the interest, which the DBSA would have received for the period commencing on the date of receipt of such prepaid principal amount to that Interest Payment Date;

exceeds

the interest which the DBSA would be able to obtain by placing an amount equal to the prepaid principal received by it, on deposit with a leading bank in the relevant Interbank Market for a period commencing on the date of receipt of such principal and ending on that Interest Payment Date.

1.1.4 "Business Day" means any day between 08h00 to 16h30 other than a Saturday, Sunday and a Public Holiday;

1.1.5 "the DBSA" the Development Bank of Southern Africa Limited, reconstituted and incorporated in terms of Section 2 of the Development Bank of Southern Africa Act No. 13 of 1997;

- 1.1.6 "Fixed Rate Loan" the amount of Loan disbursed and outstanding from time to time in respect of which the Fixed Interest Rate as determined in clause 3.1 shall apply;
- 1.1.7 "Half-year" from the first day of April to the 30th day of September and/or from the first day of October to the 31st day of March during the next calendar year;
- 1.1.8 "Interest Payment Date" the last Business Day of each Interest Period;
- 1.1.9 "Interest Period" each period of 6 (six) months commencing on 1 April or 1 October of each calendar year. The first Interest Period shall begin to run from the date of the first disbursement to 31 March or 30 September, whichever immediately follows disbursement. Each Interest Period thereafter shall begin to run from the date of expiry of the preceding Interest Period, even if the first day of this Interest Period is not a Business Day. Notwithstanding the foregoing, any period less than six months running from the date of a disbursement to the date of 31 March or 30 September immediately following this disbursement shall be deemed an Interest Period;
- 1.1.10 "Loan" the financing granted to the Borrower in terms of clause 2;
- 1.1.11 "On-lending" the transfer, by the Borrower, of any amount(s) to any third parties, from the proceeds of the Loan, excluding payments for the procurements of goods and services;
- 1.1.12 "Parties" collectively, the Borrower and the DBSA;

- 1.1.13 "Project" Ugu Sanitation Refurbishment Phase 1, as described in more detail in Annexure A attached hereto;
- 1.1.14 "Project Agent" a person nominated in writing by the Borrower to act on its behalf in respect of the Project;
- 1.1.15 "Reset Date" the first Business Day of April and October of each calendar year or such other dates as may be agreed to in writing by the Parties;
- 1.1.16 "Reset Period" a period of 6 (six) months commencing from each Reset Date;
- 1.1.17 "Reference Banks" means four major Banks in the Johannesburg Interbank market selected by the DBSA;
- 1.1.18 "Unwinding Costs" shall mean any and all actual costs, expenses and disbursements incurred by the DBSA in taking out a new hedge position, closing out, settling or unwinding any hedge transaction deposits or funding transactions that may have been entered into by the DBSA or reacquiring any negotiable instruments that have been issued by the DBSA, in respect of funding any part or all of the Loan.
- 1.1.19 "ZAR-JIBAR-SAFEX" In relation to each Interest Period for Floating Rate Loan, shall mean the mid-market yield rate (rounded upwards, if necessary, to the nearest one thousandth of a percentage point) for deposits in South African Rand for a six month period which appears on the Reuters Screen SAFEX Page as of 11:00 am, Johannesburg time, two Business Days

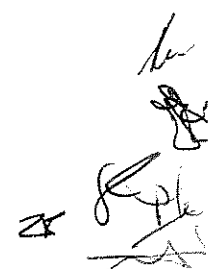
Handwritten signature and initials in the bottom right corner of the page.

prior to the commencement of the relevant Interest Period;

1.1.20 "ZAR-JIBAR- Reference Banks Rate"

In relation to each Interest Period for Floating Rate Loan, shall mean the yield rate determined on the basis of the mid-market deposit rate for South African Rand for a six month period quoted by the Reference Banks at or about 11:00 am, Johannesburg time, two Business Days prior to the commencement of the relevant Interest Period;

- 1.2 Headings to the clauses of this Agreement, the table of contents and summary are for reference purposes only and are not intended to affect the interpretation thereof.
- 1.3 Any reference to the singular shall include the plural and vice versa.
- 1.4 Any reference to a natural person shall include an artificial or corporate person and vice versa.
- 1.5 Any reference to one gender shall include the other.
- 1.6 Any reference to ZAR-JIBAR and/or ZAR-JIBAR-Reference Banks Rate shall include any other substitute rate, calculated in the same manner as either of these two rates whether such substitute rate appears on the Reuters screen safety page or on some other screen page.
- 1.7 This Agreement shall bind the Borrower and its successors-in-title and/or successors-in-law.



2. THE LOAN

2.1 The Loan shall be:-

2.1.1 an amount not exceeding, in aggregate, R25 000 000-00 (twenty five million Rand); and

2.1.2 utilised exclusively for the Project and the Borrower, hereby, undertakes that it shall comply with all provisions of this Agreement.

2.2 The Loan proceeds shall be paid by the DBSA to, and on the order of, the Borrower in such disbursements and in accordance with all provisions contained in this Agreement.

2.3 No On-Lending shall be effected unless provided for in this Agreement.

3. INTEREST

The Loan shall bear interest on the amount from time to time outstanding at a Fixed Rate as follows:

3.1 FIXED INTEREST RATE

3.1.1 The Capital shall bear interest on the amount from time to time outstanding at a nominal fixed rate of 5% (five per centum) per annum.

3.1.2 Interest on the amount from time to time outstanding shall be compounded Half-yearly and shall be due and payable on the last day of each Half-year. If payment of interest falls on a day other than a Business Day, such interest shall be payable on the next succeeding Business Day.

3.1.3 Payment shall commence on the last day of the Half-year during which the first disbursement was advanced to the Borrower from the proceeds of the Loan.

4. REPAYMENT OF LOAN AND PAYMENT OF INTEREST

4.1 The capital amount of the Loan shall be repaid in 26 (twenty six) equal Half-yearly instalments, commencing on the last day of the 5th (fifth) Half-year following the Half-year during which the first disbursement was made to the Borrower from the proceeds of the Loan; and thereafter at the end of each succeeding Half-year until the Loan together with interest thereon shall be fully repaid; provided that subject to the provisions of clause 7, the Borrower may, with 30 (thirty) days written notice to the DBSA, make repayments in excess of the abovementioned or repay the full amount outstanding, provided further that the Borrower shall not be entitled to make any repayments prior to the date on which the first instalment shall fall due in terms of this Agreement; provided further that this shall not jeopardise the proper completion of the Project.

4.2 An instalment shall be a fixed amount, determined as at the outset of the 5th (fifth) Half-year following the Half-year during which the first disbursement was made to the Borrower from the proceeds of the Loan; calculated as being sufficient to amortise the outstanding amount, plus interest at the rate set out in clause 3.1 above, in 26 (twenty six) equal Half-yearly payments. Should, at the outset of the said 5th (fifth) Half-year, part of the Loan still not be drawn by the Borrower, the amount of instalments shall be adjusted as and when drawings take place, in order to achieve amortisation over the original period of the Loan.

5. COMMITMENT FEE

5.1 The DBSA shall be entitled, to charge a commitment fee of 0,5% (nought comma five per centum) per annum on all the undisbursed portion of the Loan effective 3 (three) months from the date of conclusion of this agreement.

5.2 Payment of the commitment fee shall be made on the same terms and conditions as the other amounts due in terms of this Agreement.

6. LATE PAYMENT

6.1 The Borrower shall be liable to the DBSA for the payment of penalty interest on all amounts payable, yet unpaid, in terms of this Agreement should the Borrower:-

6.1.1 fail to pay on the due date any amount owing or which may become owing to the DBSA in terms of this Agreement; or

6.1.2 with the DBSA's written consent defer the payment of any amount so owing.

6.2 Penalty interest shall be calculated with regard to the actual period during which the amount payable remained unpaid, at the Fixed Rate/interest rate of the Loan plus 2% (two per centum). Penalty interest shall be compounded Half-yearly and payable on demand.

7. EARLY REPAYMENT

7.1 The Borrower shall, subject to thirty (30) days written notice to the DBSA, be entitled to prepay any portion or the entire principal amount of the DBSA Loan, subject to the payment of a prepayment fee on the principal amount being prepaid. The prepayment fee shall be determined or calculated as follows:

7.1.1.1 where the interest rate of the Loan is less than or equal to the Reinvestment Rate (defined herein below), the Borrower shall be liable to pay Unwinding Costs only (if any) on the prepaid amount;

7.1.1.2 where the interest rate of the Loan is greater than the Reinvestment Rate, the Borrower shall pay to the DBSA an amount equal to the difference (calculated on a present value basis to the DBSA's prejudice) between the interest which the prepaid principal amount would have produced had there been no prepayment and the interest which would be produced by a reinvestment of the same amount having the same repayment schedule as the prepaid principal amount of the Loan as well as any Unwinding Costs.

7.2 The Reinvestment Rate shall be the rate at which the DBSA can invest the funds in the relevant Interbank Market, for the period equal to the remaining Loan Period as determined at the relevant Interest Payment Date of such prepaid principal amount.

- 7.3 The discount rate used shall be equal to the discount rate forecast by the Zero Curve published on Reuters. The date used for the present value calculation shall be that of the prepayment.

8. PAYMENT(S)

- 8.1 All payments to or by the Parties under this Agreement shall be effected in South African Rand.
- 8.2 All payments under this Agreement to the Borrower shall be effected to the credit of such banking account(s) of the Borrower as the Borrower may from time to time direct, in writing.
- 8.3 The Borrower shall furnish the DBSA with all the necessary information regarding its officials who are authorised to apply for drawdowns on the Borrower's behalf.
- 8.4 All payments under this Agreement to the DBSA shall be effected to the credit of such banking account(s) of the DBSA as the DBSA may from time to time direct, in writing.
- 8.5 Payments to the DBSA in terms of this Agreement shall be effected without deduction and free from any taxes, charges, fees or other costs whatsoever.
- 8.6 Whenever any payment falls due on a Saturday, Sunday or Public Holiday under the laws to which either of the Parties are subject, such payment shall be made on the next succeeding business day.

9. CANCELLATION/TERMINATION OF DRAWDOWNS

- 9.1 The Borrower may, by giving 30 (thirty) days written notice to the DBSA, cancel any undrawn portion of the Loan provided that such cancellation shall not jeopardise the proper completion of the Project; it being understood that upon the giving of such notice the instalments referred to in clause 4.1 supra shall be reduced pro rata.
- 9.2 If the DBSA reasonably concludes, after consultation with the Borrower, that any portion(s) of the Loan will not be required to finance the Project, the DBSA may by notice to the Borrower terminate the right of the Borrower to make drawdowns

in respect of such undrawn portion; it being understood that upon giving of such notice the instalments referred to in clause 4.1 supra shall be reduced pro rata.

- 9.3 If the DBSA has not received a final application for a drawdown under the Loan from the Borrower at the end of the 1st (first) Half-year following the Half-year during which the first disbursement was made to the Borrower from the proceeds of the Loan, the DBSA may terminate further disbursements to the Borrower on 30 (thirty) days written notice to the Borrower unless the DBSA, after consideration of the reasons for the delay, has determined a later date for the purposes of this sub-clause. The DBSA shall only consider an extension on receipt of a written request from the Borrower and shall notify the Borrower of its decision.

10. EVENTS OF DEFAULT

- 10.1 The DBSA shall be entitled, after giving the Borrower 30 (thirty) days written notice, to suspend drawdowns from the Loan or to terminate this Agreement and to claim from the Borrower immediate payment of all the outstanding amounts should the Borrower commit any breach of this Agreement, provided that the DBSA may, at its entire discretion, dispense with the giving of the 30 (thirty) days notice.
- 10.2 Without derogating from the generality of the foregoing, the DBSA shall be entitled to exercise its rights in terms of clause 10.1 above, upon the happening of any of the following events:-
- 10.2.1 the Borrower failing to repay the capital amount and to pay interest in terms hereof, and failing to remedy such breach within the notice period referred to in 10.1 above requiring it to do so;
 - 10.2.2 any attachment being made or any execution being levied against the Borrower;
 - 10.2.3 any failure to repay any of the DBSA's loans or breach of any agreement entered into between the Borrower and the DBSA and/or with any other lender/creditor;

- 10.2.4 any fact or circumstance shall have occurred which in the opinion of the DBSA may affect the ability or willingness of the Borrower to comply with all or any of its obligations under this Agreement;
- 10.2.5 the Borrower proposing any rescheduling, reorganisation or rearrangement of the whole or part of its indebtedness with the DBSA or any of its creditors;
- 10.2.6 the Borrower's business operations or any significant part thereof, being interrupted for a continuous period of at least 3 (three) months;
- 10.2.7 any approval, licence, authorisation or other requirement necessary to enable the Borrower to comply with any of its obligations in terms of this Agreement is modified, revoked or withdrawn whilst this Agreement is still in force;
- 10.2.8 any order is made or resolution passed or other action taken for the dissolution or termination of the existence of the Borrower;
- 10.2.9 any representation, warranty or statement made in, or in connection with, this Agreement or any opinion delivered by or on behalf of the Borrower under this Agreement is found to be incorrect.
- 10.3 The exercise of the rights by the DBSA in terms hereof shall be without prejudice and/or in addition to any other rights which the DBSA may then have against the Borrower in law, including the right to demand specific performance by the Borrower of its obligations in terms of this Agreement.

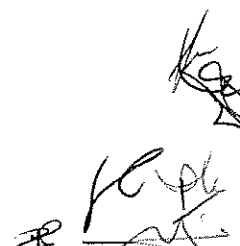
11. CONDITIONS PRECEDENT

NONE

12. FURTHER TERMS AND CONDITIONS

- 12.1 The Borrower will ensure that a well planned community awareness and information campaign is launched about the Project.
- 12.2 The Borrower will ensure that sound empowerment principles are applied in the construction and operation of the Project.

- 12.3 The DBSA team will participate in the Steering Committee or Working Group meetings of the project.
- 12.4 The DBSA will monitor and evaluate the implementation of the project. For the latter purposes, the Borrower will, on a regular basis, provide DBSA with progress reports.
- 12.5 The client will provide the DBSA with audited financial statements, within 6 months from the end of its financial year.
- 12.6 The Borrower must submit the identified projects to the KZN DAEA in order to determine the approval requirements of KZN DAEA. Should KZN DAEA require an EIA, or any other form of environmental assessment the Client must ensure that such assessment is undertaken to the satisfaction of KZN DAEA and the DBSA project team. The Client must issue the DBSA project team with a copy of all authorisations required by DAEA.
- 12.7 The Borrower will provide the DBSA project team with reports of all deviations from the Construction Environmental Management Plans (CEMP) and regular audits, and also report all major environmental incidents pertinent to the projects under DBSA support. The CEMP's will include inputs from DAEA, and will be to the satisfaction of the municipality and the DBSA project team.
- 12.8 The Borrower warrants that no asbestos will be used in any of the projects listed on the programme.
- 12.9 The Borrower warrants that it will obtain or cause to be obtained from the relevant government authorities any authorisation(s) and/or permit(s)/licenses which are or may be required in terms of the relevant environmental and/or water legislation prior to the implementation of projects contained in this programme and it shall comply or ensure compliance with same. The Borrower agrees to furnish the DBSA with copies of any such authorisation(s) and/or license(s), including the records of the authorisations for projects currently under implementation.

Handwritten signatures and initials in black ink, located in the bottom right corner of the page. There are several distinct marks, including what appears to be a signature 'K. G.' and other initials.

13. ARBITRATION

- 13.1 Any dispute arising out of or relating to this Agreement concerning the interpretation of the terms and conditions of this Agreement or of compliance by any Party with the terms/conditions of this Agreement which is not resolved amicably through consultations or negotiations shall, subject to the other provisions of this Agreement, be settled by arbitration in terms of the Arbitration Act No. 42 of 1965, as amended from time to time; provided that a claim by the DBSA for the repayment of any monies due under this Agreement shall not be regarded as a dispute for the purpose of this clause and neither Party shall therefore be obliged to refer such a claim to arbitration.
- 13.2 In case of arbitration a tribunal shall be composed of one arbitrator who shall be appointed by the Parties by agreement or failing such agreement, by the chairperson of the Association of Arbitrators, who shall, in appointing such arbitrator, have regard to the qualifications and experience of the appointee in relation to the nature of the dispute over which he/she has to adjudicate. In case the arbitrator resigns or becomes unable to act, a successor shall be appointed in the same manner as herein prescribed for the appointment of the original arbitrator and the successor shall have all the powers and duties of his/her predecessor.
- 13.3 The arbitration shall be held at the place and in accordance with whatever procedures the arbitrator considers appropriate. In particular, the arbitrator, may, if he/she deems appropriate, conduct the arbitration in an informal and summary manner and without requiring pleadings or discovery of documents and without observing the rules of evidence. The proceedings shall be confidential and neither the Parties nor the arbitrator shall disclose to third parties any information regarding the proceedings, the award, or settlement terms unless the parties otherwise agree in writing.
- 13.4 After the institution of arbitration proceedings the tribunal may proceed with the arbitration notwithstanding any failure, neglect or refusal of either Party to comply with the provisions hereof or to take part or to continue to take part in the arbitration proceedings. The arbitrator shall within 30 (thirty) days of the termination of the proceedings render a final and binding written award including



interest and costs, and furnish the Parties with written reasons for his/her judgment.

- 13.5 The provisions of this clause may be invoked by any Party by delivering to the other Party a demand, in writing, that an arbitrator be appointed to adjudicate in respect of a specified dispute.

14. GENERAL

14.1 PROJECT NOTICE BOARDS

The Borrower shall, at its own cost, ensure that, immediately upon commencement of construction/building operations, contemplated by this Agreement, if it is decided to erect a Project notice board, the said board shall clearly advertise the fact that such construction/building operations, have been financed or co-financed, as the case may be, by the DBSA.

14.2 DOMICILIUM

- 14.2.1 The Parties choose domicilium citandi et executandi ("domicilium") for all purposes arising from or pursuant to this Agreement, as follows:-

(i) In case of the DBSA:-

Physical address: Development Bank of Southern Africa Ltd
1258 Lever Road
Headway Hill
MIDRAND
SOUTH AFRICA; or

Postal address: P O Box 1234
HALFWAY HOUSE
1685; or

Telefax number: (011) 313 3086

(ii) In case of the Borrower

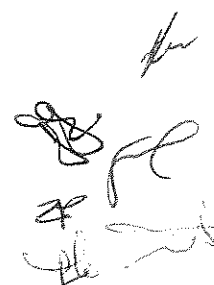
Physical address: Ugu District Municipality
28 Connor Street
PORT SHEPSTONE
4240; or

Postal address: P O Box 33
PORT SHEPSTONE
4240; or

Telefax number: (039) 688 5702

14.6 TERMS AND CONDITIONS OF DISBURSEMENT


Disbursements of the funds will be effected, following the submission of duly signed invoices from the Recipient, to the satisfaction of the DBSA, to a maximum amount of R 25 000 000 (twenty five million Rand).

Handwritten signatures and initials in the bottom right corner, including a large signature and several smaller initials.

THUS DONE AND SIGNED AT Port Shepstone ON THE 6th DAY OF MARCH 2006


AS WITNESSES:

1.



2.





FOR AND ON BEHALF OF THE
BORROWER, DULY
AUTHORISED THERETO IN
TERMS OF ANNEXURE C
ATTACHED HERETO

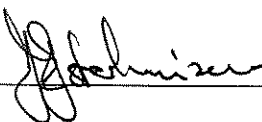
THUS DONE AND SIGNED AT MIDLAND ON THE 16th DAY OF MARCH 2006

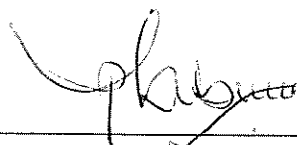
AS WITNESSES:

1.



2.





FOR AND ON BEHALF OF THE
DBSA, DULY AUTHORISED
THERETO IN TERMS OF
ANNEXURE D ATTACHED
HERETO

ANNEXURE A

PROJECT DESCRIPTION

1. PROJECT OBJECTIVE

The Ugu District Municipality developed a vision that provides a strategic focus to the Council. It is noted that the target of 2009 set in the vision is ambitious and the intention is to review it after the 2005/2006 local elections. Its vision is: 'By 2009 Ugu will have developed sustainable agriculture; tourism and commerce with balanced infrastructure and social amenities.'

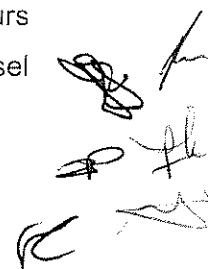
The primary objective of the project is to refurbish and where necessary, augment the existing waterborne sewerage infrastructure in the urban areas along the lower KwaZulu-Natal south coast as to ensure that this infrastructure:

- Is capable of complying with the requirements of the National Water Act regarding, inter-alia, the final effluent standards and the prevention of spillages of untreated wastewater;
- Is operated efficiently and effectively so as to promote community health and hygiene;
- Is adequate to prevent accidental pollution of bathing beaches that have obtained 'Blue Flag' status or that have applied for that status, thereby enhancing the tourism potential of the area;
- In the short term to achieve cost recovery on the sanitation account and to enable the cross subsidization of the rural component over the longer term.

2. PROJECT DESCRIPTION

2.1 Background

All waterborne sewerage in general gravitates to the sea front areas which will then have to be pumped back to inland treatment works. A substantial number of pump stations and treatment works are operating close to and sometimes above capacity. Pollution occurs especially during wet weather and during peak holiday seasons, at times when it can be least afforded. Sewage spillage also occurs during power failures as only a few pump stations are equipped with diesel



standby units. Ugu District Municipality is gradually implementing a telemetry system to provide immediate warnings of operational failures.

The beaches are being monitored by an independent Blue Flag Committee which can accept, confirm or withdraw the Blue Flag status of tourist beaches. This would be contrary to Ugu's IDP which aims to sustain and encourage the development of tourism as the primary economic driver for the lower south coast. Therefore, maintaining and improving the waterborne sanitation system is essential for the Municipality's economic development positioning.

As a result of the boom in property development nationwide, a further 9 000 stands are being planned for the area which will add an additional 33% to the existing sewage flows to be treated. As a result of the current situation, developers insist on installing small private on-site treatment schemes which create monitoring and maintenance problems for the Municipality. Therefore, the only sustainable solution is to upgrade the whole system to cater for the above and future needs.

2.2 Project Description

The project focuses on the following elements in Scottburgh, Pennington, Shelly Beach and Ramsgate:

- Replacement of aged or inadequately rated pumping equipment.
- Refurbishment or replacement of aged or inadequately sized pump stations.
- Provision of standby diesel generating facilities at selected pump stations.
- Replacement of aged or inadequately sized pump station pipework.
- Installation of telemetry or tele-dialer equipment in selected pump stations.
- Replacement of aged or inadequately sized gravity and rising sewer mains.
- Refurbishment of treatment facilities, including the provision of additional clarification or sludge handling capacity in some instances.
- Refurbishment or replacement of ageing mechanical and electrical plant in treatment facilities.

4. PROJECT AND CONSULTANT LIST

The following table gives the Reviewed Project costs per Consultant (Fees and VAT inclusive):

Project / Consultant	Value (Incl VAT)
ArupCBI:	
Scottburgh Main Beach Pumpstation	R 2,982,000
Scottburgh Treatment Works	R 3,000,000
Park Rynie Sewer Reticulation & Purtenant Works	R 4,186,000
ArupCBI Total:	R 10,168,000
Stemele Bosch Africa:	
Pennington Sewage Treatment Works	R 5,492,520
Pennington Pumpstation No's 1 ,2 & 3	R 2,162,480
Stemele Bosch Africa Total:	R 7,655,000
Stewart Scott International:	
Shelly Beach Pumpstation No's A, B & 1050	R 3,089,989
Margate Pumpstation No 4A	R 1,404,890
Ramsgate Pumpstation No's 4 & X	R 2,906,681
Telemetry Refurbishment Projects	R 1,901,440
Stewart Scott International Total:	R 9,303,000
TOTAL PROJECT VALUE (VAT Inclusive):	R 27,126,000

5. DETAILED PROJECT COST ESTIMATES

The following table gives an indication of the estimated cost per element (VAT Inclusive):

Area	Installation	Work required	Estimated Capital Cost (VAT Incl.)
Scottburgh	Main Beach Pumpstation	Replace existing pumpsets, pipework, electrics. Install new diesel standby unit. Construct new pumpstation / holding tank. Construct larger pumping main.	R 2,982,000
Scottburgh	Sewage Treatment Works	Refurbish electrics, degitter, clarifiers, flow channels, sludge drying beds, major works in reactors.	R 3,000,000
Park Rynie	Reticulation, Pumpstations	Supply & lay approx. 3.75km sewer reticulation and refurbish adjacent pumpstations (Raymand and Barbara Ave).	R 4,186,000
Pennington	Pumpstation No 1	Refurbish existing pumpsets, pipework and electrics. Construct larger pumping main. Construct larger sewer.	R 1,179,000
Pennington	Pumpstation No 2	Refurbish existing pumpsets, pipework, electrics. Construct larger pumping main.	R 496,000
Pennington	Pumpstation No 3	Refurbish existing pumpsets, pipework, electrics. Construct larger pumping main.	R 487,480
Pennington	Sewage Treatment Works	Convert existing pond system into Activated Sludge Treatment Works.	R 5,492,520

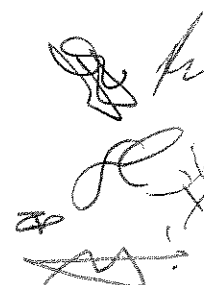
Area	Installation	Work required	Estimated Capital Cost (VAT Incl.)
Shelly Beach	Pumpstation Lot 1050	Refurbish pumps, motors, electrics, pipework. Refurbish pumpstation building. Emergency holding tank.	R 369,000
Shelly Beach	Pumpstation No A	Emergency holding tank.	R 345,000
Shelly Beach	Pumpstation No B	Refurbish pumpstation building. Emergency holding tank. Install odour control equipment.	R 1,605,000
Shelly Beach	Sewage Treatment Works	Additional sludge drying beds.	R 771,000
Margate	Pumpstation No 4A	Refurbish pumps, motors, electrics, pipework. Refurbish pumpstation building. Emergency holding tank.	R 1,405,000
Ramsgate	Pumpstation No X	Refurbish pumps, motors, electrics, pipework. Emergency holding tank. Refurbish pumpstation building. Install new diesel standby unit.	R 1,452,000
Ramsgate	Pumpstation No 4	Replace existing pumpsets. Refurbish pipework. Emergency holding tank. Refurbish pumpstation building. Install new diesel standby unit.	R 1,455,000
Other	Telemetry	Telemetering of sewerage pumpstations through Ugu	R 1,901,000
PROJECT TOTAL (VAT INCLUSIVE)			R 27,126,000

GOAL:	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<ul style="list-style-type: none"> To support broad based economic development 	<ul style="list-style-type: none"> Economic performance 	<ul style="list-style-type: none"> GDP/GAV or Social Accounting Matrix tools 	
OBJECTIVES: (OUTCOMES) <ul style="list-style-type: none"> Achieve compliance with legislation in terms of sanitation Enable sanitation to an additional 9 000 sites Protection of sensitive environment 	<ul style="list-style-type: none"> Approvals Building work Blue Flag status 	<ul style="list-style-type: none"> Permits Building statistics Blue Flag Committee 	<ul style="list-style-type: none"> The project will be able to improve the municipality's income generation potential Sustainable development will be supported by the project
OUTPUTS: <ul style="list-style-type: none"> Efficient sewage pumping operations and carrying capacities to cater for current demands and future needs Standby electricity facility Telemetering system Capacitated treatment facilities in line with existing and future demands. 	<ul style="list-style-type: none"> Construction work completed by end of 2007 Commissioning of new systems General system failures 	<ul style="list-style-type: none"> Site meetings Steering committee Municipal records of blockages and spillages 	<ul style="list-style-type: none"> No construction delays or serious cost overruns are assumed No supplier delays or cost overruns are assumed.
ACTIVITIES: <ul style="list-style-type: none"> Refurbishment of the Cully Sark Pump Station and new diesel powered standby unit Refurbishment of the Lagoon Main Beach, Raymond Ave, Barbara Ave/Bermuda Way Pump Stations in Scottburgh Refurbishment of Pump Stations No 1, 2, 3 in Pennington Refurbishment of the Scottburgh, Pennington and Shelly Beach WTW and replace gravity sewer in Scottburgh Refurbishment of Pump Stations Lot 1050, A & B in Shelly Beach Refurbishment of Pump Stations X and No 4 in Ramsgate and new diesel powered standby units Provision of a telemetering system 	<ul style="list-style-type: none"> Approval of designs Procurement for different contracts Procurement of equipment 	<ul style="list-style-type: none"> Steering meeting committee 	<ul style="list-style-type: none"> The designs will enable the achievement of the required performance standards The contractors and sub-contractors will be able to complete their task as per contracted time frames.

ANNEXURE B

SOURCE AND APPLICATION OF FUNDS STATEMENT

MILE STONES	ACTIVITIES	TIME FRAMES	TOTAL COST	DBSA CONTR.
PROJECT PREPARATION	DESIGN WORK	July to Nov 2005	R 344 500	
CONSTRUCTION	CONSTRUCTION WORK	Jan 2005 to Dec 2005	R 15 000 000	R 15 000 000
	CONSTRUCTION WORK	Jan 2006 to Dec 2006	R 10 425 500	R 10 000 000
	CONSTRUCTION WORK	Jan 2007 to Dec 2007	R 1 356 000	
TOTAL			R 27 126 000	R 25 000 000



ANNEXURE C

UGU DISTRICT MUNICIPALITY

EXTRACT FROM MINUTES OF THE MUNICIPAL COUNCIL MEETING
HELD ON 8 DECEMBER 2005

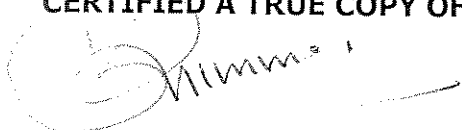
5.1 Long Term Debt: Sanitation Refurbishment Phase I

It was

RESOLVED:

That this item regarding the proposed debt in respect of the Ugu Sanitation Refurbishment project to be entered into between the municipality and the Development Bank of Southern Africa Limited be approved.

CERTIFIED A TRUE COPY OF THE ORIGINAL



KAMAL D BHIMMA

GENERAL MANAGER: CORPORATE SERVICES



DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED**MANDLA SIZWE GANTSHO**

in his capacity as Chief Executive of the Development Bank of Southern Africa, in terms of authority delegated to the incumbent of this post by the Board of Directors of the Development Bank of Southern Africa on 19 September 1985, determined on 1 December 2004 that:

MANDLA SIZWE GANTSHO

in his capacity as Chief Executive

OR

ZANELE JOYCE MATLALA

in her capacity as Chief Financial Officer

OR

JACOB HENRY DE VILLIERS BOTHA

OR

DISEBO CONSIGLIO MOEPHULI

OR

LEWIS MAXWELL MUSASIKE

OR

SNOWY JOYCE KHOZA

OR

MAGARE LUTHER MASHABA

in their capacity as Executive Managers

OR

JEANETTE SIBONGILE NHLAPO

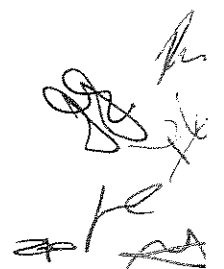
In her capacity as Chief Operating Officer, DBSA: Development Fund

OR

PULE LESAILANE MOKHOBO

in his capacity as Manager: Legal Services

OR

CHRISTINA JOANNA GOLINO

OR

BANE MOEKETSI MALEKE

OR

PUMLA MANNYA

OR

MAKGOTLA DANIEL PETER MOKUENA

OR

FRENCEL FRANKTON GILLION

OR

JANINE THORNE

OR

REMBULUWANI BETHUEL NETSHISWINZHE

OR

LOYISO PITYANA

OR

JAMES MFANVELI TWANA NDLOVU

OR

TSHOKOLO PETRUS NCHOCHO

OR

SOLOMON ASAMOAH

in their capacity as Managers: Business Units (DSP Related)

be authorised for and on behalf of the Development Bank of Southern Africa to enter into agreements in terms whereof money is:-

1. lent, or
2. granted for the purpose of technical assistance,

and to perform all acts and sign all documents that may be necessary for the purpose

17-03-2006
DATE


LEGAL ADVISOR