



Agreement

102169



**DBSA**

Development Bank  
of Southern Africa

03 JUL 2007  
193188  
G moshesh



Our Ref: WC 102169

19 June 2007

The Municipal Manager  
Overstrand Municipality  
P O Box 20  
**HERMANUS**  
7200

**Attention: Mr Godfrey Moshesh**

**PRIORITY MAIL**

Dear Sir

**RE : LOAN AGREEMENT: DBSA /OVERSTRAND MUNICIPALITY: OVERSTRAND  
INFRASTRUCTURE 2005**

**Loan Amount: R17 000 000-00**

Attached please find a certified copy of the signed Loan Agreement regarding the abovementioned project for your records.

Please acknowledge receipt by signing the attached copy of this letter and returning it to us at the above address.

Yours faithfully

  
**DENNIS MADELA**  
**LEGAL SERVICES**

FILE NO:	5/4/2/1
SCAN NO:	52
COLLABORATOR NO:	2385



Our Ref: WC 102169

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Please acknowledge receipt by signing this letter and returning it to us at the above address.

Yours faithfully

  
**DENNIS MADELA  
LEGAL SERVICES**

I, hereby, acknowledge receipt of the Loan Agreement for Overstrand Infrastructure 2005

GODFREY MOSHESH  
NAME

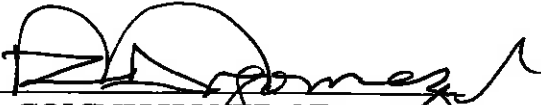
  
SIGNATURE

ACCOUNTANT  
DESIGNATION

2007/07/10  
DATE

I, hereby, certify that the attached copy of the Loan Agreement, and annexures thereto, all pages whereof have been initialled by myself for identification purposes, is a true copy of the originals thereof

25-06-2007  
DATE

  
COMMISSIONER OF OATHS

ZAMUEHLE DERICK MNGOMEZULU  
Commissioner of Oaths /for Republic of S.A.  
Ex Officio: Advocate R.S.A.  
C/o Development Bank of Southern Africa  
P.O. Box 1234, Halfway House. 1685  
Midrand

<Legal>agrcerti loan)

LOAN AGREEMENT

in respect of

OVERSTRAND INFRASTRUCTURE 2005

entered into by and between

OVERSTRAND MUNICIPALITY

and

THE DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED

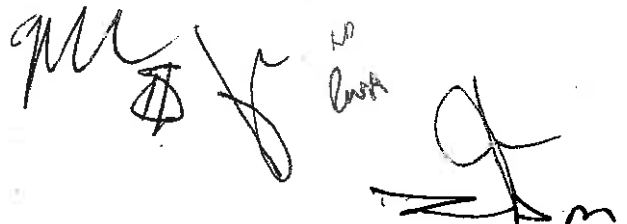
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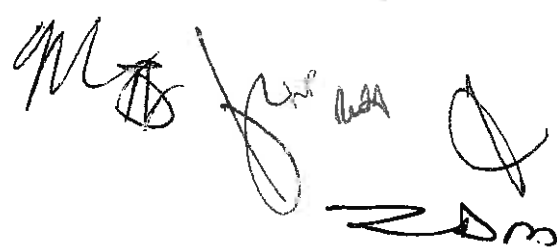
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S U M M A R Y

1. LOAN AMOUNT : R17 000 000,00
2. LOAN PERIOD : 15 years
3. INTEREST RATE
- 3.1 FIXED INTEREST RATE : 15 year Government Bond plus 133 (one hundred and thirty three) basis points per annum, (final rate to be two days prior to the date of signing of this agreement by the Borrower) ✓
- 3.2 FLOATING INTEREST RATE : 6 (six) months ZAR-JIBAR-SAFEX plus 138 (one hundred and thirty eight) basis points per annum, (final rate to be two days prior to the date of signing of this agreement by the Borrower)
- 3.3 INTEREST RATE TO BE FIXED AT DATE OF CONVERSION : The rate shall be the applicable swap rate equivalent to the remaining Loan Period at the time of exercising the conversion option plus 133 (one hundred and thirty three) basis points per annum
4. GRACE PERIOD FOR CAPITAL REPAYMENT : Nil
5. CAPITAL REPAYMENT : 30 equal Half-yearly instalments, commencing on the last day of the first Half-year after the Half-year during which the first disbursement was advanced to the Borrower from the proceeds of the Loan
6. PROJECT FILE NO. : WC 102169

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## 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 "Borrower" Overstrand Municipality;
- 1.1.2 "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;
- 1.1.3 "Business Day" means any day other than a Saturday, Sunday and a Public Holiday;
- 1.1.4 "Parties" the Borrower and the DBSA;
- 1.1.5 "Project" Overstrand Infrastructure 2005, as described in more detail in Annexure A attached hereto;
- 1.1.6 "Loan" the financing granted to the Borrower in terms of clause 2;
- 1.1.7 "Interest Payment Date" the last Business Day of each Interest Period;
- 1.1.8 "Interest Period" each period of 6 (six) months commencing on 1 January or 1 July of each calendar year. The first Interest Period shall begin to run from the date of the first disbursement to 30 June or 31 December, 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 30 June or 31 December

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immediately following this disbursement shall be deemed an Interest Period;

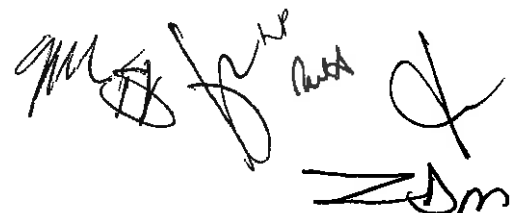
- 1.1.9 "Project Agent" a person nominated in writing by the Borrower to act on its behalf in respect of the Project;
- 1.1.10 "On-lending" the transfer, by the Borrower, of any amount(s) to any third parties, from the proceeds of the Loan, excluding payments for the procurements of goods and services;
- 1.1.11 "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;
- 1.1.12 "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;
- 1.1.13 "Reset Period" a period of 6 (six) months commencing from each Reset Date;
- 1.1.14 "Floating Rate Loan" the amount of Loan disbursed and outstanding from time to time in respect of which the Floating Interest Rate as determined in clause 3.2 shall apply;
- 1.1.15 "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;
- 1.1.16 "Conversion Option" the option in terms of which the Borrower may convert from a Floating Rate Loan to a Fixed Rate Loan and not vice versa;
- 1.1.17 "this Agreement" means this Agreement together with any Annexures thereto;

Handwritten signatures and initials, including a large signature on the left, a signature with 'LP' above it in the middle, and a signature with 'Zam' below it on the right.

- 1.1.19 "Reference Banks" means four major Banks in the Johannesburg Interbank market selected by the DBSA;
- 1.1.20 "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 prior to the commencement of the relevant Interest Period;
- 1.1.21 "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;
- 1.1.22 "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.

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- 1.1.25 "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.
- 1.2 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 Interest rate to be fixed at date of conversion will be the applicable swap rate equivalent to the remaining Loan Period at the time of exercising the conversion option plus 133 (one hundred and thirty three) basis points
- 1.8 This Agreement shall bind the Borrower and its successors-in-title.

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## 2. THE LOAN

2.1 The Loan shall be:-

2.1.1 an amount not exceeding, in aggregate, R17 000 000,00 (seventeen 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 or Floating Rate, as the case may be at the election of the Borrower 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 15 year Government Bond Rate plus 133 basis points (currently 8.42%) per annum.

3.1.2 Interest on the amount from time to time outstanding shall be compounded six-monthly 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.

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### 3.2 FLOATING INTEREST RATE

- 3.2.1 The rate of interest applicable to the Floating Rate Loan disbursed and outstanding from time to time (expressed as a percentage rate per annum) shall be a six-month ZAR-JIBAR-SAFEX plus 138 (one hundred and thirty eight) basis points. If, for any reason, it shall become impossible to determine ZAR-JIBAR-SAFEX or ZAR-JIBAR-SAFEX rates shall become unavailable by reason either of market dysfunction or any other reason unforeseen by the Parties, then the rate of interest applicable to the Floating Rate Loan shall be the ZAR-JIBAR-Reference Banks Rate plus 138 (one hundred and thirty eight) basis points.
- 3.2.2 The DBSA shall request the principal Johannesburg office of each of the Reference Banks to provide a quotation of its rates. If at least 2 (two) quotations are provided, the rate will be the arithmetic mean (rounded upwards, if necessary, to the nearest thousandth of a percentage point) of the quotations.
- 3.2.3 The interest rate for each Interest Period shall be compounded six-monthly based on the actual number of days elapsed and a 365-day year (irrespective of whether it is a leap year) and shall be payable in arrears on each Interest Payment Date.
- 3.2.4 Interest on the amount from time to time outstanding shall be compounded six-monthly 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 Business Day. Payment shall commence on the last day of the Half-year during which the first disbursement was advanced to the Borrower.

### 3.3 CONVERSION FROM FLOATING RATE TO FIXED RATE

The Borrower may, on any Reset Date convert all of the Floating Rate Loan into a Fixed Rate Loan provided that the Borrower shall give DBSA no less than 30 (thirty) business days notice of its intention to do so. Upon the exercising of the Conversion Option by the Borrower as contemplated herein, the amount outstanding from the date on which the Borrower shall exercise the Conversion Option shall bear a fixed interest rate as determined in terms of clause 1.7 above. The Borrower shall be notified in writing of the

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rate applicable at the time. Interest rate shall for the purpose of this sub-clause, be calculated on the same basis as indicated in sub-clause 3.1.2 above.

#### 4. REPAYMENT OF LOAN AND PAYMENT OF INTEREST

- 4.1 The capital amount of the Loan shall be repaid in 30 (thirty) equal six-monthly instalments, commencing on the last day of the 1<sup>st</sup> (first) 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 1<sup>st</sup> (first) 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 30 (thirty) equal six-monthly payments. Should, at the outset of the said 1<sup>st</sup> (first) 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, in respect of the Fixed Rate Loan, to charge a commitment fee of 0,5% (nought comma five per centum) per annum on all the undisbursed portion of the Loan as follows:
- 5.1.1 in case where the Borrower has elected a fixed interest rate option, the DBSA shall be entitled to charge such a commitment fee effective 3 (three) months from the date of conclusion of this Agreement;
- 5.1.2 in case where the Borrower has exercised the Conversion Option, the DBSA shall be entitled to charge such a commitment fee effective 3 (three) months from the date of the exercise of the Conversion Option by the Borrower.

- 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 six-monthly / three-monthly and payable on demand.

## 7.1. EARLY REPAYMENT [FOR FLOATING RATE] LOANS

- 7.1.1 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. However, the Borrower shall be liable to pay Breakage Costs on the principal amount being prepaid otherwise than on the Interest Payment Date and any Unwinding costs.

## 7.2 EARLY REPAYMENT [FOR FIXED RATE] LOANS

- 7.2.1 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:
- 7.2.1.1 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;

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7.2.1.2 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.

7.2.2 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.

7.2.3 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 Rands.
- 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.

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- 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

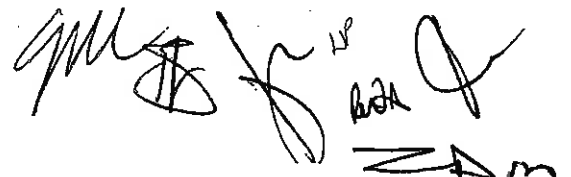
- 9.1 The Borrower may, by giving 30 (thirty) days written notice to the DBSA, cancel any undrawn portion of the Loan provided that such cancellation shall not jeopardise the proper completion of the Project; it being understood that upon the giving of such notice the instalments referred to in clause 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:-

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- 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

The operation of this Agreement is subject to the Borrower submitting a certified copy of its Council's resolution, authorising the Borrower to conclude the Agreement, in respect of the Programme, and approval of the funding arrangements thereof.

## 12. FURTHER TERMS AND CONDITIONS

- 12.1 The Borrower, hereby, warrants that it has obtained from all Government, Provincial, and other Authorities, the necessary licences, permits and other authorisations required in terms of environmental legislation, the Water Act and the Health and Safety legislation, for the construction, operation and maintenance of the Projects financed through this Loan.
- 12.2 The Borrower, hereby, undertakes to increase its budgetary allocation for Bad Debt Provision.
- 12.3 The Borrower, hereby, undertakes to ensure the strict application of its existing Credit Control Policy.

## 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

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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:-

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## (i) In case of the DBSA:-

Physical address: Development Bank of Southern Africa Limited  
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: Overstrand Municipality  
1 Magnolia Avenue  
HERMANUS  
7200; or

Postal address: P O Box 20  
HERMANUS  
7200; or

Telefax number: (028) 313 8030

14.2.2 Each of the Parties shall be entitled from time to time, by written notice to the other, to vary its domicilium to any other address which is not a Post Office or Poste Restante.

14.2.3 All notices made by either Party to the other ("the addressee") which:-

(i) is delivered by hand during the normal business hours of the addressee at the addressee's domicilium for the time being shall be presumed to have been received by the addressee at the time of delivery;

(ii) is posted by prepaid registered post to the addressee at the addressee's domicilium for the time being shall be presumed to have been received by the addressee on the seventh day after the date of posting; Provided that the Parties agree that all other forms of correspondence and/or requests may be done through fax and/or electronic mail (e-mail).

Handwritten signatures and initials at the bottom right of the page, including a signature that appears to be 'M. J. ...' and another that appears to be 'K. J. ...'.

#### 14.3 WHOLE AGREEMENT

This Agreement (including the Annexures) constitutes the entire Agreement between the Parties and no representations, warranties, undertakings or promises of whatever nature which may have been made by any of the Parties, their agents or employees, other than those herein contained, shall be binding or enforceable against them.

#### 14.4 NON-VARIATION


No variation, amendment or addition to this Agreement shall be valid unless the same has been reduced to writing and signed by or on behalf of the Parties.

#### 14.5 NON-ENFORCEMENT/INDULGENCE

The non-enforcement of any provision of this Agreement or any indulgence which either Party may grant to the other Party shall be without prejudice to the rights of such first-mentioned Party to insist upon strict compliance by such other Party with all the provisions of this Agreement or to enforce its right in respect of which such indulgence was granted.

#### 14.6 TERMS AND CONDITIONS OF DISBURSEMENT

The Borrower shall submit to the DBSA in respect of each claim, a schedule listing the actual expenditure account for each capital expenditure item which is to be finance through the loan, in accordance with the Application and Source of Funds Statement (Annexure B) read together with the Programme Description (Annexure A), to the maximum amount of R17 000 000,00. Disbursement will be effected as a ratio of the actual cost of each item.

Handwritten signatures and initials at the bottom right of the page. There are several distinct signatures, including one that appears to be 'M. J.' and another that looks like 'K. J.'. Below these, there are some initials and a signature that looks like 'Z. M.'.

THUS DONE AND SIGNED AT Hermanus ON THE 23<sup>rd</sup> DAY OF September 2006.

AS WITNESSES:

1. [Signature]

2. [Signature]

[Signature]

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

THUS DONE AND SIGNED AT MIDRAND ON THE 26<sup>th</sup> DAY OF September 2006.

AS WITNESSES:

1. [Signature]

2. [Signature]

[Signature]

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

## PROJECT DESCRIPTION

### 1. PROGRAMME GOAL

The Project goal is to provide municipal services to the communities residing within the Overstrand Municipality area, through the funding of part of the Municipality's 2005 services and bulk infrastructure Capital Expenditure Budget and thus improving the living conditions of all the communities in the area.

### 2. PROGRAMME OBJECTIVE

The Project objective is to support socio-economic development in the greater Overstrand area, through the provision of new, and upgrading of existing electrical, sanitation, water and civic infrastructure, to benefit approximately 23 000 households. The implementation of the project will contribute towards the communities' and Municipality's objective of improving existing services and service delivery, as well as addressing backlogs, thereby ensuring a rising standard of living for all.

### 3. PROGRAMME OUTPUTS

The Project entails the development of new and upgrading of existing electrical, sanitation, water and storm-water infrastructure throughout the Overstrand Municipal area. The infrastructure categories to be funded through the loan are as follows:

SECTOR	DBSA LOAN (R)
Civic Infrastructure:	190 000
Waste management (solid and sewage)	1 475 000
Water distribution	5 905 000
Electrical services	9 430 000
<b>Total Amount</b>	<b>17 000 000</b>

### 4. INSTITUTIONAL ARRANGEMENTS

- 4.1 The DBSA will be assisted by the City Engineer to control and manage implementation and ensure, through ongoing monitoring, that the Project is implemented, according to the Programme Description and conditions contained in the Loan Agreement.
- 4.2 The Borrower shall ensure that reports be submitted to the DBSA reflecting progress made with the projects included in the Programme.

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- 4.3 The Borrower shall have the responsibility for maintaining and operating the infrastructure, after full implementation of the Projects.
- 4.4 DBSA shall be provided with all information required to monitor and evaluate the project cost benefits, the implementation procedures, and the operation/maintenance of the project elements.

## 5. DESIGN PARAMETERS AND GUIDELINES

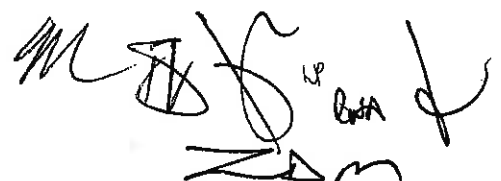
- 5.1 Standardised specifications, as compiled by the SABS, shall be used for the design, materials and construction.
- 5.2 Design criteria shall include optimal site, infrastructure and space utilisation, cost-effective design and specification, energy efficiency and low-maintenance design approaches.
- 5.3 The design approach and specifications shall make provision for labour-intensive approaches, where appropriate.

## 6. IMPLEMENTATION FRAMEWORK


- 6.1 Formal tender documents, with a comprehensive Bill of Quantities and construction drawings where applicable, will be completed, before going out to tender. Preference shall be given to local suppliers of construction material, depending on availability, quality and price of materials and assurance of timeous delivery.
- 6.2 The Borrower shall promote the involvement of BEE participants and local labour in the Projects. For implementation and easy reference, the meaning of BEE shall be the meaning and definition as contained in the Broad Based Black Economic Empowerment Act 53 of 2003, taking into consideration the control and equity in the entity(ties) concerned.
- 6.3 Careful Project execution, management and co-ordination shall be exercised, to ensure cost containment, during implementation. Expenditure on unforeseen costs and on site orders (variation orders) will receive special attention in consultation with the DBSA.

## 7. ENVIRONMENTAL IMPACT MANAGEMENT

- 7.1 Environmental management will be integrated into the management of all the Projects. The mechanisms that will guide the implementation of the Projects will, therefore, include in its monitoring, all possible impacts on the environment.

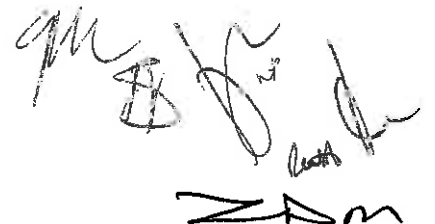
Handwritten signature and initials in black ink, appearing to be 'M. S. G.' with 'to' and 'GMA' written below it, and 'Zam' written at the bottom.

7.2 Tender documents shall make provision for environmental rehabilitation measures and environmental management plans.

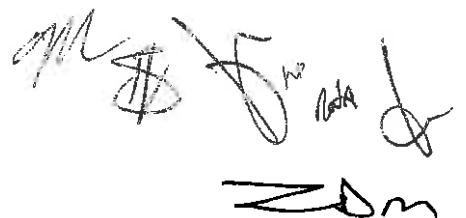
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## SOURCE AND APPLICATION OF FUNDS STATEMENT

SECTOR	DBSA LOAN	OVERSTRAND MUN	OTHER
Civic Infrastructure:	190 000	0	0
Waste management	1 475 000	0	0
Water distribution	5 905 000	0	0
Electrical services	9 430 000	0	0
Other capital projects		125 000 000	
<b>Total Amount</b>	<b>17 000 000</b>	<b>125 000 000</b>	<b>0</b>


  
 [Handwritten signatures and initials, including 'M', 'B', 'S', 'K', 'L', 'M']

AUTHORISATION  
BORROWER



Handwritten signatures and initials, including a large stylized signature, a signature with 'No' written above it, and the initials 'ZDM' at the bottom.

**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 6 December 2005 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

**SAMUEL RAPULANE MOGOTOTOANE**

in his capacity as Manager: Legal Services

OR

**CHRISTINA JOANNA GOLINO**

OR

Handwritten signatures and initials, including a prominent signature that appears to be 'M. Rapulane Mogototoane' and other initials.

**BANE MOEKETSI MALEKE**

OR

**PUMLA MANNYA**

OR

**MAKGOTLA DANIEL PETER MOKUENA**

OR

**EMILE DU TOIT**

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

09/10/06  
DATE

  
\_\_\_\_\_  
P.P. CHIEF EXECUTIVE

  
ZOM