ANNEX 5.1:

FOUNDING ACT OF THE PUC DUBOKO

ANNEX 1 TO THE FOUNDING ACT OF THE PUC DUBOKO

TRANSLATION VERIFICATION FORM

AGREEMENT

Of founding, constructing and exploitation of the Regional Sanitary Landfill Area „Duboko“

Translated by: Marina Jevtic, external translator

Revised by:

Authorized by: Cok van Schooten, Team Leader of MIASP

Date:

Republic of Serbia
Municipality of Užice
10 No: 352-55/2005
13 October 2005
Užice

AGREEMENT

On founding, constructing and exploitation of the Regional Sanitary Landfill Area „Duboko“

Concluded in Užice on 13th October 2005 between:

The Municipalities of: Užice, Bajina Bašta, Požega, Arilje, Čajetina, Kosjerić, Lučani and Ivanjica (hereinafter: signatories).

Article 1

The subject of this agreement is organizing business relations between parties to this agreement concerning financing, building, exploitation and maintenance of the regional sanitary communal waste Landfill and facility for delivery and selection of secondary raw material from the communal waste, as well as buildings necessary for its functioning and founding and operating of a joint public utility company, located in „Duboko“, Užice.

Article 2

Regional sanitary communal waste landfill „Duboko“ (hereinafter: Landfill) is located in the territory of the municipality of Užice, on PT Duboko and PT Ponikovica.

The Landfill land acquisition was performed in line with the Agreement on General Interest brought by the Government of the Republic of Serbia, number 465-4731/2003 dated from July the 31st, 2003

The Agreement on defining general interest refers to the following real estate:

PT Duboko, parcels number: 1679/2, 1680/2, 1680/1, 1680/2, 1684/2, 1870/1, 1862/2, 1871, 1714, 1711, 1710, 1709/2, 1707/1, 1707/2, 1707/6, 1706/1, 1706/2, 1707/3, 1707/4, 1713 and 1712/3 of total surface of 12.94.79 ha and

PT Ponikovica, parcels number: 967, 904/2, 906/4, 905/1, 905/2, 906/5 of total surface of 2.25.79 ha

Article 3

Parties to this agreement agree that the total preliminary cost estimate of technical documentation, preparatory activities concerning the opening of the Landfill , its construction and installation of the necessary equipment for the facility for selection of secondary raw material from the communal waste and the area for the sanitary waste disposal, amounts to EUR 5. 975. 788 (converted into dinars at the average exchange rate of the National Bank of Serbia). The cost estimate is based upon the following:

1. Municipal Assemblies signatories of this Agreement decisions to enter into Agreement
2. The Main Design of the regional Landfill construction
3. Feasibility Study
4. Construction permit
5. Costs incurred in preparation of the existing technical documentation,
6. Bill of quantities for construction of the Regional Sanitary Landfill „Duboko“ in Užice and Feasibility Study of the Regional Sanitary Landfill construction.
7. Charts showing the forecasted investment by each of the municipalities signatories of the Agreement.

Article 4

Municipality of Užice is obliged to finance the activities from Article 3 of this Agreement in the amount of EUR 1.953.485, which is 32,69 % of the total value referred to in Article 3 of this Agreement.

Municipality of Bajina Bašta is obliged to finance the activities from Article 3 of this agreement in the amount of EUR 686.020, which is 11,48 % of the total value referred to in Article 3 of this Agreement.

Municipality of Požega is obliged to finance the activities from Article 3 of this agreement in the amount of EUR 760.120, which is 12,72 % of the total value referred to in Article 3 of this Agreement.

Municipality of Arilje is obliged to finance the activities from Article 3 of this Agreement in the amount of EUR 465.514, which is 7.79 % of the total value referred to in Article 3 of this Agreement.

Municipality of Čajetina is obliged to finance the activities from Article 3 of this Agreement in the amount of EUR 367.510, which is 6.15 % of the total value referred to in Article 3 of this Agreement.

Municipality of Kosjerić is obliged to finance the activities from Article 3 of this Agreement in the amount of EUR 329.863, which is 5.52 % of the total value referred to in Article 3 of this Agreement.

Municipality of Lučani is obliged to finance the activities from Article 3 of this Agreement in the amount of EUR 579.053, which is 9.69 % of the total value referred to in Article 3 of this Agreement.

Municipality of Ivanjica is obliged to finance the activities from Article 3 of this Agreement in the amount of EUR 834.220, which is 13.96 % of the total value referred to in Article 3 of this Agreement.

Article 5

The amounts of money and percentages were agreed upon between the contractual parties according to the total number of inhabitants living in each of the Municipalities signatories of the Agreement (according to the official census from 2002).

Article 6

In order to implement this Agreement and based upon the Municipal Decisions the parties agree to found a joint public utility company (hereinafter: Company), within 30 (thirty) days from the day of signing this Agreement.

Company's name is: Public Utility Company „Regional Sanitary Landfill Duboko“ – Užice

Abbreviation: PUC „Duboko“ – Užice

Company's head office referred to in previous paragraph is in Užice, Dimitrija Tucovića Street, number 52.

Parties participate in the founding capital of the Company and its financing, in accordance to the percentages referred to in Article 4 of this Agreement.

The Company is managed by the Management Board, consisting of one representative of each party, who has the decision making right, in accordance with the percentages referred to in Article 4 of this Agreement.

The constitutional session of the Company's Management Board will take place within 8 (eight) days from the day of signing the Agreement.

The first regular session of the Company's Management Board will take place in a period of 10 (ten) days from the day of signing the Agreement. The parties will appoint the Acting Manager of the Company who is the person authorized to submit documentation to the superior body in order to register the Company.

The Company's Management Board is obliged to appoint the person responsible to register the Company with the Agency authorized for their registry of legal entities within the period referred to in paragraph 1 of this Article.

The Company's Management Board is obliged to complete the procedure and to elect the Company's Manager within one year after the signing of this Agreement.

Working policy and plan on financing the Company will by arranged by the enactments of the Company and by the financial and construction plan and exploitation of the Landfill. The decision on the aforementioned shall be made by the „Managing Board of the Company, within 15 (fifteen) days from the day of the Company's registration.

Article 7

Parties are obliged to provide financial means with valid guarantees of their banks, according to construction/work plan adopted by the Company's Management Board and related to the particular phases of construction and exploitation of the Landfill.

If any of the signatories fails to provide financial means or guarantees from Paragraph 1 of this Article, other signatories can provide the financial means with the guarantees instead of them, but with their obligation pay back the financial means with a suitable interest.

Financial means shall be transferred to the Company's bank account no later than 30 (thirty) days after being informed on the status and corresponding financial obligations.

Article 8

The parties agree to cover the total amount of EUR 326.102, already paid by the municipality of Užice in the name of accomplishing duties by paying the following amounts on the Company's account, no later than December 26th, 2005:

Bajina Bašta	326.102 x 11,48 %	=	EUR 37.436
Požega	326.102 x 12,72 %	=	EUR 41.480
Arilje	326.102 x 7,79 %	=	EUR 25.403
Čajetina	326.102 x 6,5 %	=	EUR 20.055
Kosjerić	326.102 x 5,52 %	=	EUR 18.000
Lučani	326.102 x 9,69 %	=	EUR 31.599
Ivanjica	326.102 x 13,96 %	=	EUR 45.524

Parties are obliged to submit a valid guarantee issued by their commercial banks, in the name of paying the mentioned amounts on the day of the registration of the Company.

Article 9

The Company has the priority right on secondary raw material from the participants' territories.

Municipalities signatories agree to, in case of secondary raw material reduction from the waste brought from the landfill during exploitation period, take all legal measures in order to offer the secondary raw material to the Company first.

Coverage of Company's losses, in case of reduction in delivery of secondary raw material, must refer to the financial percentages from Article 4 of this agreement.

Article 10

Company's profit resulting from the sale of secondary raw material, bio-gas and compost produced, belongs to the Company and is used for technological improvement of the waste management system.

Part of the Company's profit may be used for additional communal investments in municipalities' signatories that result from the operations of the regional waste management system.

The decision on funds allocation referred to in previous paragraphs of this Article shall be made by Company's Management Board

Article 11

Parties agreed that the Management Board of the Company shall reach decision on the following:

- road direction for transporting garbage from the parties' territories
- the price of garbage disposal on the Landfill, to be paid by the parties

Article 12

Any disputes in mutual relations resulting from application of this agreement shall be resolved between the parties in amicable manner.

Disputes that cannot be solved in amicable manner are to be solved by arbitration.

The arbitrary council shall consist of one representative of each party, and the president of the council shall be nominated in an agreement.

Decisions of the arbitrary council are mandatory for the parties in dispute and have executive power.

In event of a dispute the parties accept the authority of the relevant Court in Užice.

Article 13

The parties agree that changes to any circumstances that may have major impact during application of this Agreement, such as: entering into agreement of other interested municipalities or other national or foreign legal entities or determination of exact quantity of waste on the Landfill Area, shall be specified in an Annex to this Agreement, in compliance with the Agreement and the Law.

Should any party denounce the Agreement, participatory right shall be subdivided among other parties according to the percentages referred to in Article 4 of this Agreement.

The financial means invested shall be returned to the party that withdrew from this Agreement within the period of 5 (five) years in equal annual installments, with one year grace period.

Article 14

In order to determinate the exact quantity of waste which is the basis for changing the initial participatory percentages in financing the Landfill, the parties agree to measure the quantity of waste in a one year's period and, if needed, to change Article 4 of the agreement by the Appendix. Measuring the waste shall start after one year of use of the Landfill.

Article 15

Provisions of applicable legislation shall be used for the issues not referred to in this Agreement.

Article 16

This Agreement is made in 12 (twelve) identical copies, 1 (one) copy for every party, and the other 4 (four) copies for the Company and the Agency in charge with the registry process.

MUNICIPALITY OF UŽICE
Miroslav Martić, Mayor

MUNICIPALITY OF BAJINA BAŠTA
Miloje Savić, Mayor

MUNICIPALITY OF POŽEGA
Milan Stevović, Mayor

MUNICIPALITY OF ARILJE
Zoran Mićović, Mayor

MUNICIPALITY OF ČAJETINA
Milan Stamatović, Mayor

MUNICIPALITY OF KOSJERIĆ
Željko Prodanović, Mayor

MUNICIPALITY OF LUČANI
Slobodan Jolović, Mayor

MUNICIPALITY OF IVANJICA
Milomir Zorić, Mayor

ОПШТИНА УЖИЦЕ,
председник Општине Мирослав Мартић _____

ОПШТИНА БАЈИНА БАШТА,
председник Општине Милоје Савић _____

ОПШТИНА ПОЖЕГА,
председник Општине Милан Стевовић _____

ОПШТИНА АРИЉЕ,
председник Општине Зоран Мићовић _____

ОПШТИНА ЧАЈЕТИНА,
председник Општине Милан Стаматовић _____

ОПШТИНА КОСЈЕРИЋ,
председник Општине Жељко Продановић _____

ОПШТИНА ЛУЧАНИ,
председник Општине Слободан Јоловић _____

ОПШТИНА ИВАЊИЦА,
председник Општине Миломир Зорић _____

Republic of Serbia
Municipality of Užice
10 No: 353-55/2005
26 October 2005
Užice

ANNEX I

Of the AGREEMENT 10 No. 352-55/2005 on founding, construction and exploitation of the Regional Sanitary Landfill Area „Duboko“ of 13 October 2005

Concluded in Čačak on 26th October 2005 between:

I. The Municipalities of Užice, Bajina Bašta, Požega, Arilje, Čajetina, Kosjerić, Lučani and Ivanjica on one side and,

II. the Municipality of Cacak on another

Article 1

The Contracting Parties are unanimous that the subject of this Contract is the accession to the primary Contract 10 No. 352-55/2005 dated on 13th October 2005 based on the decision taken by the Assembly of the Municipality of Čačak No. 06-87/2005-5-02 dated on 21st and 24th October 2005 as well as on regulation of business relationship of the Contracting Parties in financing, construction, exploitation and maintenance of the regional sanitary landfill, communal waste and a plant for separation and selection of the secondary raw material from the communal waste, its facilities necessary for its functioning and the foundation and operating of a PUC on location “Duboko” in Užice.

Article 2

Article 4 of the primary Contract is changed into:

The Municipality of Užice undertakes to finance the activities from Article 3 of this Contract with the amount of 1,428,811 EURO which stands fro 23, 91% of the total value stated in Article 3 of this Contract.

The Municipality of Bajina Basta undertakes to finance the activities from Article 3 of this Contractwith the amount of 501,369 EURO which stands for 8,39% of the total value stated in Article 3 of this Contract

The Municipality of Pozega undertakes to finance the activities from Article 3 of this Contract with the amount of 555,748 EURO which stands for 9,30% of the total value stated in Article 3 of this Contract

The Municipality of Arilje undertakes to finance the activities from Article 3 of this Contract with the amount of 340,620 EURO which stands for 5,70% of the total value stated in Article 3 of this Contract

The Municipality of Cajetina undertakes to finance the activities from Article 3 of this Contract with the amount of 268,910 EURO which stands for 4,50% of the total value stated in Article 3 of this Contract

The Municipality of Kosjeric undertakes to finance the activities from Article 3 of this Contract with the amount of 240,824 EURO which stands for 4,03% of the total value stated in Article 3 of this Contract

The Municipality of Lucani undertakes to finance the activities from Article 3 of this Contract with the amount of 423,683 EURO which stands for 7,09% of the total value stated in Article 3 of this Contract

The Municipality of Ivanjica undertakes to finance the activities from Article 3 of this Contract with the amount of 609,530 EURO which stands for 10,20% of the total value stated in Article 3 of this Contract

The Municipality of Cacak undertakes to finance the activities from Article 3 of this Contract with the amount of 1,606,292 EURO which stands for 26,88% of the total value stated in Article 3 of this Contract

Article 3

In Article 6, after paragraph 7 new paragraff shall be addedd as follows:

Contractual parties agree that Municipalities of Cacak and Uzice have the managing and decision making rights in the Management Board of the Company in an even percentage of 25,39%

Paragraphs 8,9,10 and 11 shall be renumbered to paragraphs 9,10,11,12

Article 4

Article 8 of the base contract shall be amanded as follows:

In order to cover the 326,102 EURO of expenses already paid for by the municipality of Uzice, contractual parties agree to effect the payment to the bank account of the Company in the following amounts:

Bajina Basta	306,102 x 8,39%	=	27,359 EURO
Pozega	326,102 x 9,30%	=	30,327 EURO
Arilje	326,102 x 5,70%	=	18,587 EURO
Cajetina	326,102 x 4,50%	=	14,674 EURO
Kosjeric	326,102 x 4,03%	=	13,142 EURO
Lucani	326,102 x 7,09%	=	23,120 EURO
Ivanjica	326,102 x 10,20%	=	33,262 EURO
Cacak	326,102 x 26,88%	=	87,656 EURO

Contractual parties agree to submit a valid guarantee for the paymet of the amounts referred to in this Article from their commercial banks on the day of the registation of the Company.

Article 5

Article 10 shall be amanded and after paragraph 2 a new paragraph 3 shall be addedd as follows:

In the event that the the profit funds are insufficient, the municipalities signatories of the contract agree to allocate funds to the bank account of the company, to enable the life of the landfill „Duboko“ through an increase of the percentage of the recyclable materials and decrease the volume of the waste that is being disposed of in the landfill.

Paragraph 3 shall be renumbered into paragraph 4.

Article 6

Other stipulations of the base contract shall remain unchanged.

Article 7

This Annex to the contract is made in 13 copies, one for each of the contractual parties and 4 copies for the company and for the Registration Agency.

Contractual parties

I

MUNICIPALITY OF UŽICE
Miroslav Martić, Mayor

MUNICIPALITY OF BAJINA BAŠTA
Miloje Savić, Mayor

MUNICIPALITY OF POŽEGA
Milan Stevović, Mayor

MUNICIPALITY OF ARILJE
Zoran Mićović, Mayor

MUNICIPALITY OF ČAJETINA
Milan Stamatović, Mayor

MUNICIPALITY OF KOSJERIĆ
Željko Prodanović, Mayor

MUNICIPALITY OF LUČANI
Slobodan Jolović, Mayor

MUNICIPALITY OF IVANJICA
Milomir Zorić, Mayor

II

MUNICIPALITY OF ČAČAK
Velimir Stanojević, Mayor

ОПШТИНА УЖИЦЕ,
председник Општине Мирослав Мартић _____

ОПШТИНА БАЈИНА БАШТА,
председник Општине Милоје Савић _____

ОПШТИНА ПОЖЕГА,
председник Општине Милан Стевовић _____

ОПШТИНА АРИЉЕ,
председник Општине Зоран Мићовић _____

ОПШТИНА ЧАЈЕТИНА,
председник Општине Милан Стаматовић _____

ОПШТИНА КОСЈЕРИЋ,
председник Општине Жељко Продановић _____

ОПШТИНА ЛУЧАНИ,
председник Општине Слободан Јоловић _____

ОПШТИНА ИВАЊИЦА,
председник Општине Миломир Зорић _____

II

ОПШТИНА ЧАЧАК,
председник Општине Велимир Станојевић _____