ANNEX 5.2:

STATUTE OF THE PUC DUBOKO

TRANSLATION VERIFICATION FORM

STATUTE

Of the Public Utility Company „Regional Sanitary Landfill Area Duboko“

Translated by: Marina Jevtic, external translator

Revised by:

Authorized by: Cok van Schooten, Team Leader of MIASP

Date:

PUC “Duboko”
Management Board
Number: 5/2005
December 7th, 2005
Užice

According to Article 17 of the Statute of Public Companies and Activities of Public Interest („Official Gazette “ of the Republic of Serbia, number 25/ 00 and 25/ 02), of Article 6 of the Statute of Public Services („Official Gazette “ of the Republic of Serbia, number 16/ 97 and 42/ 98), as well as the Decision: The Municipality of Užice 01 number 06-33/ 2005 dated from August, 3rd 2005, The Municipality of Požega 01 number 352-3/ 2005 dated from September 9th 2005, The Municipality of Arilje 01 number 112-14/ 2005 dated from July 5th, 2005, The Municipality of Ivanjica 01 number 06-9/ 2005 dated from July 4th, 2005, The Municipality of Čajetina 01 number 352-103/ 2005 dated from June 27th, 2005, The Municipality of Bajina Bašta 01 number 06-12/ 2005 dated from June 30th, 2005, The Municipality of Lučani 01 number 06-36/ 2005 dated from September 5th, 2005, The Municipality of Kosjerić 01 number 352-114/ 2005 dated from July 1st, 2005 and The Municipality of Čačak 01 number 06-87/ 2005 dated from October 21/ 24, 2005, to conclude an agreement of establishing The Public Utility Company „Regional Sanitary Landfill Area Duboko“, 10 number 352-55/ 2005 dated from October 13th, 2005 and The Appendix of this Agreement 10 number 352-55/ 2005 dated from October 26th, 2005. The Management Board of Public Utility Company „Regional Sanitary Landfill Area Duboko“ took into consideration and adopted on the meeting which took place in Užice on November 16th, 2005.

STATUTE

Of the Public Utility Company „Regional Sanitary Landfill Area Duboko“

I GENERAL STATEMENTS

Article 1

Public Utility Company „Regional Sanitary Landfill Area Duboko“ (hereinafter called „Company“) is founded to operate in order to: depositing waste and garbage, sanitary and similar activities, recycling waste including metal objects, wholesale trade of waste and garbage, retail trade of secondhand goods in general stores, production of gas for public services, transporting goods by road traffic, renting other public means of transport, consulting and business management, engineering, technical surveys and analysis, commercials and advertising.

Article 2

The Company works with means of public property.

The Company is responsible for its duties considering legal turnover by its possession in whole (unlimited partnership).

II COMPANY, RESIDENCE AND INTERNAL BODYISATION

Article 3

The Company works as a company: Public Utility Company „Regional Sanitary Landfill Area Duboko“.

Company abbreviation: PUC „Duboko“.

Residence of the Company is in Užice, 52, Dimitrija Tucovića St.

The decision of changing residence and Company's name is brought by the Management Board, by the majority of votes of its members.

Article 4

The Company has its unique stamp, logo and trademark symbolizing its activities.

The stamp is round shaped, including text on the edge: PUC „Regional Sanitary Landfill Area Duboko“, with “p. o.“(potpunom odgovornošću – unlimited partnership) – Užice and the trademark in the middle.

The logo is rectangle shaped with the text: PUC „Regional Sanitary Landfill Area Duboko“, with „p. o.“ place for number and date, Užice.

Article 5

The Manager of the Company brings the act of internal bodysation and systematization of working posts, according to the agreement of the majority of votes of members of the Management Board.

Article 6

The Manager is standing for and representing the Company.

The Manager has full authority concerning legal turnover, within activities from the Register of economic subjects.

Article 7

The Manager can authorize other employees by a written document which includes types and limits of the authorization given.

The authorized employee indicated in Paragraph 1 of this Article cannot give authorization to another person.

Article 8

In case of any problems or absence, The Manager of the Company is replaced by the employee authorized by the Management Board, suggested by its Manager.

III ACTIVITIES OF THE COMPANY

Article 9

The Company performs the following activities:

- 90 000 Depositing waste and garbage, sanitary and similar activities
- 37 100 Recycling waste including metal objects
- 37 200 Recycling waste including non-metal objects
- 51 570 Wholesale trade of waste and garbage
- 52 500 Retail trade of secondhand goods in general stores

- 40 202 Production of gas for public services
- 60 250 Transporting goods by road traffic
- 71 210 Renting other public means of transport
- 74 140 Consulting and business management
- 74 203 Engineering
- 74 300 Technical surveys and analysis
- 74 402 Commercials and advertising

The Company can also perform the activities which are not established as activities of public interest by law and this agreement, but in condition not to question constant, permanent and top-quality performance of activities of public interest.

In order to perform activities which are not of public interest, the Company is obliged to bodyise special accounting files concerning trading results.

The decision of changing activities of the Company is made by the Management Board, by the majority of votes of its members with the agreement of the Founder.

IV COMPANY'S PROPERTY

Article 10

The Company's property is in State's property.

Article 11

The Company's property is consisted of: movable property and real estate, financial resources and valuable papers and other property rights, including the right of using means from the public property, in other words, goods of public interest.

In order to perform activities of public interest, the Company can also use means from public and other spheres of property, regarding to the law, the act of founding and the agreement.

Article 12

Total value of funds will be established in the end of the year 2005, regarding to commitments that are defined by the Agreement of funding of the Company.

Article 13

The Company cannot handle the property without previous consent of the founder.

The Company can provide and drift the mobile property of lower value without the consent of the founder but according to the Law of Public Procurement Services.

V RIGHTS, OBLIGATIONS AND RESPONSIBILITIES OF THE COMPANY AND THE FOUNDER

Article 14

The Company is obliged to perform activities of public interest so that it provides constant, permanent and top-quality services to the founders, citizens and other subjects.

In case of breakdown or interruption in providing services, in case of force majeure or other reasons that the Company could not predict nor prevent, there is an obligation of taking immediate measures for removing causes of breakdown or interruption, or to find another way to provide services, and an obligation of informing the founders about the new situation.

In case of breakdown in trading of the Company, founders are obliged to take measures regulated by law, by which will assure conditions for undisturbed functioning of the Company.

VI COMPANY'S BODIES

Article 15

The bodies of PUC „Regional Sanitary Landfill Area Duboko“ are the following:

- Management Board (the administrative body),
- Advisory Board (the advisory body) and
- Manager (the managing body)

The Management Board and the Manager are the administration of the Company.

1. MANAGEMENT BOARD

Article 16

The Management Board is the administrative body of the Company.

The Management Board has 9 (nine) members in total.

Every founder, in other words, their Municipality nominate 1 (one) member of each Management Board who can only be released of duty by them.

The Management Board's member's mandate lasts for 4 (four) years and can be re-nominated.

Article 17

The Management Board has its Chairman and Vice- Chairman.

The mandate of the Chairman and the Vice- Chairman of the Management Board lasts for 4 (four) years and can be re-nominated.

The Chairman of the Management Board summons and presides over a session of the parliament of the Management Board, suggests the agenda and signs the acts that are brought by the Management Board.

The Chairman and the Vice- Chairman of the Management Board are elected by the members of the Management Board by the majority of votes.

Article 18

The Management Board works on session and makes decisions by the majority of votes.

Every member of the Management Board has the percentage of votes which equals to the percentage of participation of their Municipality considering the financing of PUC „Regional Sanitary Landfill Area Duboko“.

The working scheme of the Management Board is arranged by the Operating procedure.

Members of the Management Board have the right to money compensation and a compensation for their work according to the Law, the annually working schedule and the particular decision of the Management Board.

Article 19

The Management Board of the Company works according to the Law, and particularly:

- adopts a Statute,
- establishes Company's Policy
- adopts long-term and middle-term plans of the way of working and developing and the annual working programme
- adopts working reports for the previous year

- makes decisions concerning funding
- brings acts for estimating the values of State funds and for showing these funds in stocks
- makes decisions concerning investment
- makes decisions about handling Company's property of greater value which directly performs activities of public interest of the Company
- brings acts about general terms for providing services for a particular activity
- makes decisions about the prices of services and the compensation paid by its users
- makes decisions about the distribution of gained profit and the cover of losses by the opinion of the Advisory Board
- adopts the annual working programme, the annual financial statement of the Company, the periodical working report, the revision report and the annual register of used means, by the opinion of the Advisory Board
- adopts the annual working report of the Company
- makes decisions about loans taken from banks, according to the law
- brings the Operating Procedure of the Management Board
- agrees with the act concerning the bodyisation and systematization of workers
- concludes the working agreement with the Manager and solves other problems concerning his working status
- nominates the members of permanent or short-term commissions for particular areas under his jurisdiction
- performs other activities established by law

Article 20

In order to assure protection of public interest in the company, Mayors of funding Communities agree to:

- providing guarantees, advances, pawns and other means of security for activities that are not in the domain of public interest
- deciding general terms for providing services
- fixing prices of services and other compensation paid by its users, except for activities which are not of public interest
- investing
- changing of status
- bringing the act of estimating the values of State funds and showing these funds in stocks, as well as the programme and decision about property transformation
- other decisions by which activities of public interest are arranged, according to the law, community statutes and founding acts.

Article 21

Founder Municipality agrees to:

- the Statute
- distribution of gained profit and the cover of losses
- long-term and middle-term plans of the way of working and developing
- the annual working programme for every year
- working report for the previous year

2. MANAGER OF THE COMPANY

Article 22

The Manager of the Company is the managing body of the Company.

The Manager of the Company:

- organizes and manages working the Company

- in the agreement with the Management Board, bring the act concerning the organization and systematization of employees
- represents the Company according to the law and the statute
- taking care of the work legitimacy and stands for the Company's legitimacy
- makes decisions by himself only if they are not a part of another body
- suggests the bases of working policy, working programme and programme of development and takes measures for their accomplishment
- takes part and accomplishes decisions of the Management Board
- makes decisions concerning public procurement of goods, services and activities
- makes decisions concerning the employment, employees, and concludes the working agreement with an employee
- makes decisions concerning working schedule and extra working hours
- nominates members of the commission for particular areas under his jurisdiction
- takes care of bringing periodical reports and annual account on time and then he makes a report to the Management Board
- performs other activities in accordance to the law and to the decisions of the Management Board

Article 23

The Manager of the Company is nominated and released of duty by the Management Board after previous agreement of at least 5 (five) Mayors which have the major part in the Company's funding.

The Manager is nominated every 4 (four) years and can be re-nominated.

The Company announces an invitation, at least 3 (three) months before the Acting Manager is released of duty.

The invitation deadline cannot be longer than 8 (eight) days from the announcement day.

The Management Board takes into consideration the applications of candidates which respond to the conditions and gives a suggestion of only one candidate to be nominated Manager.

Article 24

The Manager must be someone who, besides general qualifications in accordance to the Law, responds to the following special terms:

- 7th grade of professional qualifications – Faculty of Civil Engineering, Faculty of Technical Engineering, Faculty of Mechanical Engenireeng, Faculty of Architecture, Faculty of Law or Economic Faculty.
- to have at least 5 (five) years of working experience

Article 25

If the Manager of the Company is not nominated, the Management Board has to nominate the Acting Manager, until the nomination of the Manager, one year maximum.

The Acting Manager has full authority and duties of a Manager.

Article 26

The Manager of the Company is independent in performing his activities.

The Manager's salary is fixed by the Management Board, in accordance with the annual plan and the working programme.

Article 27

The Manager of the Company must guarantee for his activities to the Management Board,

The Manager of the Company can be released of duty also before the end of his mandate in the following cases:

- on personal request
- if he disobeys regulations that are related with his work and Company's work as well
- if he breaks the law, the statute, the decisions of the Management Board and Mayors of communities as the majority of founders
- if acts dishonest, against the rules, against the law or without permission and in that way damages the Company's business and material reputation
- in other cases regulated by law

The suggestion for releasing of duty must be brought by at least three members of the Management Board.

3. ADVISORY BOARD

Article 28

The Advisory Board is an advisory body in the Company.

The Advisory Board has 9 (nine) members in total.

Founders, in other words every Municipality nominates one member for the Advisory Board, who can be released of duty only by them.

The mandate of the members of the Advisory Board lasts for 4 (four) years and they can be re-nominated.

Article 29

The Advisory Board has its Chairman and Vice- Chairman.

The mandate of the Chairman and the Vice- Chairman of the Advisory Board lasts for 4 (four) years and can be re-nominated.

The Chairman of the Advisory Board summons and presides over sessions of the Advisory Board, suggests the agenda and signs the acts that are brought by the Advisory Board.

The Chairman and the Vice- Chairman of the Advisory Board are elected by the members of the Advisory Board by the majority of votes.

Article 30

The Advisory Board works on sessions and makes decisions by the majority of votes.

Every member of the Advisory Board has the percentage of votes which equals to the percentage of participation of their Municipality considering the financing of PUC „Regional Sanitary Landfill Area Duboko".

The working scheme of the Advisory Board is arranged by the Operating procedure.

Members of the Advisory Board have the right to money compensation and a compensation for their work according to the Law, the annually working schedule and the particular decision of the Advisory Board.

Article 31

The Advisory Board of the Company:

- surveys the legitimacy of the work in the Company
- takes care of periodical and annual financial statement and verifies if they are made in accordance to the law

- checks if the accountancy and other documents of the Company are kept in accordance to the law, but they can also be given to testifying
- brings a report including results of surveys to the Management Board and to the Municipality
- gives an opinion on suggestions for distribution of profit
- takes into consideration inspectors' reports
- brings the Operating Procedure of his work
- performs other activities established by Law, Statute and act of founding

VII RESPONSIBILITY FOR THE COMPANY'S WORK

Article 32

The members of the Management Board are responsible for their work to the founders which nominated them.

The members of the Management Board are directly responsible for the damage caused to the Company or to another subject by their own decision, if that decision is made with less care or with the intention to produce the damage.

The member of the Management Board does not take responsibility if he writes down his opinion in the register.

Article 33

The Manager of the Company is responsible to the Management Board and the founder for the working results and the legitimacy of the work of the Company.

The Manager is responsible for the damage caused by bad managing and disobeying authorities.

Article 34

Individual acts, brought by bodies and authorized persons must be in accordance with the law, the decisions of the founders, the statute and other acts of the Company.

VIII EMPLOYEES' PARTICIPATION IN MANAGING

Article 35

The employees in the Company take part in managing the Company according to the Law.

IX BUSINESS SECRET

Article 36

A business secret is every fact set by the decision of the Management Board and the Manager. The revealing of that fact to an unauthorized person would be contrary to the Company's policy and it would harm its business reputation and interests.

The facts that are legally official as well as the facts considering breaking the law, good business relationships and moral principals cannot be a business secret.

Founders, members of the Head Office and Advisory Board, The manager and the employees must be informed about the decision from State 1 of this Article.

Article 37

A business secret is considered to be a fact, if revealed to an unauthorized person it would be contrary to the interest of the Company because of the nature of its content.

X COLLABORATION BETWEEN BODIES OF THE COMPANY AND THE SYNDICATE

Article 38

The bodies of the Company are obliged to provide the functioning of the syndicate organization in accordance with its role and tasks, in a legal way, by a collective agreement and by general acts of the Company.

Article 39

The representative syndicate always receives material for the Management Board's meeting where important subjects concerning the economic and social position of the employees are discussed, as well as the decisions of the Management Board concerning these subjects.

Article 40

Employees of the Company have the right to go on strike according to the law which regulates the conditions under which the strike is organized, by the act of founders concerning the minimum working hours and by a collective agreement.

XI PUBLIC RELATIONS AND INFORMING

Article 41

The Company is obliged to inform the citizens and customers truly, entirely and on time about their work, business activities and development programmes, and particularly about interruptions in providing services which occurred or will occur during the activities.

The announcement will be made by public means of informing or in another suitable way.

Article 42

The bodies of the Company are obliged to provide the publicity of work and inform employees truly, entirely and on time about their work and the work of the Company, and particularly about development plans and their influence on the economic and social position of employees, funding, protection and security on work and measures of working improvement, distribution of profit, status changes as well as changes of the Company.

Informing employees is done by the announcement on the notice board in the Company, by official announcements, on meetings or other suitable ways.

XII PROTECTION AND IMPROVEMENT OF THE ENVIRONMENT

Article 43

The Company is obliged to perform measures of protection on work, of property safety, as well as the measures for the improvement of environment, in accordance with the law.

The Company is obliged in its activities to provide a rational use of natural resources; expenses for protection of the environment are included in investment and production expenses. It also has to provide the use of regulations that is taking measures in the protection of the environment, in accordance with the Law.

XIII GENERAL ACTS OF THE COMPANY

Article 44

The Statute is the most important general act of the Company.

Besides the Statute, the following general acts are brought out in the Company:

- Operating procedure of the Management Board
- Operating procedure of the Advisory Board
- Book of regulations concerning internal organization and systematization of working positions
- Book of regulations concerning accounting

Besides general acts from State 1 of this Article, there are other general acts brought out in the Company according to the Law.

Article 45

General acts of the Company cannot be opposite to the Law and this Statute.

Changes and additions of general acts are done in a similar manner as those acts were established.

Article 46

General acts go into effect on the eight day from the announcement on the notice board in the Company.

The Statute and the general acts mentioned in Article 44 of the Statute are announced in the Official Gazette of municipality founders.

Exceptionally, when it is justified, in the process of bringing out a general act, the authorized body can decide that this general act goes into effect on the day after the announcement.

Article 47

General acts cannot have a retroactive effect unless in cases stipulated by law.

Article 48

The interpretation of a general act is given by the authorized body.

XIV TRANSITIONAL AND FINAL REGULATIONS

Article 49

This Statute goes into effect on the eight day from the announcement on the notice board in the Company.

This Statute is announced after the agreement of all founders.

THE MANAGEMENT BOARD

Chairman

Petar Domanović

Explanation

On the meeting of the Management Board PUC „Regional Sanitary Landfill Area Duboko“ which took place on December 7th, 2005 in Užice, objections to the draft of the Statute which were brought up by Special Services of Čačak, Požega and Lučani municipalities were considered.

The District Council Chairman of Čačak had an objection to the Article 20 and Article 21 of the Statute and which is related to the agreement that the Statute of public companies has to be brought up by Municipality officials and not by its District Council Chairmen. Considering regulations of Article 30, State 1, item 8 of the Law of Local Government by which was regulated that the Municipality of is agreed with Statutes of Public Companies, the Management Board accepted this objection and made changes of Article 20 and Article 21 of this Statute.

The same objection was addressed also by the District Council Chairmen of Lučani and Požega.

The District Council Chairman of Čačak also had an objection to the Article 20, State 1, line 7 of the Statute and wanted to erase the following: „as well as the programme and decision about property transformation“. This objection was accepted as well.

Considering the suggestion made by the District Council Chairman of Čačak that the Municipality gives an agreement for the prices of services, this suggestion was sustained, given that this issue is solved in different ways in different Municipality Statutes. The conclusion is that the District Council Chairmen can adopt the agreement considering the change of prices from superior bodies of the County.

The suggestion of the District Council Chairman of Požega that the Decision about changing activities have to be brought by the Management Board with the agreement of the founders was accepted.

The suggestion of the District Council Chairman of Požega about defining the minimum of working hours during the strike was sustained because that issue is regulated by the Ministry.

The suggestion of the District Council Chairman of Požega considering Article 16 of the Statute to regulate the participation of representatives of employees in the body of the Management Board was sustained because in this moment PUC „Duboko“ actually has no employees. That is the first problem. The second would consider changes of Article 6, State 5 of the Agreement.

The suggestion of the District Council Chairman of Požega considering Article 17, State 4 of the Statute was accepted; he wanted to replace the word „nominated“ by the word „elected“.

The suggestion of the District Council Chairman of Požega, considering Article 18, to define the importance of votes of the members of the Management Board, but particularly the representatives of employees because the importance of votes is regulated by the agreement of founding PUC „Duboko“, and that was the act of founding, was sustained. Another suggestion was sustained and it considered defining the importance of votes of employees in the Management Board, given that a 100 per cent of votes is divided among the founders depending on how much money they invested and given that in this moment without employees it would not be possible to determinate the percentage of their votes because it would also require the change of the agreement as the act of founding.

The suggestion of the District Council Chairman of Požega considering Article 19, State 1 to erase line 6 was accepted.

The suggestion of the District Council Chairman of Požega considering the changement of Article 23, State 1 and Article 25 of the Statute was sustained; he suggested that the District

Council Chairman and the Acting District Council Chairman have to be nominated and released of duty by the founder, given that the Municipality's decision to accept the agreement of founding PUC „Duboko“, that right regarding to State 6 of the agreement was transmitted to the Management Board with the goal of better functioning of this Regional Public Company.

The suggestion considering the changing of Article 28 of this Statute about participation of employees in the Advisory Board was sustained.

The suggestion of the District Council Chairman of Požega to announce the Statute and the General Acts in „Službeni Glasnik“ of the Republic of Serbia because that announcement of the Statute and the acts in the Official Paper is free and the announcements in „Službeni glasnik“ of Republic of Serbia are to be paid, was sustained for economic and rational reasons.

The suggestion of the District Council Chairman of Požega considering Article 49, State 2 to announce the Statute after the agreement of founders was accepted.

The suggestion of the District Council Chairman of Lučani considering Article 1 and Article 9 to erase performing activities related to the transport of goods as well as commercials and advertising because those are the activities which are directly related with the function of achieving the main activity that PUC „Duboko“ was actually founded for, was sustained.

The suggestion of the District Council Chairman of Lučani considering Article 18 of the Statute to erase the Decision considering the compensation for the work of the Management Board is to be brought by the Management Board itself given that the agreement on the annual working programme of PUC „Duboko“ was sustained. That decision will contain the item considering the possible compensation but the decision will be brought by the founders of the Municipality Assembly.

EXPLAINED BY:

Petar Vujadinović

Zoran Melentijević