

**MANAGEMENT AGREEMENT
EXECUTED BY AND BETWEEN THE
STATE OF AMAPÁ AND THE
MUNICIPALITY OF [...], WITH THE
INTERVENIENCE OF ARSAP, AIMING
AT THE CONSTITUTION OF
INTERFEDERATIVE ASSOCIATED
MANAGEMENT, ACCORDING TO ART.
241 OF THE FEDERAL CONSTITUTION,
WITH A VIEW TO THE REGIONALIZED
EXECUTION OF PUBLIC PLANNING,
ORGANIZATION, MANAGEMENT,
INSPECTION AND REGULATION
FUNCTIONS, RELATING TO WATER
SUPPLY AND SEWAGE SERVICES
PROVIDED IN THE MUNICIPALITY**

The **MUNICIPALITY OF** [...], a legal entity governed by public law, with administrative headquarters located at [...], enrolled with the CNPJ/MF under number [...], herein represented by the Honorable Mayor [...], hereinafter simply referred to as MUNICIPALITY; and

o **STATE OF AMAPÁ**, a legal entity governed by public law, with administrative headquarters located in the Capital of the State of Amapá, at Palácio do Setentrião, located at Rua General Rondon, 259, CEP: 68900-082, enrolled with the CNPJ/MF under No. 00.394.577/0001-25, herein represented by the Honorable Governor of the State Waldez Góes da Silva, hereinafter simply referred to as STATE;

with the intervention and consent of the **REGULATORY AGENCY FOR DELEGATED PUBLIC SERVICES OF THE STATE OF AMAPÁ - ARSAP**, instituted by Law No. 625/2001, herein represented by its Chief Executive Officer, Mr. Robson de Castro Teixeira, hereinafter simply referred to as AGENCY.

WHEREAS:

(I) that art. 241, of the Federal Constitution, allows federated entities to sign Cooperation Agreements for associated management of public services, as well as the total or partial transfer of charges, services, personnel and essential goods for the continuity of the transferred services;

(II) that Federal Law No. 11.445/2007, which establishes national guidelines for basic sanitation, considering the changes made through Federal Law No. 14.026/2020, provides for the possibility of regionalization through the constitution of associated management, notably through cooperation agreements, allowing the adhesion by the holders of public basic sanitation services to regionalization structures, in the form of art. 8, § 1 and 4, and art. 8-A, of Law No. 11.445, of January 5, 2007, according to the wording attributed by Law No. 14.026, of July 15, 2020.

(III) the interest expressed by the MUNICIPALITY in adhering to the regionalization structure proposed by the STATE, which will cover other municipalities that will voluntarily join the present initiative, which is in line with the precepts and objectives assimilated in federal Law No. 14.026, of July 15, 2020;

(IV) that the STATE and the MUNICIPALITY executed on xx /xx/xxxx, COOPERATION AGREEMENT in order to constitute the associated management of water supply and sewage services between the MUNICIPALITY and the STATE, with the delegation of the provision organization and management activities to the STATE, and regulatory activities, including tariffs, and inspection to the AGENCY;

(V) that the regionalized provision of water supply and sewage services presupposes the uniformity of inspection, regulation, including tariffs, and the compatibility of planning for the development of services, pursuant to art. 2, item X of Federal Decree No. 7.217/2010, which regulates the regulatory framework for basic sanitation;

the PARTIES resolve to sign this MANAGEMENT AGREEMENT, in order to provide in detail about the obligations, form of execution, sharing of obligations and responsibility for any financial burden arising from the COOPERATION AGREEMENT, applying the provisions of art. 13, § 4, of Law No. 11.107/2005.

CLAUSE ONE - DEFINITIONS

1.1. For the purposes of this agreement, the following definitions will be considered:

- (i) **AGENCY**: it is the REGULATORY AGENCY FOR PUBLIC SERVICES DELEGATED IN THE STATE OF AMAPÁ - ARSAP, entity in charge of the inspection and regulation of water and sewage services to be provided by the UTILITY COMPANY.
- (ii) **UTILITY COMPANY**: a special purpose company to be constituted by the winning bidder for the REGIONALIZED PROVISION of water supply and sewage services to users, under the terms of the CONCESSION AGREEMENT;
- (iii) **CONCESSION**: delegation of the provision of SERVICES in the MUNICIPALITY and in the other municipalities that are part of the regionalized structure, during the term in the CONCESSION AGREEMENT.

- (iv) CONCESSION AGREEMENT: agreement to be signed between the STATE and the UTILITY COMPANY, with the intervention and consent of the AGENCY, with the purpose of regulating the CONCESSION for the provision of water supply and sewage services;
- (v) MANAGEMENT AGREEMENT: this legal instrument that regulates the COOPERATION AGREEMENT, providing for (i) the transfer of the organization and management of the REGIONALIZED PROVISION of water supply and sewage services in the urban area of the MUNICIPALITY to the STATE; (ii) the transfer of regulation, including tariffs, and inspection to the AGENCY; and (iii) the authorization to carry out the CONCESSION of these services by the STATE, as a representative of the holders, pursuant to Federal Laws No. 8.666/1993, 8.987/1995 and 11.445/2007, among other applicable rules.
- (vi) COOPERATION AGREEMENT: a legal instrument that constitutes the ASSOCIATED MANAGEMENT of water supply and sanitary sewage services between the MUNICIPALITY and the STATE, with the delegation of the organization and management activities of the provision to the STATE, and the regulatory activities, including tariffs, and inspection to the AGENCY;
- (vii) ASSOCIATED MANAGEMENT: voluntary association between the PARTIES, under the terms of the COOPERATION AGREEMENT and this MANAGEMENT AGREEMENT, with the purpose of structuring and organizing the supply of water supply and sewage services in the MUNICIPALITY, in an integrated and regionalized manner with other Municipalities of State;
- (viii) PARTIES: MUNICIPALITY and STATE referred to together;
- (ix) MUNICIPAL WATER AND SEWAGE PLAN: planning instrument approved by the MUNICIPALITY containing provisions and information related to water and sewage services;
- (x) REGIONALIZED PROVISION: that performed by a single provider for one or more components of public basic sanitation services, the result of federative cooperation involving more than one Municipality, inspected and regulated by the AGENCY, observing the MUNICIPAL WATER AND SEWAGE PLAN, as well as the municipal and/or regional plans for water and sewage services for other holders of basic sanitation services;
- (xi) SERVICES: for the purposes of this MANAGEMENT AGREEMENT, it is the set of activities related to:
 - a) water supply: public service that covers the activities, infrastructures and facilities necessary for public water supply, from catchment to building connections and their measuring instruments, as well as, when linked to this purpose, the following activities: raw water; capture; raw water supply; water treatment; adduction of treated water; treated water reservoir; and distribution of treated water;

- b) sanitary sewage: public service that covers the activities of adequate collection, transportation, treatment and final disposal of sanitary sewage and sludge originating from the operation of collective or individual treatment units, including septic tanks, from building connections to their final launch in the environment.

CLAUSE TWO - PURPOSE

2.1. The purpose of this MANAGEMENT AGREEMENT is as follows:

- (i) the transfer, by the MUNICIPALITY, of specific activities of organization and management with regard to REGIONALIZED PROVISION OF SERVICES in its urban area, to the STATE;
- (ii) the transfer of regulation activities, including tariffs, and inspection of SERVICES within the MUNICIPALITY to the AGENCY, in accordance with article 8, paragraph 5 and article 9, item II, of Federal Law No. 11.445/2007;
- (iii) the authorization for the realization of the CONCESSION of SERVICES by the STATE, in the condition of representative of the holders, in the form of Federal Laws 8.666/1993, 8.987/1995 and 11.445/2007, among other applicable rules.

2.2. The STATE is hereby authorized to contract the SERVICES covered by this MANAGEMENT AGREEMENT by delegating the provision to a third party, through a concession, public-private partnership or other contractual modality permitted by law, through bidding.

2.2.1. The STATE is authorized to bid and enter into any legal transactions related to this MANAGEMENT AGREEMENT.

2.3. The SERVICES will be provided by the UTILITY COMPANY, to whom the execution of infrastructure works and related activities will also be delegated, by charging fees directly from users, under the terms provided for in the CONCESSION AGREEMENT, in Federal Law No. 11.445/2007, Federal Decree No. 7.217/2010 and subsequent amendments made to such normative acts.

CLAUSE THREE - REGIONALIZED SERVICE PROVISION

3.1. The SERVICES may be delegated by the STATE, as a representative of the MUNICIPALITY, through a concession, together with similar services provided in other Municipalities that may adhere to the REGIONALIZED PROVISION.

3.2. The delegation of the SERVICES will follow the model and conditions that may be defined by the STATE and will observe the provisions of the CONCESSION AGREEMENT, the applicable legislation, as well as the planning instruments developed.

3.3. The delegation to be carried out by the STATE must be based on technical feasibility studies, previously prepared, and may be total or partial.

3.4. The accounting system for REGIONALIZED BENEFITS will be made in order to allow the registration and demonstration separately of the costs and revenues of each service in each municipality.

CLAUSE FOUR - ORGANIZATION AND MANAGEMENT ACTIVITIES OF REGIONALIZED SERVICE PROVISION

4.1. Under the terms defined in the COOPERATION AGREEMENT, the STATE is responsible for organizing and managing the delegation of the REGIONALIZED PROVISION of SERVICES, in accordance with the requirements provided for in the legislation, observing the need for intervention by the AGENCY.

4.2. Within the scope of the delegation of SERVICES, the STATE shall:

(i) define the content and conditions of the CONCESSION AGREEMENT, which cannot conflict with the provisions of this MANAGEMENT AGREEMENT and the MUNICIPAL WATER AND SEWAGE PLAN;

(ii) enter into the aforementioned CONCESSION AGREEMENT and other related legal instruments, being responsible for its monitoring and for the execution of any amendments;

(iii) foresee in the CONCESSION AGREEMENT parameters, goals and indicators, defined in accordance with the MUNICIPAL WATER AND SEWAGE PLAN; and

(iv) provide for the intervention of the AGENCY, which will be responsible for the inspection and regulation of delegated SERVICES .

(v) execute the instruments related to the CONCESSION AGREEMENT.

4.3. The SERVICES may be delegated, through the same CONCESSION AGREEMENT, together with the basic sanitation services provided to other municipalities of the STATE, in order to make their REGIONALIZED PROVISION feasible.

4.4. The STATE is authorized to include in the CONCESSION AGREEMENT, including through the signing of amendments, other municipalities in the STATE that may adhere to the regionalization structure.

4.5. The delegation of the SERVICES does not exempt, nor does it mitigate the responsibility assumed by the STATE before the MUNICIPALITY through this AGREEMENT.

4.6. It is the responsibility of the STATE, within the scope of the attributions assumed under this AGREEMENT, to carry out bidding processes or direct contracting, whenever applicable, under the terms of the legislation.

CLAUSE FIVE - REGULATION AND SUPERVISION

4.7. The regulation, including tariffs, and the inspection of the SERVICES subject matter of this MANAGEMENT AGREEMENT will be exercised by the AGENCY, being especially responsible for:

4.7.1. edit regulatory rules related to the REGIONALIZED PROVISION of SERVICES, subject to the provisions of this AGREEMENT;

4.7.2. apply to the UTILITY COMPANY the penalties provided for, under the terms of the CONCESSION AGREEMENT and the applicable legislation;

4.7.3. receiving, asserting and resolving complaints and claims made by users of the SERVICES;

4.7.4. to make conflicts between the UTILITY COMPANY, the STATE and the users.

4.7.5. monitor and supervise the execution of the CONCESSION AGREEMENT;

4.7.6. monitor the quality of the SERVICES, under the terms of the CONCESSION AGREEMENT;

4.7.7. ratify tariff readjustments and promote ordinary and extraordinary reviews, in accordance with the applicable legislation and the provisions of the CONCESSION AGREEMENT;

4.7.8. comply with reference standards for the regulation of public basic sanitation services that may be issued by the National Water Agency - ANA; and

4.7.9. fulfill its legal and statutory duties.

4.8. The economic, social and technical criteria of the regulation, due to REGIONALIZED PROVISION, will be the same for all its area of coverage and will be exercised by the AGENCY.

4.9. The AGENCY will be guaranteed decision-making independence, administrative, budgetary and financial autonomy, pursuant to art. 21 of Law No. 11.445/2007, and must act with transparency, technicality, speed and objectivity in its decisions.

4.10. While the associated management lasts, the MUNICIPALITY is prohibited from issuing normative acts that regulate the tariff regulation of the SERVICES subject matter of this MANAGEMENT AGREEMENT.

4.11. Within the scope of its performance, the AGENCY may use the hiring of independent verifiers and certifiers in order to audit the provision of the SERVICES covered by this MANAGEMENT AGREEMENT and the CONCESSION AGREEMENT.

4.12. The AGENCY will be responsible for determining procedures that guarantee transparency in the provision of the SERVICES, including with regard to meeting the parameters, goals and performance indicators provided for in the MUNICIPAL WATER AND SEWAGE PLAN.

4.12.1. The penalties that can be applied and the procedures to be noted by the AGENCY will be those provided for in the CONCESSION AGREEMENT and in the legislation in force at the time of the execution of the referred instrument.

4.12.2. The publication of regulations by the AGENCY after the execution of this MANAGEMENT AGREEMENT and the CONCESSION AGREEMENT, which establish additional charges to the UTILITY COMPANY, may give rise to economic and financial rebalancing in the CONCESSION AGREEMENT.

4.13. The CONCESSION AGREEMENT must be drawn up in compliance with the non-overlapping directive between the management and contractual monitoring functions, to be entrusted directly to the STATE, and inspection and regulation of the provision of the SERVICES, which will be the responsibility of the AGENCY.

4.14. The STATE shall undertake the technical, operational and institutional strengthening of the AGENCY, providing it with the necessary personnel and financial resources to carry out the duties and responsibilities defined in this MANAGEMENT AGREEMENT, the COOPERATION AGREEMENT and the CONCESSION AGREEMENT.

4.15. The STATE may formalize partnerships and technical cooperation agreements with other regulatory agencies or technical institutions with the subject of activities related to the scope of the MANAGEMENT AGREEMENT, the COOPERATION AGREEMENT and the CONCESSION AGREEMENT.

4.16. The amounts collected as a fee for inspection and regulation by the providers of the SERVICES must be fully reverted to the AGENCY.

4.17. The STATE and the AGENCY must advertise, by making available on their official pages on the Internet, information and data relating to the amounts collected as a fee for inspection and regulation, amounts allocated in the AGENCY's budget and amounts actually disbursed.

CLAUSE SIX - TERM

6.1. The MANAGEMENT AGREEMENT is effective for 35 (thirty-five) years, counting from the transfer of the water and sewage system to the UTILITY COMPANY.

6.2. Whenever necessary, the term of this MANAGEMENT AGREEMENT will be automatically extended to coincide with the term of the CONCESSION AGREEMENT entered into and its amendments.

CLAUSE SEVEN - CONDITIONS FOR THE PROVISION OF SERVICES

- 7.1.** The SERVICES must be provided in an appropriate manner, in order to satisfy the conditions of regularity, continuity, efficiency, security, timeliness, generality, courtesy and moderation of tariffs.
- 7.2.** The provision of the SERVICES and the inspection to be carried out by the AGENCY must comply with:
- 7.2.1.**the parameters, indicators and targets contained in the MUNICIPAL WATER AND SEWAGE PLAN;
- 7.2.2.**other goals and performance indicators and regulatory acts from the AGENCY, prepared according to the powers attributed through the signing of a COOPERATION AGREEMENT and this MANAGEMENT AGREEMENT; and
- 7.2.3.**the reference standards for the regulation of the provision of public basic sanitation services that may be published by the National Water Agency - ANA, in what is not incompatible with the CONCESSION AGREEMENT and its related instruments.

CLAUSE EIGHT - REMUNERATION FOR THE PROVISION OF SERVICES

- 8.1.** The SERVICES will be remunerated by charging their users' fees and other ancillary revenues from products or services linked to their provision, in accordance with the regulatory acts issued by the AGENCY.
- 8.1.1.** Tariff revenue is understood to be equivalent to the amounts actually collected, without deduction of taxes or any other expenses.
- 8.2.** The REGULATORY AGENCY will define the tariff structure, within the scope of the CONCESSION AGREEMENT or normative act, in compliance with the guidelines of Federal Law No. 11.445/2007.
- 8.2.1.**For large consumers in the industrial and commercial use categories, special contracts with differentiated rates may be established, provided they are approved by the REGULATORY AGENCY.
- 8.3.** In order to guarantee the maintenance of the adequate provision of the SERVICES, the economic-financial balance and the equal treatment of users, it is forbidden to grant exemption from the payment of tariffs, including to members of the Government, directly or indirectly.
- 8.3.1.**The restriction provided for in sub-clause 8.3 does not include the eventual adoption of tariff and non-tariff subsidies for users who do not have sufficient payment capacity to cover the full cost of the SERVICES, subject to the economic and financial balance under the terms of the CONCESSION AGREEMENT.

CLAUSE NINE - MUNICIPALITY RIGHTS AND OBLIGATIONS

9.1. The rights of the MUNICIPALITY are as follows:

- (i) receive adequate provision of SERVICES;
- (ii) demand compliance with the parameters, indicators and targets provided for in the MUNICIPAL WATER AND SEWAGE PLAN, in the normative acts published by the AGENCY and in the reference rules published by ANA;
- (iii) receive prior communication on the implementation and maintenance works that will be carried out on roads and public places that have an effective impact, except in cases of urgency and emergency;
- (iv) request information on the adoption of appropriate measures when receiving complaints from users as a result of providing the SERVICES;
- (v) receive payment of the grant as a necessary condition for the signing of the CONCESSION AGREEMENT executed by the STATE, in an amount proportional to the number of inhabitants of the municipality, according to the most recent official data provided by the Brazilian Institute of Geography and Statistics - IBGE, under the terms defined in the COOPERATION AGREEMENT;
- (vi) participate in inter-federative governance structures, of a board type, constituted for the purpose of supervising the execution of the SERVICES and guaranteeing transparency in the organization and management of REGIONALIZED PROVISION, under the terms of the COOPERATION AGREEMENT; and

9.2. The obligations of the MUNICIPALITY are as follows:

- (i) monitor compliance with the parameters, indicators and targets of the SERVICES, provided for in the legal rules of all spheres of the Government, regulatory and, also, contractual rules, indicating any failures and/or needs for adjustments;
- (ii) revise its MUNICIPAL WATER AND SEWAGE PLAN periodically, in accordance with the sectoral legislation, informing the AGENCY and the STATE when there is a need to review the planned goals and when planning the SERVICES;
- (iii) establish a term not exceeding 1 (one) year for users to connect their buildings to the public water supply and sewage system, where available;
- (iv) declare real estate of public utility, on an urgent basis, for the purpose of expropriation or institution of administrative easement; establish administrative limitations and authorize temporary occupations of real estate, with the purpose of ensuring the performance of services and works, as well as their conservation,

linked to the provision of the SERVICES subject of this MANAGEMENT AGREEMENT and to the fulfillment of the plans and goals of this agreement;

(v) collaborate with the AGENCY in the establishment and review of regulatory norms aiming at the efficiency in the regulation, inspection and provision of the SERVICES subject of this AGREEMENT;

(vi) comply with and enforce the regulatory provisions of the SERVICES, as well as the clauses of the CONCESSION AGREEMENT;

(vii) provide the STATE and the AGENCY with all information regarding the SERVICES, when applicable;

(viii) collaborate with the AGENCY in monitoring and evaluating the fulfillment of the SERVICES' expansion goals, provided for in the CONCESSION AGREEMENT;

(ix) collaborate with the AGENCY in the establishment and review of regulatory standards aiming at efficiency in the regulation, inspection and provision of SERVICES;

(x) respect the authority of the AGENCY regarding the regulation and inspection in the CONCESSION AGREEMENT, complying with the terms of this AGREEMENT;

(xi) communicate to the STATE, the AGENCY and the UTILITY COMPANY about complaints received from users;

(xii) monitor the provision of the SERVICES through participation in the constituted inter-federative governance structure;

(xiii) provide the STATE and the AGENCY with projects related to the implementation of new subdivisions located in urban areas.

CLAUSE TEN - RIGHTS AND OBLIGATIONS APPLICABLE TO THE UTILITY COMPANY

10.1. Within the scope of competence for the organization and management of the provision of SERVICES, the MUNICIPALITY expressly authorizes the STATE to guarantee the following rights to the UTILITY COMPANY, as applicable:

(i) practice the established tariffs, in accordance with normative acts published by the AGENCY, as applicable, including the increases resulting from tariff adjustments and reviews;

(ii) charging users for the provision of the SERVICES, including the provision and maintenance of water supply and sewage infrastructures, applying the applicable sanctions and charges to non-compliant persons;

(iii) receive from the MUNICIPALITY, through a free transfer, the use of real estate owned by them, necessary for the provision of the SERVICES, without any burden and for the term in which this MANAGEMENT AGREEMENT is in force;

- (iv) use, without charge, public streets, roads, paths and municipal land necessary for the provision of the SERVICES;
- (v) receive information from the MUNICIPALITY and users about any registration changes to the properties located there.

10.2. Within the scope of competence for the organization and management of the provision of the SERVICES, the MUNICIPALITY expressly authorizes the STATE to demand the following obligations from the UTILITY COMPANY, as applicable:

- (i) provide the SERVICES in accordance with the parameters, indicators and targets provided for in the MUNICIPAL WATER AND SEWAGE PLAN and in the regulatory acts coming from the AGENCY, in particular regarding the quality standards and the conservation of the assets related to the provision of the SERVICES;
- (ii) be fully responsible to the MUNICIPALITY for compliance with the parameters, goals and indicators defined in the MUNICIPAL WATER AND SEWAGE PLAN, for the scope delegated through the CONCESSION AGREEMENT;
- (iii) comply with regulatory acts from the AGENCY, including regarding customer service;
- (iv) keep a record and register of all assets related to the provision of the SERVICES subject of this MANAGEMENT AGREEMENT, discriminating investments implemented in the MUNICIPALITY and in other municipalities that are part of the regionalization structure, in order to allow for further evaluation and indemnity, when applicable.
- (v) connect users to public water supply and sewage systems, where available, for a fee, in the event of non-compliance with the provisions of article 45, paragraph 6, of Law No. 11.445/2007.
- (vi) diligence with the STATE and/or MUNICIPALITY the declaration of public utility of real estate, on an urgent basis, for the purpose of expropriation or institution of administrative easement; establish administrative limitations and authorize temporary occupations of real estate, in order to ensure the performance of services and works, as well as their conservation, linked to the provision of the SERVICES subject of this MANAGEMENT AGREEMENT and the COOPERATION AGREEMENT and the fulfillment of plans and goals of this Agreement;

10.3. Within the scope of competence for the organization and management of the provision of SERVICES, the MUNICIPALITY authorizes the STATE to include in the CONCESSION AGREEMENT other duties and rights, related to the UTILITY COMPANY'S performance, not expressly referenced in sub-clauses 10.1 and 10.2, but

that promote efficient provision and adequate use of the SERVICES subject of this MANAGEMENT AGREEMENT and the COOPERATION AGREEMENT.

CLAUSE ELEVEN - OBLIGATIONS OF THE STATE

11.1. The obligations of the STATE are as follows:

- 11.1.1.** comply with and enforce the regulatory provisions of the SERVICES subject of this MANAGEMENT AGREEMENT and the COOPERATION AGREEMENT, as well as the clauses of the CONCESSION AGREEMENT;
- 11.1.2.** monitor and evaluate, with the support of the AGENCY, the fulfillment of the goals established in the MUNICIPAL WATER AND SEWAGE PLAN;
- 11.1.3.** provide institutional, technical and financial resources necessary for the development of the regulatory and inspection functions provided for in Clause Five of this AGREEMENT;
- 11.1.4.** promote, together with the AGENCY and the MUNICIPALITY, the necessary integration of the actions related to the regulation and inspection of the SERVICES subject of this AGREEMENT with those related to the sectors of protection of the environment, public health and the user;
- 11.1.5.** support the UTILITY COMPANY in obtaining environmental licenses, grants for the use of water resources or terms of conduct adjustment with the competent environmental agencies.
- 11.1.6.** support the UTILITY COMPANY in the interaction with inspection and control agencies, including agencies that are part of the structure of the Government, if necessary.

CLAUSE TWELVE - THE GOODS LINKED TO REGIONALIZED PROVISION

12.1 Goods linked to the regionalized provision subject of this MANAGEMENT AGREEMENT are considered to be all tangible and intangible assets and rights affected and indispensable to the provision of the referred SERVICES, existing on the date of signature of this instrument, under the domain, possession and management of the MUNICIPALITY and the members of the municipal and state indirect public administration, as well as those acquired or built by the UTILITY COMPANY under the term of this MANAGEMENT AGREEMENT and the CONCESSION AGREEMENT.

12.2 The linked assets must be duly registered and cataloged by the UTILITY COMPANY, through a permanently updated report, admitting the transfer of this duty to a specialized company, in order to allow its identification and patrimonial evaluation.

12.3 Linked assets are public assets and may not be sold, encumbered in any way or used for any purpose other than the provision of said SERVICES and will remain

linked even in the event of termination of this MANAGEMENT AGREEMENT, notwithstanding the applicable indemnities, under the conditions established in the referred agreements.

12.4 The linked assets cannot be recorded or offered as a guarantee for financing operations carried out by the UTILITY COMPANY with third parties.

12.5 At the end of this MANAGEMENT AGREEMENT, all assets linked to the REGIONALIZED PROVISION will remain destined to the provision of the SERVICES, notwithstanding any applicable indemnities, under the terms established in Clause 13.

12.5.1 Due to the delegation of specific activities for the organization and management of REGIONALIZED PROVISION to the STATE, the reversion of the linked assets will occur in favor of the STATE, under the CONCESSION AGREEMENT.

12.5.2 The STATE, as the manager of the REGIONALIZED PROVISION, will be responsible for transferring the assets linked to the REGIONALIZED PROVISION of SERVICES to the MUNICIPALITY, upon the termination of this AGREEMENT.

12.6 For the purposes provided for in Clause 12.1 above, the MUNICIPALITY authorizes the STATE to assign the goods linked to the regionalized provision under normal conditions of operation, use and maintenance, notwithstanding the normal wear and tear resulting from use, entirely free and clear of any burden or charges.

CLAUSE THIRTEEN - GUIDELINES FOR RATING FINANCIAL CHARGES AND INDEMNITIES ARISING FROM CONCESSION AGREEMENTS AND OTHER RELATED INSTRUMENTS

13.1 In the event that, in the context of the execution of the CONCESSION and related instruments, the contractual liability of the STATE, either by its spontaneous assumption, as determined by the AGENCY, or by decision of the arbitrator or the Judiciary, which results in the obligation to rebalance the CONCESSION AGREEMENT, as a result of the materialization of contractual or non-contractual risks allocated to the STATE in those instruments, through disbursement or transfer of public resources or assets, the PARTIES undertake to share the resulting charges, under the following terms and conditions:

13.1.1 The STATE shall pay the burden arising from the obligation to rebalance the CONCESSION AGREEMENT when responsible for the occurrence of the economic and financial imbalance;

13.1.2 The MUNICIPALITY shall reimburse the STATE for the payment of the burden arising from the obligation to rebalance the CONCESSION AGREEMENT when responsible for the occurrence of the economic and financial imbalance;

13.1.3 In case the imbalance of the CONCESSION AGREEMENT occurs due to an event generated by the MUNICIPALITY and the STATE, in co-

responsibility, the MUNICIPALITY shall reimburse the STATE 50% (fifty percent) of the payment burden.

13.2 Upon the extinction of the CONCESSION, in the event that the STATE's contractual obligation arises to indemnify the UTILITY COMPANY (either by its spontaneous assumption or determination of the AGENCY, or by decision of the arbitrator or the Judiciary) for assets and investments not completely amortized, the PARTIES shall bear the burden of indemnity.

13.2.1 The UTILITY COMPANY will be entitled to indemnity, under the terms of article 36 of Federal Law No. 8.987/95, which shall cover the amount of the installments of investments made and linked to reversible assets, which have been carried out to guarantee the continuity and timeliness of the SERVICES granted, and the grant amounts, not amortized or depreciated, less fines, indemnities and any other amounts owed by the UTILITY COMPANY to the STATE.

13.2.1.1 For the purpose of calculating the indemnity, the UTILITY COMPANY shall record separately the investments made in each MUNICIPALITY, as well as the amounts paid as a grant for each entity.

13.2.1.2 The amortization method used in the calculation will be that of the straight line (constant amortization), considering the residual term of the CONCESSION.

13.2.1.3 Each entity shall pay the indemnity payment in the portion of the unamortized assets that reflect obligations and rights before the UTILITY COMPANY, as follows:

- a) Investments not amortized in MUNICIPALITY assets shall be reimbursed to the STATE by the MUNICIPALITY; and
- b) The portion of the MUNICIPALITY grant not amortized shall be reimbursed by the MUNICIPALITY to the STATE, in proportion to the distribution of the grant to the MUNICIPALITY.

13.2.2 In the event of fines levied on the STATE due to the early termination process of the CONCESSION:

13.1.2.1 The STATE shall be responsible for the payment of the fine when it gives rise to the early termination of the CONCESSION;

13.1.2.2 The MUNICIPALITY shall be responsible for reimbursing the fine to the STATE when the MUNICIPALITY causes the early termination of the CONCESSION;

13.1.2.3 The MUNICIPALITY shall reimburse the STATE 50% (fifty percent) of the burden of payment of the fine when it results from an event generated by the MUNICIPALITY and the STATE.

13.3 In the event of indemnities and fines due by the UTILITY COMPANY, under the CONCESSION AGREEMENT, during the term, the amounts to be paid will be shared by the STATE with the MUNICIPALITY, shared according to the same proportion and dynamics observed for the apportionment of the grant values.

CLAUSE FOURTEEN - SUCCESSION OF SERVICE PROVISION

14.1 All instruments pre-existing to this MANAGEMENT AGREEMENT and still in force, which deal with the SERVICES, will remain in force after the signing of this contractual instrument, but will have their scope partially extinct, automatically, when the CONCESSION AGREEMENT is effective, to the extent that they are incompatible or conflicting with the subject of the CONCESSION AGREEMENT and its related businesses.

14.1.1 The MUNICIPALITY and the STATE may, in due course, enter into instruments of amendment or partial cancellation of pre-existing contracts, with the purpose of giving greater visibility for the adequacy of its scope, reducing its subject in what is incompatible or in conflict with the provisions CONCESSION AGREEMENT and its related businesses.

14.1.2 The STATE shall endeavor to execute the instruments mentioned in sub-clause 14.1.1, including through the engagement and mobilization of the institutions that are part of its administrative structure, and are part of the pre-existing contracts.

14.2 Under the terms of the CONCESSION AGREEMENT, the provision of the SERVICES will be performed by the UTILITY COMPANY, and the the STATE will be responsible for the organization and management of the REGIONALIZED PROVISION, under the terms of this MANAGEMENT AGREEMENT and the COOPERATION AGREEMENT.

14.3 Under the terms of art. 13, paragraph 4, of Federal Law No. 11.107/2005, the extinction of the COOPERATION AGREEMENT which authorized the ASSOCIATED MANAGEMENT of the REGIONALIZED PROVISION of SERVICES does not have any effect on this AGREEMENT nor in the other related legal businesses referred to in clause 17.5, which will continue current.

CLAUSE FIFTEEN - ARBITRATION AND VENUE

15.1 All disputes arising from or related to this AGREEMENT that are of a pecuniary nature and do not deal with primary public interests will be definitively resolved by arbitration in accordance with Federal Law No. 9.307/1996 and the arbitration regulation of (XXXX).

15.2 Either PARTY has the power to file a mediation procedure prior to arbitration, and the contrary PARTY may or may not agree to participate in it, in the form of the institution's mediation regulation mentioned in the previous item.

15.3 The arbitration will be conducted and decided by three arbitrators, appointed in accordance with the chosen arbitration regulation.

15.4 If the amount of the dispute is less than R\$ xxx, with the consent of both PARTIES, the arbitration may:

(i) be conducted and decided by only one arbitrator, appointed under the terms of the arbitration regulation chosen; and/or

(ii) be conducted with the adoption of the expedited arbitration regulation of the same institution mentioned in the caput of this clause.

15.5 For the purpose of interpreting Clause 15.4, the value of the dispute will be assessed by adding the requests made by the claimant in the application for the initiation of arbitration and the defendant in responding to that request.

15.6 The PARTIES must make clear their intention to exercise the powers mentioned in Clause 15.2 in these same procedural documents.

15.7 The seat of the arbitration shall be the city of xxxx, Brazil.

15.8 Brazilian law applies to the merits of the dispute, the arbitration agreement and the arbitration process.

15.9 The arbitration procedure will adopt Portuguese and, if the counterparty requires in response to the arbitration request, also English, with the Portuguese version prevailing in case of conflict.

15.10 Even if only Portuguese is used, the arbitral tribunal may dispense with the translation of documents presented in a foreign language if both PARTIES are in agreement.

15.11 The jurisdiction of the District of the Capital of the State of Amapá is responsible for processing and judging any judicial measure to support the arbitration.

15.12 The jurisdiction of the District of the Capital of the State of Amapá is hereby elected, with express waiver of any other, however privileged it may be, to settle any issues arising from this AGREEMENT and which cannot be resolved by mutual agreement between the PARTIES.

CLAUSE SIXTEEN - TERMINATION OF THE MANAGEMENT AGREEMENT

16.1 The termination of this MANAGEMENT AGREEMENT will occur exclusively in the following cases:

a) Advent of the contractual term;

b) Agreement between the PARTIES, agreed in a specific instrument;

c) Motivated termination, in case of serious fault or proven breach of the obligations provided for in this AGREEMENT, which cannot be remedied by the PARTIES; or

d) Judicial decision that has become final.

16.2 The term of the CONCESSION AGREEMENT to be entered into under the terms established in this instrument will not be conditioned to the term of this MANAGEMENT AGREEMENT, the PARTIES being responsible for the fulfillment of the obligations established in the CONCESSION AGREEMENT.

16.2.1 Likewise, the other related legal businesses entered into by the STATE, as the mandate of the holders of the SERVICES, will remain in force, the PARTIES being obliged to comply with the obligations established therein.

16.2.2 At the end of the CONCESSION's contractual term, the appropriate indemnities will be paid by the entities whose assets are integrated into the equity, through a process to be conducted by the AGENCY.

16.3 If the MUNICIPALITY unilaterally terminates this AGREEMENT or fails to comply with its obligations, in order to render it unenforceable, it will be subject to a penalty of 20% (twenty percent) of the unamortized grant, notwithstanding the indemnity due to the UTILITY COMPANY.

16.4 The indemnity referred to in clause 16.36.3 must consider the payment to the UTILITY COMPANY of the investments made by it in the MUNICIPALITY, which have not yet been amortized, in addition to the amount received by the MUNICIPALITY as a grant, proportional to the remaining term of the CONCESSION AGREEMENT.

16.5 If the MUNICIPALITY decides to terminate this MANAGEMENT AGREEMENT, it will be obliged to reimburse the investments related to the provision of the SERVICES prior to its assumption.

16.6 The calculation of the reimbursement to be paid due to the early termination of this MANAGEMENT AGREEMENT will be done by an external audit to be contracted by the AGENCY.

16.7 As long as the MUNICIPALITY does not reimburse the investments related to the provision of the SERVICES, the UTILITY COMPANY will remain responsible for its provision.

CLAUSE SEVENTEEN - MISCELLANEOUS

17.1 This MANAGEMENT AGREEMENT is regulated by the PARTIES' will, expressed in its clauses and conditions, and by Public Law precepts, applying, in a supplementary way, the principles of the General Theory of Contracts and the relevant Private Law provisions.

17.2 Regardless of the PARTIES' will, the regulations issued by the AGENCY will be applicable, respecting the perfect legal act and the rules of superior hierarchy.

17.3 The legal regime of this MANAGEMENT AGREEMENT gives the MUNICIPALITY the prerogatives to promote its extinction in cases and ways provided for in the clause 16.1 and to supervise the provision of services taking as a reference what is established in the CONCESSION AGREEMENT.

17.4 Any additions, modifications or adjustments to the provisions of this AGREEMENT shall be formalized through an amendment.

17.4.1 The amendments must have their extracts published in the Official Gazette of the State of Amapá.

17.4.2 This AGREEMENT binds the Parties and their successors in any capacity.

17.5 The following legal businesses are related to this AGREEMENT, notwithstanding the others:

- a) COOPERATION AGREEMENT for REGIONALIZED SERVICE PROVISION between the MUNICIPALITY and the STATE; and
- b) CONCESSION AGREEMENT and annexes.

17.6 In view of the existence of legal transactions related to this AGREEMENT, the interpretation of its content must be understood in accordance with the legal instruments indicated in item 17.5.

17.7 In the event of a divergence between the rules provided for in the legislation and in the instruments referred to in item 17.5, the following shall prevail:

17.7.1 first, the provisions contained in the legal, regulatory and technical standards in force, except for the statutory provisions of private law;

17.7.2 second, the provisions contained in the CONCESSION AGREEMENT and its annexes that are most relevant in the matter in question, with the provisions of the CONCESSION AGREEMENT prevailing over those of its annexes;

17.7.3 third, the provisions contained in the notice and its annexes, with the provisions of the notice prevailing over those of its annexes;

17.7.4 fourth, the provisions contained in the commercial proposal of the winning bidder, as long as it is in accordance with the discipline of the notice;

17.7.5 fifth, the provisions contained in this MANAGEMENT AGREEMENT, with the provisions of the MANAGEMENT AGREEMENT prevailing over those of its annexes; and

17.7.6 sixth, the provisions of the COOPERATION AGREEMENT.

17.8 The doubts arising in the application of this MANAGEMENT AGREEMENT, as well as the omitted cases, will be resolved by the AGENCY, respecting the pertinent legislation.

17.9 Upon signing this MANAGEMENT AGREEMENT, the MUNICIPALITY becomes aware of the content of the rules that will govern the CONCESSION AGREEMENT and the other legal businesses related to the REGIONALIZED PROVISION of SERVICES, which were the subject of consultation and Public Hearing No. [●]/[●].

CLAUSE EIGHTEEN - ANNEXES TO THE MANAGEMENT AGREEMENT

18.1. The following are attached to this MANAGEMENT AGREEMENT:

18.1.1. ANNEX I - CONCESSION AGREEMENT;

18.1.2. ANNEX III - MONITORING COMMITTEE;

18.1.3. ANNEX IV - COUNCIL OF HOLDERS.

IN WITNESS WHEREOF, the PARTIES sign this instrument in three (03) copies of equal content and form, in the presence of the undersigned witnesses.

[MUNICIPALITY], [DATE]

MUNICIPALITY

STATE OF AMAPÁ

REGULATORY AGENCY FOR PUBLIC SERVICES DELEGATED IN THE STATE OF
AMAPÁ - ARSAP

Witnesses:

1. _____

2. _____

**COOPERATION AGREEMENT EXECUTED
BY AND BETWEEN THE STATE OF
AMAPÁ AND THE MUNICIPALITY OF [...],
WITH THE INTERVENIENCE OF ARSAP,
AIMING AT THE CONSTITUTION OF
INTERFEDERATIVE ASSOCIATED
MANAGEMENT, ACCORDING TO ART. 241
OF THE FEDERAL CONSTITUTION, WITH
A VIEW TO THE REGIONALIZED
EXECUTION OF PUBLIC PLANNING,
ORGANIZATION, MANAGEMENT,
INSPECTION AND REGULATION
FUNCTIONS, RELATING TO WATER
SUPPLY AND SEWAGE SERVICES
PROVIDED IN THE MUNICIPALITY**

THE **MUNICIPALITY OF [...]**, a legal entity governed by public law, with administrative headquarters located at [...], enrolled with the CNPJ/MF under the number [...], herein represented by the Honorable Mayor [...], hereinafter simply referred to as **MUNICIPALITY**;

the **STATE OF AMAPÁ**, a legal entity governed by public law, enrolled with the CNPJ/MF under number 00.394.577/0001-25, with administrative headquarters in the Capital of the State of Amapá, at Palácio do Setentrião, located at Rua General Rondon, 259. CEP: 68900-082, herein represented by the Honorable Governor of the State, Antônio Waldez Góes da Silva, hereinafter simply referred to as **STATE**;

with the intervention and consent of ARSAP - Regulatory Agency for Delegated Public Services of the State of Amapá, instituted by State Law No. 625, of October 31, 2001, hereby represented by its Chief Executive Officer, Mr. [...], hereinafter simply referred to as **AGENCY**;

WHEREAS:

(I) being common competence of the federative entities of the three spheres, under the terms of art. 23, item IX, of the Federal Constitution, to design and implement public policies and programs that assure the population

the expansion of coverage and quality of water supply and sewage services, as well as the preservation and environmentally sustainable use of water resources;

(II) that art. 241, of the Federal Constitution, allows federated entities to sign Cooperation Agreements for associated management of public services, as well as the total or partial transfer of charges, services, personnel and essential goods for the continuity of the transferred services;

(III) that Federal Law No. 11.445/2007, which establishes national guidelines for basic sanitation, considering the changes made through Federal Law No. 14.026/2020, provides for the possibility of regionalization through the constitution of associated management, notably through cooperation agreements, allowing the adhesion by the holders of public basic sanitation services to regionalization structures, in the form of art. 8, § 1 and 4, and art. 8-A, of Law No. 11.445, of January 5, 2007, according to the wording attributed by Law No. 14.026, of July 15, 2020.

(IV) the convergence of interests between the **STATE** and the **MUNICIPALITY** with a view to establishing inter-federative cooperation, formatted in a permanent and stable manner, with the purpose of sharing and concatenating public functions related to water supply and sanitation services, notably the its planning, organization, management, inspection and regulation;

(V) the interest expressed by the **MUNICIPALITY** in adhering to the regionalization structure proposed by the **STATE**, which will cover other municipalities that may voluntarily join this initiative, which is in line with the precepts and objectives assimilated in federal Law No. 14.026, of July 15, 2020;

(VI) that the services of municipal ownership will be provided under a regionalized **CONCESSION** regime, integrated with the services provided in other municipalities that will voluntarily adhere to the regionalization structure, giving rise to the appropriation of gains in scale and synergies, being certain that such services will be awarded to the operator through a prior bidding process to be conducted by the **STATE**, pursuant to art. 175, of the Federal Constitution;

(VII) that the exercise of supervisory and regulatory functions will be delegated to the **AGENCY**, whose powers will be those attributed pursuant to this **COOPERATION AGREEMENT** , the **MANAGEMENT AGREEMENT** and the **CONCESSION AGREEMENT**;

CLAUSE ONE - DEFINITIONS

1.1. For the purposes of this **COOPERATION AGREEMENT**, the following definitions will be considered:

- (i) **AGENCY**: ARSAP - Regulatory Agency for Delegated Public Services of the State of Amapá, entity in charge of the inspection and regulation of water and sewage services to be provided by the **UTILITY COMPANY**.
- (ii) **UTILITY COMPANY**: a special purpose company to be constituted by the winning bidder for the **REGIONALIZED PROVISION** of water supply and sewage services to users, under the terms of the **CONCESSION AGREEMENT**;
- (iii) **CONCESSION**: delegation of the provision of **SERVICES** in the MUNICIPALITY and in the other municipalities that are part of the regionalized structure, during the term in the **CONCESSION AGREEMENT**.
- (iv) **CONCESSION AGREEMENT**: agreement to be signed between the **STATE** and the **UTILITY COMPANY**, with the intervention and consent of the **AGENCY**, with the purpose of regulating the **CONCESSION** for the provision of water supply and sewage services;
- (v) **MANAGEMENT AGREEMENT**: an instrument to be signed between the **MUNICIPALITY** and the **STATE**, whose subject is, in addition to this **COOPERATION AGREEMENT**, to regulate the transfer of the organization and management of the **REGIONALIZED PROVISION** of water supply and sanitation services in the urban area of the **MUNICIPALITY** attributed to the **STATE**, to regulate the transfer of regulation, including tariffs, and inspect the **REGULATORY AGENCY**, as well as to discipline the authorization for the **CONCESSION** of these services by the **STATE**, as a representative of the holders,

pursuant to Federal Laws No. 8.666/1993, 8.987/1995 and 11.445/2007, among other applicable standards.

- (vi) **COOPERATION AGREEMENT** : a legal instrument that constitutes the **ASSOCIATED MANAGEMENT** of water supply and sanitary sewage services between the **MUNICIPALITY** and the **STATE**, with the delegation of the organization and management activities of the provision to the **STATE**, and the regulatory activities, including tariffs, and inspection to the **AGENCY**;

- (vii) **ASSOCIATED MANAGEMENT**: voluntary association between the **PARTIES**, under the terms of this **COOPERATION AGREEMENT** and the **MANAGEMENT AGREEMENT**, with the purpose of structuring and organizing the supply of water supply and sewage services in the **MUNICIPALITY**, in an integrated and regionalized manner with other Municipalities of the **STATE**;

- (viii) **PARTIES: MUNICIPALITY and STATE** referred to together;

- (ix) **MUNICIPAL WATER AND SEWAGE PLAN**: planning instrument approved by the **MUNICIPALITY** containing provisions and information related to water and sewage services;

- (x) **SERVICES**: for the purposes of this **COOPERATION AGREEMENT**, it is the set of activities, carried out in the urban area of the **MUNICIPALITY**, relating to:
 - a) water supply: public service that covers the activities, infrastructures and facilities necessary for public water supply, from catchment to building connections and their measuring instruments, as well as, when linked to this purpose, the following activities: raw water; capture; raw water supply; water treatment; adduction of treated water; treated water reservoir; and distribution of treated water;

 - b) sanitary sewage: public service that covers the activities of adequate collection, transportation, treatment and final disposal of sanitary sewage and sludge originating from the operation of collective or individual treatment units, including

septic tanks, from building connections to their final launch in the environment.

CLAUSE TWO - PURPOSE

2.1. The purpose of this **COOPERATION AGREEMENT** is to progressively expand the coverage of water supply and sewage services in the urban area of the **MUNICIPALITY**, enabling the **STATE** to establish a legal and institutional structure for regionalization, which makes the **CONCESSION** of **SERVICES** viable, giving rise to the opportunity gains in scale, synergies and uniformity of rules, goals and benefits in favor of the population of the **MUNICIPALITY**.

2.2. The subject of this **COOPERATION AGREEMENT** is as follows:

- (i) the associated inter-federative management, in the form of art. 241 of the Federal Constitution, Law No. 11.107, of April 6, 2005, and art. 8, § 1 and § 4 of Law No. 11.445, of January 5, 2007 (as amended by Law No. 14.026, of July 15, 2020) for the exercise of public functions related to water supply and sewage services municipal health system, notably the organization, management, regulation and inspection of said public services;
- (ii) the delegation, to the **STATE**, of the exercise of the powers of regulation, including tariffs, and inspection of the public services subject of this **COOPERATION AGREEMENT**, which will be exercised by the **AGENCY**, in an independent and autonomous manner, under the terms of the law;
- (iii) the authorization for the **STATE**, as a representative of the **MUNICIPALITY**, by carrying out a bidding process, to delegate, through the **CONCESSION AGREEMENT**, the services of drinking water supply and sanitary sewage, in all its stages, provided in the urban area of the **MUNICIPALITY**, including the execution of infrastructure works and related activities;
- (iv) the attribution, to the **STATE**, of the responsibility for the management and monitoring of the execution of the **CONCESSION**

AGREEMENT, being responsible for exercising the prerogatives and duties of a public contractor within the scope of the referred contract, as a representative of the **MUNICIPALITY**;

- (v) technical cooperation between the **PARTIES** for the exercise, by the **MUNICIPALITY**, of the public planning function of water supply and sewage services, which must be carried out through the approval of the **MUNICIPAL WATER AND SEWAGE PLAN**, compatible with the regionalized provision of services, pursuant to art. 14, item III, of Law 11.445/2007;

2.3. The **STATE** may execute the bidding process, as provided for in sub-clause 2.2, with a view to promoting the regionalization of the provision of water supply and sewage services, the **STATE being**, at its discretion, authorized to include in the **CONCESSION AGREEMENT**, including through the execution of amendments, other municipalities of the **STATE** that have adhered or will adhere to the regionalization structure.

2.4. The execution, alteration, modification and termination of the **CONCESSION AGREEMENT**, according to the powers and responsibilities attributed in the form of sub-clause 2.2, will be carried out exclusively by the **STATE**, without the need for formal consent or intervention by the **MUNICIPALITY** in the referred contract.

2.5. The responsibilities, prerogatives and powers of representation provided for in sub-clause 2.2 do not entitle the **STATE** to delegate the direct or indirect provision of public water supply or sewage services subject of this **COOPERATION AGREEMENT**, and the **STATE** is responsible for the organization and **CONCESSION** of the **SERVICES**, under the terms of the law and through a bidding process.

2.6. The obligations that are the subject of this **COOPERATION AGREEMENT**, notably those related to the organization and **CONCESSION** of **SERVICES** provided in the **MUNICIPALITY**, will be subject of details in the scope of the **MANAGEMENT AGREEMENT**, to be executed at the same time between the **STATE** and the **MUNICIPALITY**, in relation to which the provisions of art. 13, § 4, of Law No. 11.107, of April 6, 2005.

CLAUSE THREE - REGULATION AND SUPERVISION

3.1. The **AGENCY** has exclusive competence to regulate, including tariffs, and supervise the public water supply and sewage services subject of this **COOPERATION AGREEMENT**.

3.2. The **AGENCY**, as responsible for regulatory and inspection powers, will have the following duties:

- (i) To appear as an intervening party in the **CONCESSION AGREEMENT**;
- (ii) Establish, in addition to the **CONCESSION AGREEMENTS**, technical standards, guidelines, recommendations and procedures for the provision and adequate enjoyment of the services covered by this **COOPERATION AGREEMENT**, subject to the relevant legislation;
- (iii) Apply the criteria, formulas and indicators of service quality and performance provided for in the **CONCESSION AGREEMENTS**, ensuring the quality of the services provided and encouraging the constant improvement of quality, productivity and efficiency, as well as the preservation, conservation and recovery of the environment;
- (iv) Ensure compliance with the conditions and goals established in the Municipal Water and Sewage Plan and in the **CONCESSION AGREEMENT** to be signed by the **STATE**;
- (v) Restrain abusive practices that affect the public services subject of this **AGREEMENT**;
- (vi) Communicate to the competent agencies all facts that may constitute a violation of the economic order, the environment or the rights of the user;
- (vii) Apply the tariff readjustment and review, under the terms of the **CONCESSION AGREEMENT** to be signed, in order to ensure the economic and financial balance of these contracts;
- (viii) Supervise the **SERVICES**, guaranteeing access to data relating to the **UTILITY COMPANY's** administration, accounting and technical, economic and financial resources;

- (ix) To resolve, in the administrative scope, the differences between the sectorial agents, as well as between them and the users, with the support, when applicable, of experts specifically designated;
- (x) Within the scope of its competence, apply the penalties provided for in the legislation, applicable regulations and the **CONCESSION AGREEMENT**;
- (xi) Comply with and enforce the legislation and contractual instruments signed between the **PARTIES**;
- (xii) Comply with other attributions provided for by law, especially those provided for in Federal Law No. 11.445/2007;
- (xiii) Adopt good inspection and regulation practices that may be established by the competent entities and agencies;
- (xiv) Maintain the transparency and availability of information to users and civil society;

3.3. The **CONCESSION AGREEMENT** must provide for the **AGENCY's** duties.

3.4. The **CONCESSION AGREEMENT** must be drawn up observing the non-overlapping directive between the management and contractual monitoring functions, to be entrusted directly to the **STATE**, and inspection and regulation of the provision of water supply and sanitary sewage services, which will be the responsibility of the **AGENCY**.

3.5. Under the terms of the **CONCESSION AGREEMENT**, the **AGENCY** may use third parties, including independent verifiers contracted for the instrumental assessment of the performance indicators and coverage targets defined in the **CONCESSION AGREEMENT**, as well as for the certification of investments, reserving to the **AGENCY** the exclusive prerogative of the exercise of administrative police power.

CLAUSE FOUR - ORGANIZATION AND MANAGEMENT OF SERVICES

4.1. The **PARTIES** agree that the activities inherent in the organization and management of the **SERVICES** subject of this **COOPERATION AGREEMENT** will be executed by the **STATE**, with exclusivity.

4.2. The activities inherent to the organization and management of the **SERVICES**, to be developed by the **STATE**, are as follows:

- (i) Prepare, on their own account or by contracting third parties, technical, economic-financial, legal-regulatory and environmental feasibility studies necessary for structuring a project for the delegation of the provision of **SERVICES**;
- (ii) Constitute a regionalized structure for the provision of **SERVICES** integrating other municipalities of the **STATE**, in order to guarantee the concatenation among the municipal planning instruments, the tariff modality, the uniformity of rules, the operation of crossed subsidies, the establishment of common goals of expansion and quality of services and the timeliness in providing the **SERVICES** to users;
- (iii) Prepare drafts of notices, contracts, annexes and technical inputs for the **MUNICIPAL WATER AND SEWAGE PLAN**, ensuring its alignment with the planning instruments to be approved by the other municipalities of the **STATE** and that will integrate the regionalized service structure;
- (iv) The submission of notices, contracts, annexes and technical inputs for the **MUNICIPAL WATER AND SEWAGE PLAN** to public consultations and/or hearings, to be carried out directly by the **STATE**, including through the use of communication and participation tools over the internet, and the **STATE** is responsible for the burden arising from the publication of the summons in the Official Gazette of the State/DOE, as well as the provision of the physical and virtual infrastructure necessary to carry out such interaction processes with society.
- (v) Perform the bidding process prior to the conclusion of the **CONCESSION AGREEMENT**;
- (vi) To enter into the **CONCESSION AGREEMENT**, as well as to carry out its subsequent monitoring and management, as a public contractor,

notwithstanding the function of regulation and inspection by the **AGENCY**, which should appear as an intervening party in the referred agreement;

- (vii) Share, with the **MUNICIPALITY** and other **STATE** Municipalities that have adhered to the regionalization structure, the amount obtained by way of grant payment, using as an apportionment criterion, the resident population in each member municipality, according to the most recent official data provided by the Brazilian Institute of Geography and Statistics - IBGE¹;
- (viii) Include in the **AGENCY's** annual budget the full amount paid by the **UTILITY COMPANY** as a regulation and inspection fee, applying such financial resources to the technical, operational and institutional strengthening of the **AGENCY**, including by allocating specialized professionals to carry out the activities assigned to the **AGENCY** and the contracting of technical advisory services aimed at structuring the entity;
- (ix) In relation to the previous sub-item, the **STATE** and the **AGENCY** shall provide transparency, through the publication of reports on their official pages on the Internet, in relation to (a) amounts annually collected as inspection and regulation fees, (b) amounts included by the **STATE** in the **AGENCY 's** annual budget, and (c) amounts effectively disbursed each financial year in favor of the operational, technical and institutional reinforcement referred to in subitem "viii".
- (x) Establish instances of control and participation made up of representatives of civil society, the **MUNICIPALITY** and other Municipalities that are part of the regionalization structure, responsible for monitoring and inspecting the provision of **SERVICES**.

4.3. In addition to the **CONCESSION AGREEMENT**, the organization and management activities may also include the edition and/or execution of other legal instruments aimed at guaranteeing the interdependent and concerted performance of the provision of the **SERVICES** subject of this **COOPERATION AGREEMENT**.

¹Adjust as appropriate for each project.

4.4. The **PARTIES** will enter into a **MANAGEMENT AGREEMENT** , which will provide details on the obligations, form of execution, sharing of obligations and responsibility for any financial burden, applying the provisions of art. 13, § 4, of Law No. 11.107/2005.

CLAUSE FIVE - PROVISION OF THE BASIC SANITATION SERVICE

5.1. The **SERVICES** will be executed, in whole or in part, through a **CONCESSION** to be carried out by the **STATE** under the terms of Clause One of this **COOPERATION AGREEMENT**, at the discretion and according to the model and conditions that may be defined by the **STATE**, and shall comply with the provisions of the **CONCESSION AGREEMENT**, applicable legislation, as well as the **MUNICIPAL WATER AND SEWAGE PLAN**.

5.2. The assets applied to the **SERVICES** will be linked to them, even in the event of the extinction of this **COOPERATION AGREEMENT**, notwithstanding the applicable indemnities, in proportion to the investments made by the convention and the future **UTILITY COMPANY**, subject to the terms and conditions to be provided for in the **CONCESSION AGREEMENT**.

5.3. The **CONCESSION** for the provision of the **SERVICES** , owned by the **MUNICIPALITY**, by the **STATE** is authorized through a **CONCESSION AGREEMENT**.

5.4. The **CONCESSION AGREEMENT** must comply with the applicable legislation, notably Federal Law 11.445/2007, Law 14.026/2020, Federal Law 8.987/1995 and in the legislation on public service concessions.

5.5. The use of private mechanisms to resolve disputes related to the **CONCESSION AGREEMENT**, including arbitration, under the terms of art. 23-A of Law No. 8.987/1995.

5.6. All instruments pre-existing to this **COOPERATION AGREEMENT** and still in force, which deal with the **SERVICES**, will remain in force after the signing of this instrument, but will have their scope partially extinct, automatically, when the **CONCESSION AGREEMENT** is effective, to the extent that they are incompatible or conflicting with the subject of the **CONCESSION AGREEMENT** and its related businesses.

5.6.1. The **MUNICIPALITY** and the **STATE** may, in due course, enter into instruments of amendment or partial cancellation of pre-existing contracts, with the purpose of giving greater visibility for the adequacy of its scope, reducing its subject in what is incompatible or in conflict with the provisions of the **CONCESSION AGREEMENT** and its related businesses.

5.6.2. The **STATE** shall endeavor to execute the instruments mentioned in sub-clause 5.6 AND 5.6.1, including through the engagement and mobilization of the institutions that are part of its administrative structure, and part of the pre-existing contracts.

5.7. Under the terms of the **CONCESSION AGREEMENT**, the provision of the **SERVICES** will be performed by the **UTILITY COMPANY**, and the organization and management of the **REGIONALIZED PROVISION** will be the responsibility of the **STATE**, under the terms of this **MANAGEMENT AGREEMENT** and this **COOPERATION AGREEMENT**.

5.8. In the event that there are pending obligations between the **MUNICIPALITY** and the state providing company linked to the extinct instruments, resulting from investments made by the said providing company and not yet amortized, the **STATE** is herein obliged to assume them, relieving the **MUNICIPALITY** from any indemnity.

5.9. The **SERVICES** subject of this **COOPERATION AGREEMENT** may be delegated by the **STATE** together with similar services provided by the other Municipalities of the **STATE**, with a view to their regionalized provision, according to the model and conditions that may be defined in the legal businesses related to this **COOPERATION AGREEMENT**.

CLAUSE SIX - PLANNING ACTIVITIES

6.1. The instruments and documents related to the planning of the services subject of this **COOPERATION AGREEMENT** must be submitted, by the **STATE**, to the public consultation and hearing procedure, and must be made available together with the other technical studies and documents related to the **CONCESSION AGREEMENT**.

6.1.1. The technical structuring studies, commissioned by the **STATE** for the modeling of the **CONCESSION**, may be considered as planning instruments, in order to comply with the provisions of the legislation, notably art. 11, item I, of Law No. 11.445/2007, the provisions of the sole paragraph of art. 19, of Federal Law No. 14.026/2020.

6.1.2. Notwithstanding sub-clause 6.1.1, the **MUNICIPALITY** may, at its discretion, publish the **MUNICIPAL WATER AND SEWAGE PLAN**, to be approved by municipal decree, systematizing and reflecting information on the planning of **SERVICES** in the municipal urban area, having been prepared based on technical studies commissioned by the **STATE**.

6.2. The revision process of the **MUNICIPAL WATER AND SEWAGE PLAN** will comply with the provisions of the legislation, being certain that the changes in content that impact the economic and financial balance of the **CONCESSION AGREEMENT** executed by the **STATE** will only be effective upon prior recomposition, when due.

6.3. In the review process referred to in item 6.2, the **MUNICIPALITY** must safeguard, observing the context of regionalized provision, the need to preserve the assumptions of integration and uniformity of the **MUNICIPAL WATER AND SEWAGE PLAN** to the provisions of the **CONCESSION AGREEMENT**.

CLAUSE SEVEN - THE TERM

7.1. The term of this **COOPERATION AGREEMENT** is 35 (thirty-five) years from the date of its execution.

7.2. If necessary, the term of this **COOPERATION AGREEMENT** will be automatically extended, regardless of the manifestation of the **PARTIES**, so that there is a coincidence with the term of the **MANAGEMENT AGREEMENT** and the **CONCESSION AGREEMENT** to be signed by the **STATE**.

7.3. The provisions of sub-clause 7.2 apply to the cases of economic and financial recomposition of the **CONCESSION AGREEMENT**, implemented through the extension of the contractual term.

CLAUSE EIGHT - TERMINATION

8.1. This **COOPERATION AGREEMENT** will be terminated exclusively in the following cases:

- (i) Termination, pursuant to clause 5.1 of this **COOPERATION AGREEMENT**;
- (ii) Agreement between the **PARTIES**, agreed in a specific instrument;
- (iii) Motivated termination, in the event of a serious fault or proven non-compliance with the obligations provided for in this **COOPERATION AGREEMENT**, which cannot be remedied by the cooperation and search for a consensual solution between the **PARTIES**, observing, in any scenario, the carrying out of a previous administrative process conducted by **AGENCY**, in which the constitutional principles of the adversary and broad defense are observed;
- (iv) Judicial decision rendered final;
- (v) Unilaterally, by reasoned and motivated denunciation by one of the **PARTIES**, whenever the relevant public interest authorizes it in case of risk in the discontinuity of the provision of the **SERVICES**.

8.2. The **STATE** and the **MUNICIPALITY** undertake to guarantee the validity and full fulfillment of the obligations that may be provided for in the **CONCESSION AGREEMENT** and **PROGRAM AGREEMENT**, in relation to the **SERVICES** provided in the urban area of the **MUNICIPALITY**, regardless of the duration of this **COOPERATION AGREEMENT** .

8.3. The unilateral termination of this **COOPERATION AGREEMENT** by the **MUNICIPALITY**, under the terms of item “v” of sub-clause 8.1, for the purpose of resuming the **SERVICES**, will be in accordance, with regard to the legal effects produced in the **CONCESSION AGREEMENT**, with the conditions and the legal regulation applicable to the hypothesis of contractual termination due to expropriation; the **MUNICIPALITY** is responsible for proceeding with the payment of indemnities due in favor of the **UTILITY COMPANY**, due to the investments made and not yet amortized.

CLAUSE NINE - VENUE

9.1. The district court of the capital is hereby elected, with express waiver of any other, however privileged it may be, to settle any issues arising from this **COOPERATION AGREEMENT** and which cannot be resolved by mutual agreement between the **PARTIES**.

CLAUSE TEN - COMPLEMENTARY PROVISIONS

10.1. The doubts arising in the application of this **COOPERATION AGREEMENT**, as well as the omitted cases, will be resolved by the **AGENCY**, respecting the pertinent legislation.

10.2. If the **AGENCY** is replaced by another administrative entity in charge of the inspection and regulation functions, the obligations set out in this **COOPERATION AGREEMENT** will apply to the new entity.

10.3. Upon signing this **COOPERATION AGREEMENT**, the **MUNICIPALITY** becomes aware of the content of the **CONCESSION AGREEMENT** draft and its annexes, notwithstanding the possibility for the **STATE** to proceed with the necessary adjustments and adaptations in such documents, notably those resulting from the public consultation and hearing processes, as well as interactions with competent inspection and control agencies.

10.4. The creation of a governance structure aimed at monitoring services is authorized hereby, involving representatives of the **MUNICIPALITY**, users, civil society and other Municipalities that are part of the regionalization structure, aimed at controlling and monitoring the provision of the **SERVICES**.

10.5. In case of divergence between the rules provided for in the legislation and in the instruments involving this inter-federative cooperation, the following shall prevail:

- (i) first, the provisions contained in the legal, regulatory and technical standards in force;
- (ii) second, the provisions contained in the **CONCESSION AGREEMENT** and its annexes that are most relevant in the matter in question, with the provisions of the **CONCESSION AGREEMENT** prevailing over those of its annexes;

- (iii) third, the provisions contained in the **CONCESSION** notice and its annexes, with the provisions of the notice prevailing over those of its annexes;
- (iv) fourth, the provisions contained in the **MANAGEMENT AGREEMENT** and its annexes, with the provisions of the **MANAGEMENT AGREEMENT** prevailing over those of its annexes;
- (v) fifth, the provisions contained in this **COOPERATION AGREEMENT**.

IN WITNESS WHEREOF, the Parties sign this instrument in three (03) copies of equal content and form, in the presence of the undersigned witnesses.

[capital], [•] [•] , [•]

MUNICIPAL MAYOR OF [•]

GOVERNOR OF THE STATE OF [...]

**AGENCY: [...]
Chief Executive Officer**

Witnesses:

1. _____

2. _____