

## **FIRST ADDENDUM TO THE LOAN AGREEMENT**

made and entered into by and between

**THE DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED**

and

**DANNHAUSER LOCAL MUNICIPALITY**

in respect of the funding the

**Dannhauser Local Municipality Capital Programme 2017/18 – 2018/19**



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## 1 PARTIES

The Parties to this Addendum are:

- 1.1 **The Development Bank Of Southern Africa Limited**, reconstituted and incorporated in terms of section 2 of the Development Bank of Southern Africa Act, 1997 (“**DBSA**”);  
and
- 1.2 **Dannhauser Local Municipality**; (“**Dannhauser**”).

## 2 RECORDAL

**WHEREAS**, the Parties entered into a loan agreement on or about 7 August 2017 for an amount of R 44 850 000.00 (Forty four million eight hundred and fifty thousand Rand) in respect of the Project (the “Agreement”).

**AND WHEREAS**, the electricity projects identified for the purpose of the Programme in the 2017/2018 financial year were not undertaken as a result of delays by Eskom in approving designs.

**AND WHEREAS**, Eskom has subsequently approved the designs with a requirement for bulk infrastructure. As such, this resulted in an increase of the budget from R 4 000 000 (four million Rand) to R 5 451 720.40 (five million four hundred and fifty one thousand seven hundred and twenty rand and 40 cents).

**AND WHEREAS**, the bulk infrastructure required for Ward 9 is in excess of the Dannhauser's budget and as such, the electricity projects under the Programme will now focus on electrifying 90 households in Ward 1 and Ward 13.

**AND WHEREAS**, the cost of the roads projects under the Programme for the 2017/2018 financial year were less than budgeted for resulting in a saving, the Parties have agreed to reallocate a portion of said saving towards the increase in budget of the electricity projects.

**AND THEREFORE** the Parties contract and agree to the following terms and conditions for the reallocation of savings realised in the roads projects to increased costs in the electricity projects under the Programme for the 2017/2018 financial year.

## 3 INTRODUCTION

- 3.1 The Parties have agreed to vary certain provisions of the Agreement.
- 3.2 Clause 29 of Agreement provides that no addition or variation or waiver shall be of any

force or effect unless reduced to writing and signed by or on behalf of the Parties.

- 3.3 The Parties wish to enter into this Addendum to amend certain provisions of the Agreement on the terms set out herein.

The Parties accordingly agree as follows:

#### 4 DEFINITIONS

- 4.1 Unless otherwise defined in this Addendum, words and expressions used in this Addendum shall bear the meaning ascribed to such words and expression in the Agreement. In the event of any conflict between the provisions of this Addendum and the provisions of the Agreement, the provisions of this Addendum shall apply.
- 4.2 In this Addendum, unless the contrary appears from the context, the following words shall have the meanings, as stated:
- 4.2.1 **“Addendum”** shall mean this agreement and all annexures thereto entered into between the Parties in order to amend certain provisions of the Agreement;
- 4.2.2 **“Date of Signature”** means the date on which this Addendum is signed by the Party doing so last; and
- 4.2.3 **“Parties”** means the DBSA Dannhauser and **“Party”** means either one of them as the context may indicate.

#### 5 AMENDMENT OF THE LOAN AGREEMENT

- 5.1 The Parties agree that the Agreement is amended with effect from the Date of Signature as follows:
- 5.1.1 Ad clause 1.5, the Parties hereby delete this clause in its entirety and replace it with the following clause:
- “1.5 **“Availability Period”** means the period from the CP Fulfillment Date up to and including 30 June 2020.”
- 5.1.2 Ad Annexure B (*Programme/Project Description*), the Parties hereby delete this annexure in its entirety and replace it with Annexure A (*Programme/Project Description*) attached to this Addendum.

## 6 SAVINGS CLAUSE

Save to the extent specifically or by necessary implication modified in or inconsistent with the provisions of this Addendum, all the terms and conditions of the Agreement shall *mutatis mutandis* continue in full force and effect.

## 7 AFFIRMATIONS AND CONDITIONS

7.1 This Amendment contains all the amendments to the Agreement and neither of the Parties shall be bound by any undertakings, representations, warranties or promises made, in respect of such addendum, which are not recorded herein.

7.2 Nothing, in this Amendment shall be construed by either Party, as precluding the Parties from further amending the Agreement and this Addendum should this become necessary.

7.3 Save for the changes contained in this Addendum, the Agreement shall remain unaltered.

## 8 MISCELLANEOUS PROVISIONS

8.1 This Addendum may be signed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Amendment.

8.2 This Addendum and any non-contractual obligations arising out of or in connection with it shall be governed by South African Law.

*Signature page follows*

SIGNED at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2019

For and on behalf of

**DEVELOPMENT BANK OF SOUTHERN AFRICA, DULY AUTHORISED THERETO**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name of Signatory

\_\_\_\_\_  
Designation of Signatory

SIGNED at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2019

For and on behalf of

**DANNHAUSER LOCAL MUNICIPALITY,  
WHO HEREBY WARRANTS HIS UTHORITY**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name of Signatory

\_\_\_\_\_  
Accounting Officer

## ANNEXURE A

## PROGRAMME / PROJECT DESCRIPTION

## 1. Roads projects

## Revised FY2017/18 (Completed)

	Description	Km's	Original budget	Actual Costs	Savings
1	Ward 5 (Mbabane Road)	2	R3 000 000	R 2 828 625	R171 376
2	Ward 9 (Grootgeluk Access Road)	2	R3 000 000	R 2 718 725	R281 275
3	Ward 12 (Anniville/ Annandale Road)	2	R3 000 000	R 1 787 474	R1 212 526
4	Ward 13 (Fairbreeze and Emfundweni	2	R3 000 000	R 2 863 488	R136 512
	<b>Subtotal</b>		<b>R12 000 000</b>	<b>R 10 198 312</b>	<b>R1 801 689</b>
	Project Management Fees 10% of		R1 200 000	R 834 305	R365 695
	<b>Total Amount</b>		<b>R13 200 000</b>	<b>R 11 032 617</b>	<b>R2 167 384</b>

## Original FY2018/19 (Under Construction)

	Description	Km's	Value
1	Ward 7 ( Slieve Donald and Mourne access roads	3	R 4 500 000
2	Ward 8 (Greenock and Naas farm access roads)	3	R 4 500 000
3	Ward 2 ( Sweetwater and Domba access road)	3	R 4 500 000
4	Ward 6 ( Rutland, Flint and Jesse farm access roads)	3	R 4 500 000
5	Ward 4 ( Dorset, Kara and Ngisana access roads)	3	R 4 500 000
	<b>Subtotal</b>		<b>R22 500 000</b>
	Project Management Fees 10% of construction cost		R2 250 000
	<b>Total</b>		<b>R24 750 000</b>

## 2. Original Service Delivery Vehicles (Completed)

## FY2017/18

Description	Number	Budget	Actual Spent	Savings
Tipper trucks	2	R2 900 000	R2 510 374	R389 626

**Reconciliation**

Total savings to date: R2,557,000

Transferred to electrification = R1 451 720

Balance of savings = R1,105,290

## 3. Revised Electricity Projects

## FY2019/20 (To be implemented)

(see next page)

**Electricity Original Budget**

<b>Electrification Financial Year 2017/18</b>	<b>No. of HH Connections</b>	<b>Budget</b>
		<b>R</b>
Ward 1	15	1,000,000
Ward 9	45	1,500,000
Ward 13	40	1,500,000
<b>Total</b>	<b>100</b>	<b>4,000,000</b>

**Electricity Revised Budget**

<b>Electrification Financial Year 2019/20</b>	<b>No. of HH Connections</b>	<b>Budget</b>
		<b>R</b>
Ward 1 - Normandien Village	70	4,240,227
Ward 13 - Fairbreeze Village	20	1,211,493
<b>Total</b>	<b>90</b>	<b>5,451,720</b>