



# THE WATER AND SEWERAGE AUTHORITY OF TRINIDAD AND TOBAGO (WASA) TT\$300,000,000.00 FIXED RATE BOND

Guaranteed by the Government of the Republic of Trinidad and Tobago

Agent - Central Bank of Trinidad and Tobago, Eric Williams Financial Complex, St. Vincent Street, Port-of-Spain

"The Securities and Exchange Commission has not in any way evaluated the merits of the securities offered hereunder and any representation to the contrary is an offence".

## INFORMATION MEMORANDUM

### THE BONDS

The Water and Sewerage Authority of Trinidad and Tobago (the "Authority") proposes to raise TT \$300,000,000.00 through the issue of 5-year bonds with a fixed coupon rate. The Bonds will be issued in one tranche on June 2, 2009 pursuant to a Trust Deed between the Authority and RBTT Trust Limited.

The Bonds will be issued with the following features:

Approximately TT\$300,000,000.00 6.30% Fixed Rate Bonds due 2014

The Central Bank of Trinidad and Tobago will auction the Bonds via a single price auction system.

As far as possible, applicants will be allotted bonds to the fullest extent of their applications.

The auction will be opened at 10.00 a.m. on May 15 2009 and closed at 1.00 p.m. on May 29 2009.

### TERMS OF ISSUE

#### 1. Authority

These Bonds will be issued pursuant to Section 26 (2) of the Water and Sewerage Act Chap. 54:40 and Section 36(2) of the Exchequer and Audit Act Chap. 69:01 of the Revised Laws of Trinidad and Tobago.

#### 2. Use of Proceeds

The proceeds of this issue will be used to fund the Authority's National Social Development Programme (NSDP), a programme introduced to provide communities considered undeveloped and under-developed with respect to the provision of quality water services.

These Bonds are eligible for inclusion in the Statutory Fund of Insurance Companies and will be considered as assets in and originating in Trinidad and Tobago within the meaning of Sections 47 (1) and 186 (3) respectively of the Insurance Act, 1980 and will also be accepted without limit for appropriate deposit purposes in accordance with Section 29 of the Insurance Act.

#### 3. Date of Issue

The date of issue of the Bonds is June 02, 2009.

#### 4. Agent

The Central Bank of Trinidad and Tobago has been appointed sole and exclusive agent for the raising and management of this issue of Bonds.

#### 5. Method of Payment

The Government will meet the associated debt service obligations.

Payment will be made in Trinidad and Tobago dollars.

#### 6. Security

The principal monies and interest represented by the Bonds will be guaranteed irrevocably and unconditionally by the Government of the Republic of Trinidad and Tobago pursuant to the Guarantee of Loans, (Statutory Authorities) Act, Chap. 71:81 of the Revised Laws of the Republic of Trinidad and Tobago.

#### 7. Interest

Interest is payable semi-annually on December 02nd and June 02nd. Interest will accrue from June 02, 2009 and the first payment will be made on December 02, 2009. Interest will be calculated at a rate of 6.30% per annum on a 365-day basis.

#### 8. Business Day

In the event that a payment date occurs on a day other than a Business Day, such payment will be made on the Business Day preceding that date.

#### 9. Redemption

Any bond forming part of this issue, if not previously cancelled or redeemed by purchase in the open market, will be repaid at par on June 02, 2014.

#### 10. Applications and General Arrangements

Applications will be received at the **DOMESTIC MARKET OPERATIONS DEPARTMENT, CENTRAL BANK OF TRINIDAD AND TOBAGO, CENTRAL BANK BUILDING, ST. VINCENT STREET, PORT OF SPAIN.** Applications must be for \$1,000.00 face value or multiples thereof. No allotment will be made for any amount less than \$1,000.00 face value.

Government Securities Intermediaries appointed by the Central Bank will act as counterparties to the Central Bank in the auction and will thereafter provide a market for the bonds. The public can bid competitively or non-competitively by submitting the relevant application forms along with payment to a Government Securities Intermediary. The minimum allotment that can be obtained through a non-competitive bid is \$1,000.00 face value and the maximum is \$100,000.00.

Registration of bondholders will be made by book entry at the Central Bank of Trinidad and Tobago in the name of each subscriber.

The Information Memorandum is available at [www.central-bank.org.tt](http://www.central-bank.org.tt). Application Forms may be obtained at the offices of all Government Securities Intermediaries, as designated by the Central Bank of Trinidad and Tobago.

### THE ISSUER

#### 1. Overview

The Water and Sewerage Authority (the "Authority") is a statutory body. It was established in 1965 by an Act of Parliament, the Water and Sewerage Act Chap. 54:40 of the Revised Laws of

the Republic of Trinidad and Tobago. It has responsibility for the following:

- maintaining and developing waterworks and other property related thereto;
- providing water supplies and administering the supply of water;
- promoting the conservation and proper use of water resources;
- maintaining and developing the sewerage system and other property related thereto;
- constructing and developing such further sewerage works as it considers necessary or expedient;
- providing sewerage facilities;
- administering sewerage services;
- expanding the coverage of the sewer system.

The Authority's vision as enunciated in its Strategic Plan is "to be a high quality water utility service provider for the people of Trinidad and Tobago and thereafter to be the center of excellence within the water utility sector in the Caribbean".

The Authority has an active customer database of 363,995 at 2009 February 28, comprising industrial, commercial, agricultural and residential customers and is continuing to expand its operations to meet the growing demand at new industrial sites throughout Trinidad and Tobago.

As part of its corporate responsibility, the Authority monitors and manages the water resources throughout Trinidad and Tobago and is committed to implementing the concept of Integrated Water Resources Management through the recently approved National Water Resources Management Policy.

The Authority is the most essential utility in Trinidad and Tobago, being the sole provider of water and sewerage services. The assets for which the Authority has responsibility include:

- 22 surface water treatment facilities
- 66 groundwater treatment facilities
- 37 rural intakes and spring sources
- 120 pumping stations (booster stations)
- Approximately 6,000 kilometers of water mains (pipeline) ranging from 20 mm to 1,350 mm in diameter
- 4 raw water impounding reservoirs: total storage of 68 million megalitres (15 billion gallons)
- 436 wells
- 36 sewage treatment facilities
- Approximately 400 kilometers of sewer mains ranging from 125 mm to 1,800 mm in diameter
- A hydro-meteorological network including 175 rainfall stations, over 70 real time (telemas) stations, 38 streamflow stations, 10 groundwater monitors, 9 evaporation stations, and 4 telemetric repeater stations.

Approximately 955 megalitres (210 million gallons) of water is produced per day, which

represents an increase of 217 percent from 441 megalitres (97 million gallons) in 1965. The Authority's water production conforms to the World Health Organization (WHO) guidelines:

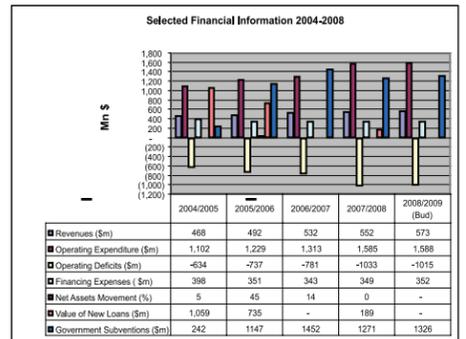
- Surface Water.....(65%)
- Groundwater.....(25%)
- Desalinated Water...(10%)

In terms of the Tobago water sector, the Authority continues to develop new potable water sources to meet the growing demand, with particular reference to the Tourism Sector. Water production over the last five years has risen from 27.3 megalitres (6 million gallons) to 40.9 megalitres (9 million gallons), and is projected to increase to 54.5 megalitres (12 million gallons) within the next year.

### 2. Financial Information

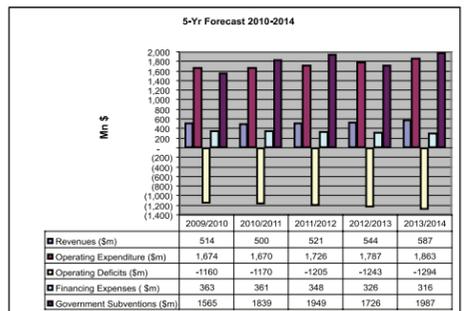
The Table below highlights the historical financial performance of the Authority over the fiscal years 2004/2005 to 2008/2009 and forecast to 2013/2014.

Fiscal Years	2004/2005 Draft Audited	2005/2006 Management Accounts	2006/2007 Management Accounts	2007/2008 Management Accounts	2008/2009 Budgeted Accounts
Revenues (\$m)	468	492	532	552	573
Operating Expenditure (\$m)	1,102	1,229	1,313	1,585	1,588
Operating Deficits (\$m)	634	737	781	1,033	1,015
Financing Expenses (\$m)	398	351	343	349	352
Government Subventions	242	1,147	1,452	1,271	1,326
Net Surplus/(Deficit)	(790)	59	328	111	(41)
Net Assets Movement (%)	5	45	14	-	N/A
Value of New Loans (\$m)	1,059	735	-	189	N/A
Current Ratio	0.25	0.68	0.77	0.51	N/A



The 5-year forecast for the Authority is as follows:

Fiscal Years	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Revenues (\$m)	514	500	521	544	587
Operating Expenditure (\$m)	1,674	1,670	1,726	1,787	1,863
Operating Deficits (\$m)	1,160	1,170	1,205	1,243	1,294
Financing Expenses (\$m)	363	361	348	326	316
Government Subventions	1,565	1,839	1,949	1,726	1,987
Net Surplus/(Deficit)	42	308	396	157	377





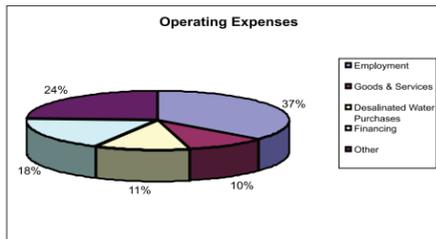
From October 2009 it is anticipated that the Authority would have legally transferred the Wastewater Division in WASA to a separate entity. The Authority's 5-year forecast is therefore derived from water revenue and related expenditures only. The Industrial Customer segment continues to account for more than 40 percent of total rates and charges.

**Operating Expenses**

The Authority's operating expense structure is detailed as follows:

Expenses	\$000's	%
Employment	699,924	36.2
Goods & Services	198,110	10.2
Desalinated Water Purchases	222,695	11.5
Financing	348,849	18.1
Other	464,378	24.0
<b>TOTAL</b>	<b>\$1,933,956</b>	<b>100.0</b>

Source: Management Accounts September 2008



**Financing Expenses**

At 2009 February 28, the Authority had 18 loans, with a total principal value of \$4,258,968,814. In fiscal 2008/09, the Authority's debt service obligations will amount to \$700,446,807 million, which comprises of principal repayments \$323,467,981 million and interest payments \$376,978,826 million.

**Financial Strategies**

The Authority continues to implement strategies geared towards improving its operating ratio. In addition, investment continues to expand in new technologies aimed at improving its operational efficiencies, customer service and financial performance.

The Authority introduced a performance-based system of budgeting over the course of the last two years. In further pursuit of enhanced cost management, it has also refocused its finance function on management information reporting.

**3. Strategic Plan**

*Water Sector Modernization Programme*  
The Authority's Strategic initiatives are guided by the Government's Three-Year *Water Sector Strategic Plan* as the first step in a long-term development program in pursuit of the Government's 2020 Vision development targets. The Three-Year Investment Program, estimated at \$1.2 billion is a critical component of the Water Sector Strategic Plan. This Program will now and in the immediate future significantly improve the delivery of water and wastewater services to all customers in Trinidad and Tobago. The long term focus will be on critical areas of the infrastructure, to address the undersized and deteriorated pipe network, leakage reduction, rehabilitation of production sources, reconstruction of the sewerage sector and complementary institutional strengthening initiatives.

A Master Plan is currently being developed as a working framework for an integrated approach to the long-term development of the water and sewerage sector. Other initiatives include the re-engineering of the Authority's Systems, Processes and Procedures to support continuous improvement to customer services. Further to this, the Authority will work with its stakeholders to build consensus with respect

to the restructuring of the Authority's Operations.

**National Social Development Programme (NSDP)**

The NSDP commenced in March 2002 and has resulted in notable improvements in the quality of life of citizens in targeted communities. In this regard, the NSDP has delivered and continues to deliver a number of socio-economic benefits including:

- Improved water supply to communities experiencing acute shortages;
- Access to pipe and truck borne water supply to communities without such a service;
- Reduction in the capital cost to low-income individuals for the provision of an electricity supply to their households;
- Fostering a greater sense of community among the population as a result of the implementation of self-help projects for the upgrading of community infrastructure (churches, community centers, transformation and development centers, recreational facilities), and increasing access to such facilities;
- Increasing access to multipurpose sporting and recreational facilities, thereby providing increased opportunities for young people to utilize their energies in constructive avenues in sports; and
- Creation of increased opportunities for self-employment and the development of micro-entrepreneurs particularly in rural communities.

The water component of the NSDP was aimed at improving the water supply to the population throughout Trinidad and Tobago, especially bringing relief where the water supply was less than 84 hours per week and in areas that were without a water supply. It was expected that areas serviced throughout the NSDP would enjoy a water supply between 84 hours per week and a continuous supply. The programme included the following:

- Laying of pipelines;
- Installation of Booster Pumping Stations;
- Drilling of Wells;
- Installation of Communal water tanks;
- Installation of Water Storage Tanks; and
- Supply of Truck-borne water to areas adversely affected by the dry season.

**4. Regulatory Framework**

The Authority operates in a regulated market and is committed to delivering its services to customers in keeping with the applicable standards. The Public Utilities Commission in the past has regulated Rates and Charges and the Regulated Industries Commission (RIC) has now taken over that role. It is also mandated to establish and maintain operating standards.

At present the Authority and the RIC are jointly developing an implementation schedule for operating standards proposed by the RIC. Tariff reviews and regulatory standards, which are managed by the RIC, are integral levers for moving the organization into the future as defined by the Government's Water Sector Strategic Plan. The RIC is currently in receipt of the Authority's Strategic Business Plan, which it is studying in its deliberation of a Tariff Review, which is imminent in 2009.

The Authority continues to abide with other key regulatory standards, which affect the impact of its operations on the physical and social environment.

# Information Memorandum

**5. Organizational Structure**

A Board of Commissioners appointed by the Cabinet of the Government of the Republic of Trinidad and Tobago and an Executive Management Team headed by the Chief Executive Officer are responsible for the management of the Authority.

The members of WASA's Board of Commissioners are as follows:

- Dr. Shafeek G.A. Sultan-Khan - Chairman
- Mr. Trevor Deane
- Dr. Andre Vincent Henry
- Ms. Stacey Dillon
- Mr. Marlon Mohammed
- Mr. Terrence Williams

The members of WASA's Executive Management Team are as follows:-

- Mr. Patrice Orleach – Chief Executive Officer (Ag.)
- Mr. Dion Abdool – Chief Corporate Officer
- Mr. Gerard Yorke – Chief Financial Officer
- Mr. Peter Hackette – General Manager, Tobago Services (Ag.)
- Ms. Annamay Haynes – General Manager, Corporate Services (Ag.)
- Mr. Allan Poon King – General Manager, Operations (Ag.)
- Ms. Marie Iton – General Manager, Human Resources (Ag.)
- Ms. Sandra Sammy – General Manager, Business Services (Ag.)
- Ms. Paula Maria Fortune – General Manager, Legal
- Ms. Penelope Williams – General Manager, Compliance & Internal Audit (Ag.)
- Ms. Ellen Lewis – General Manager, Corporate Communications (Ag.)

**6. Way Forward**

The Authority is embarking on a Water and Wastewater Master Plan, which will be pivotal to improving the service to our customers through the implementation of new technologies and systems. This plan will lay the framework for institutional and infrastructural development (including the replacement of the pipeline network) in achievement of the Government's 2020 Vision Objectives.

**GENERAL INFORMATION**

- (i) The Authority has obtained all necessary consents and authorizations in connection with the issue and performance of the Bonds. The issue of the Bonds is authorized under the Water and Sewerage Act, Chap. 54:40.
- (ii) The Bonds are eligible for inclusion in the Statutory Fund of Insurance Companies and will be considered as assets in and originating in Trinidad and Tobago within the meaning of Sections 47(l) and 186(3) respectively of the Insurance Act 1980.
- (iii) Copies of the Trust Deed may be inspected on any business day (Saturday and public holidays excluded) from 9.00 a.m. to noon at the offices of the Authority and the Central Bank of Trinidad and Tobago.
- (iv) The Authority is not involved in any litigation or arbitration proceedings relating to claims or amounts which are material in the context of the issue of the Bonds nor so far as the Authority is aware are any such litigation or arbitration proceedings pending or threatened.

**FURTHER PARTICULARS**

This Information Memorandum is filed with the Securities and Exchange Commission, pursuant to Section 6 of the Securities Industry

Act, 1995 ("SIA"), for the purpose of giving information to investors about the Bonds.

The Authority is responsible for the information contained in this Information Memorandum and to the best of its knowledge and belief all such information is in accordance with the facts and does not omit anything which is likely to materially affect the investment.

Each recipient of this Information Memorandum is expected to make his own independent assessment of the securities described herein after making such investigation and consulting with such advisors, as he may deem necessary. Each recipient shall determine his interest in participating in this transaction upon the basis of that independent assessment.

No person is authorized to give any information or make any representation not contained in this Information Memorandum and any information or representation not contained herein must not be relied upon as having been authorized by or on behalf of the Authority. The Information Memorandum is being distributed specifically with reference to the Bonds and may not be reproduced or used in whole or in part for any other purpose.

**List of Government Securities Intermediaries**

Institution	Contact Address
ANSA Merchant Bank Limited	11c Maraval Road Port of Spain  Tel: 623-8672 Fax: 624-8763
Caribbean Money Market Brokers Limited *	Ground Floor, Furness Court Corner Richmond Street and Independence Square Port of Spain  Tel: 623-7815/5153 Fax: 624-4544
Citicorp Merchant Bank Limited	12 Queen's Park East Port of Spain  Tel: 625-1046; 623-3344 Fax: 624-1719
First Citizens Bank Limited	Corporate Centre 9 Queen's Park East Port of Spain  Tel: 624-3178 Fax: 627-4548
Intercommercial Trust and Merchant Bank Limited	Ground Floor Furness Building Port of Spain  Tel: 665-4425 Fax: 665-6663
Republic Finance and Merchant Bank Limited	9-17 Park Street Port of Spain  Tel: 625-4411 Fax: 624-1296
RBTT Merchant Bank Limited	Corner Broadway and Independence Square Port of Spain  Tel: 625-3511 Fax: 624-5212
Scotia Trust and Merchant Bank (Trinidad and Tobago) Limited	Scotia Centre 56-58 Richmond Street Port of Spain  Tel: 625-3566 Fax: 623-4405
FirstCaribbean International Bank (Trinidad and Tobago) Limited	74 Long Circular Road Maraval Port of Spain  Tel: 628-4685 Fax: 625-8906
Trinidad and Tobago Unit Trust Corporation *	Corner Richmond Street and Independence Square Port of Spain  Tel: 624-8648 Fax: 624-4729

Note: \* Intermediaries designated to accept non-competitive bids from the public. Applications will be accepted by these intermediaries up to 4:00 p.m. on Thursday 28<sup>th</sup> May, 2009.