



PREFEITURA DE ITANHAÉM

ESTÂNCIA BALNEÁRIA | ESTADO DE SÃO PAULO

ANNEX 2

DEFINITIONS OF THE CONTRACT AND ITS ANNEXES



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Definitions for the Contract and its respective Annexes of the Administrative Concession for the provision of street lighting services in the Municipality of Itanhaém, including modernization, expansion, efficiency, management, operation and maintenance of the municipal street lighting network.

1. For the purposes of interpreting the CONTRACT and ANNEXES, the terms and expressions used in the CONTRACT shall have the following meanings:

1.1. ABNT: Brazilian Association of Technical Standards, organ responsible for technical standardization in Brazil, providing inputs for Brazilian technological development;

1.2. ANNEXES: documents that make up this CONTRACT;

1.3. CONCESSION AREA: area corresponding to the entire MUNICIPALITY territory, encompassing all STREET LIGHTING POINTS and the entire infrastructure of the MUNICIPAL STREET LIGHTING NETWORK contained within this territorial boundary;

1.4. SPECIAL AREAS: roads where there are public units (Hospital, Health Units, School, Culture and Entertainment Centers, Forum, Police Station, etc.) operating at night, roads with the highest crime rate and roads close to Urban Bus Terminals;

1.5. RELATED ACTIVITY: any activity, project or undertaking associated with the object of the CONCESSION, explored by the CONCESSIONAIRE;

1.6. CREDITS BANK: set of credits available to the GRANTOR to request SUPPLEMENTARY SERVICES demands, according to the rules provided for in Annex 5 and in the other clauses of the CONTRACT;

1.7. REVERSIBLE ASSETS: assets that are essential to continue services



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related to the purpose of the CONCESSION, which shall revert to the GRANTOR at the end of the CONTRACT, including, but not limited to, STREET LIGHTING POINTS, facilities, LUMINAIRES, reactors, accessories, and equipment for remote control and monitoring of the MUNICIPAL STREET LIGHTING NETWORK;

1.8. LINKED ASSETS: are all the assets used by the CONCESSIONAIRE in the CONTRACT execution, including the assets over which the CONCESSIONAIRE has control, those in relation to which the GRANTOR assigns use to the CONCESSIONAIRE and those in relation to which the CONCESSIONAIRE has the guard duty;

1.9. BONUS ON THE ENERGY BILL: bonus to which the CONCESSIONAIRE shall be entitled in the event of additional savings in the electricity consumption of STREET LIGHTING;

1.10. BASE REGISTRATION: initial registration of the set of equipment of the MUNICIPAL STREET LIGHTING NETWORK presented by the CONCESSIONAIRE, according to the guidelines set out in ANNEX 5;

1.11. REGISTRATION: registration, updated throughout the CONCESSION TERM, which reflects the composition of the MUNICIPAL STREET LIGHTING NETWORK, in accordance with the provisions of this CONTRACT and the ANNEXES;

1.12. TRAINING: courses or workshops held by the CONCESSIONAIRE to improve the knowledge of the GRANTOR's team on topics related to the CONCESSION;

1.13. UNFORESEEABLE CIRCUMSTANCES or MAJOR FORCE: unpredictable, inevitable and irresistible event, which affects the execution of the contract, such as, but not limited to, floods, earthquakes, wars, in accordance with the provisions of the sole paragraph of article 393, of Brazilian Civil Code;

1.14. OPERATIONAL CONTROL CENTER: location intended for the monitoring and control of the MUNICIPAL STREET LIGHTING NETWORK, composed of information technology structure, equipment and software that allow the



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management of the MUNICIPAL STREET LIGHTING NETWORK, from the control of assets, detection of failures, remote measurement of energy consumption at STREET LIGHTING POINTS and prioritization of assistance and interventions in real time, in addition to the recording, dispatch and monitoring of occurrences;

1.15. LIGHTING CLASS: category of lighting classification of a particular street in accordance with the guidelines provided for in ANNEXES, which may be V1, V2, V3, V4 or V5 in the case of vehicle lanes and P1, P2, P3 or P4 in the case of pedestrian paths;

1.16. COSIP: Contribution to the Cost of Public Lighting Services that pays for the STREET LIGHTING services;

1.17. TECHNICAL COMMISSION: each of the committees composed in the form established in the CONTRACT to resolve technical differences and issues related to economic and financial aspects during the execution of the CONTRACT;

1.18. GOVERNANCE COMMITTEE: committee created by the PARTIES for the coordination, integration and discipline of the efforts of the PARTIES in the execution of the SERVICES granted and the services under the GRANTOR's responsibility, including in relation to the responsibility for the action of the GRANTOR with the DISTRIBUTOR COMPANY or other organs competent;

1.19. CONCESSION: administrative concession for SERVICES provision, within the term and under the conditions established in the CONTRACT and its ANNEXES;

1.20. CONCESSIONAIRE: Special Purpose Entity constituted by the AWARDER under the terms of the CONTRACT, for the execution of the purpose of the CONCESSION;

1.21. RESERVE ACCOUNT: current account held by the GRANTOR, opened with the DEPOSITORY FINANCIAL INSTITUTION, exclusively handled by the FINANCIAL INSTITUTION whose composition and composition of the minimum balance must be equivalent to the provisions of ANNEX 13;



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1.22. **LINKED ACCOUNT:** current account held by the GRANTOR, opened with the DEPOSITORY FINANCIAL INSTITUTION, with exclusive transactions by the DEPOSITORY FINANCIAL INSTITUTION, under the terms of the CONTRACT, intended to receive the revenue from the collection of the COSIP transferred by the DISTRIBUTOR COMPANY, carry out transfers and recompose MINIMUM BALANCE OF THE RESERVE ACCOUNT, according to CONTRACT WITH THE DEPOSITORY FINANCIAL INSTITUTION;

1.23. **EFFECTIVE MONTHLY CONSIDERATION:** effective amount that shall be paid monthly by the GRANTOR to the CONCESSIONAIRE due to the CONTRACT execution, through the DEPOSITORY FINANCIAL INSTITUTION, calculated from the MAXIMUM MONTHLY CONSIDERATION and after the calculation of the GENERAL PERFORMANCE INDEX, in accordance with compliance CONCESSION MILESTONES;

1.24. **MAXIMUM MONTHLY CONSIDERATION:** amount presented in the COMMERCIAL PROPOSAL;

1.25. is the Administrative Concession Contract no. 07/2022;

1.26. **CONTRACT WITH THE DEPOSITORY FINANCIAL INSTITUTION:** contract entered into between the GRANTOR, the CONCESSIONAIRE and the DEPOSITORY FINANCIAL INSTITUTION in order to create linked accounts for the transit of funds collected from COSIP make payments due to the CONCESSIONAIRE under the CONTRACT;

1.27. **FINANCING CONTRACT:** means each of the contracts, public deeds of issuance of securities, debt securities or other equivalent instruments through which financing or resources are granted to the CONCESSIONAIRE, in any of the modalities allowed by law, to support its obligations within the scope of this CONTRACT;

1.28. **POWER SUPPLY CONTRACT:** Power supply contract for STREET LIGHTING in the MUNICIPALITY signed between the MUNICIPALITY and the DISTRIBUTOR COMPANY;



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- 1.29. **EFFECTIVE DATE:** date on which the **CONTRACT** shall become fully effective, on which the **CONCESSION TERM** begins;
- 1.30. **DOM:** Official Gazette of the Municipality of Itanhaém;
- 1.31. **NOTICE:** Concession Notice No. 07/2022;
- 1.32. **ENTREPRENEURS:** entrepreneurs, builders, land developers and other third parties authorized by the **GRANTOR**, or by another organ or entity of the municipal Public Administration, to install **STREET LIGHTING POINTS**;
- 1.33. **DISTRIBUTOR COMPANY:** holder of a federal concession to provide the public electricity distribution service in the **CONCESSION AREA**;
- 1.34. **LOWER RANGE (FI):** percentage of minimum adherence of the **REGISTRATION** in relation to the **BASE REGISTRATION** that does not lead to economic-financial recovery;
- 1.35. **UPPER RANGE (FS):** percentage of maximum adherence of the **REGISTRATION** in relation to the **BASE REGISTRATION** that does not lead to economic-financial recovery;
- 1.36. **PERFORMANCE FACTOR:** adjustment factor of the consideration to the performance presented by the **CONCESSIONAIRE**, calculated using the **GENERAL PERFORMANCE INDEX** calculated in the quarter prior to payment, according to the rules and guidelines presented in the **ANNEXES**;
- 1.37. **RECOVERY FACTOR (FR):** index, assigned by **GROUP OF STREET LIGHTING POINTS**, which determines the remuneration added to or deducted from the **MAXIMUM MONTHLY CONSIDERATION** of the **COMMERCIAL PROPOSAL**, related to a number of points below the **LOWER RANGE** or above the **UPPER RANGE**;
- 1.38. **FINANCERS:** **FINANCIAL INSTITUTIONS** or other entities that grant financing to the **CONCESSIONAIRE** or represent the creditor parties in the financing;
- 1.39. **MARGINAL CASH FLOW:** projection of the variation in the execution of



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the CONCESSIONAIRE's cash account, measuring the influence of changes in operations, investments and financing activities resulting from a given event on the CONCESSIONAIRE's cash, in the cases and conditions expressly established in the CONTRACT;

1.40. **CONTRACT EXECUTION GUARANTEE:** guarantee that the CONCESSIONAIRE shall maintain, in GRANTOR's favor, the faithful fulfilment of contractual obligations;

1.41. **GROUP OF STREET LIGHTING POINTS:** classification of STREET LIGHTING POINTS, according to their location, as shown or not in REMOTELY MANAGED ROADS;

1.42. **SPECIAL LIGHTING: STREET LIGHTING** services aimed at enhancing urban equipment such as bridges, viaducts, monuments, squares, facades and art works of historical, cultural or scenic value, located in public areas within the CONCESSION AREA;

1.43. **STREET LIGHTING:** service whose exclusive objective is to provide public spaces with artificial light, periodically, continuously or occasionally, including SPECIAL LIGHTING, except for those whose purpose is any form of advertising or publicity, to carry out activities aimed at economic interests, and attendance at traffic lights, radars and traffic monitoring cameras;

1.44. **GENERAL PERFORMANCE INDEX:** index calculated on a quarterly basis, as explained in ANNEX 7, and which reflects the execution of the SERVICES provided by the CONCESSIONAIRE. THE GENERAL PERFORMANCE INDEX shall determine the value of the GENERAL PERFORMANCE FACTOR that shall impact the EFFECTIVE MONTHLY CONSIDERATION, as specified in ANNEX 8;

1.45. **FINANCIAL INSTITUTIONS:** commercial banks, development banks, public banks, multilateral agencies, export credit agencies, trustees, fund managers or other entities that grant, or not, financing to the CONCESSIONAIRE, or represent the creditor parties in this financing concession;

1.46. **DEPOSITORY FINANCIAL INSTITUTION:** official financial institution in



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which the LINKED ACCOUNT and the RESERVE ACCOUNT shall be opened, contracted by the GRANTOR, for the provision of custody, management and administration services of the amounts used in the CONCESSION to guarantee the payment of the EFFECTIVE MONTHLY CONSIDERATION in the CONCESSIONAIRE's favor, under the terms of this CONTRACT;

1.47. IPCA: National Price Index to Broad Consumer– IPCA published by the Brazilian Institute of Geography and Statistics – IBGE;

1.48. REFERENCE QUANTITATIVE OF STREET LIGHTING POINTS: Number of public lighting points described in ANNEX 5.

1.49. LED: Light Emitting Diode (light emitting diode)", consists of a technology of conduction and emission of light, from electrical energy;

1.50. BIDDING: International Competition no. 07/2022;

1.51. LUMINAIRE: equipment composed of a light-emitting module and other components, responsible for directing, fixing and protecting the light source and its auxiliary lighting, operation and control devices.

1.52. CORRECTIVE MAINTENANCE: service performed by the CONCESSIONAIRE as a corrective action from the receipt of maintenance calls, as a result of failures, theft, vandalism or poor execution;

1.53. MAINTENANCE: service performed by the CONCESSIONAIRE, as a corrective action, in cases where there is a risk to the physical integrity of USERS or to the MUNICIPALITY's assets;

1.54. PREDICTIVE MAINTENANCE: service performed by the CONCESSIONAIRE aiming at the systematic or periodic monitoring of the parameters or execution conditions of the STREET LIGHTING equipment, through statistical analysis, aiming at defining interventions prior to the occurrence of failures or the finding of deficient execution of the equipment;

1.55. PREVENTIVE MAINTENANCE: service performed by the CONCESSIONAIRE as a scheduled, periodic or systematic action, with the



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objective of increasing the probability of STREET LIGHTING POINTS operating within the expected useful life and avoiding system failures;

1.56. CONCESSION MILESTONES: set of deliveries planned for the MODERNIZATION AND EFFICIENCY of the MUNICIPAL STREET LIGHTING NETWORK, as well as for the implementation of the REMOTE MANAGEMENT SYSTEM and for the SPECIAL LIGHTING works provided for in ANNEX 5;

1.57. PAYMENT MECHANISM: methodology used to calculate the payment of the monetary consideration due to the CONCESSIONAIRE for providing the SERVICES;

1.58. EFFICIENCY GOAL: efficiency goal of the INITIAL STREET LIGHTING NETWORK established in ANNEX 5 and which directly impacts the BONUS ON THE ENERGY BILL;

1.59. MODERNIZATION AND EFFICIENCY: engineering works and services involving the updating of lighting technology and improvements in the infrastructure of the INITIAL MUNICIPAL STREET LIGHTING NETWORK, in accordance with the provisions expressed in ANNEX 5;

1.60. MUNICIPALITY: Municipality of Itanhaém/SP;

1.61. SUBCONTRACTED OPERATOR: legal entity hired by the CONCESSIONAIRE to perform the technical supervision of SERVICES provision or SERVICES provision itself. In any case, the CONCESSIONAIRE shall assume joint liability, remaining fully responsible for the services provided by the SUBCONTRACTED OPERATOR. For the purposes of the CONTRACT, the obligations relating to the CONCESSIONAIRE also extend to the SUBCONTRACTED OPERATOR.

1.62. SERVICE ORDER: communication sent by the GRANTOR to the CONCESSIONAIRE so that it can take all the necessary measures for the execution of the executive project of the COMPLEMENTARY SERVICES;

1.63. INITIAL SERVICE ORDER: notice sent by the GRANTOR to the



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CONCESSIONAIRE so that it takes all the necessary measures for its mobilization for the beginning of Phase 0;

1.64. MUNICIPAL TRAFFIC AGENCY: municipal organ responsible for traffic management in the MUNICIPALITY;

1.65. PARTIES: the GRANTOR and the CONCESSIONAIRE;

1.66. RELATED PARTIES: in relation to the CONCESSIONAIRE, any controlling person, affiliate and respective subsidiaries, as well as those considered as such by the accounting standards in force;

1.67. OPERATIONAL DEMOBILIZATION PLAN: plan prepared by the CONCESSIONAIRE, containing the inventory of REVERSIBLE ASSETS and their form of reversion to the GRANTOR, and other guidelines provided for in ANNEXES;

1.68. MODERNIZATION PLAN: plan prepared by the CONCESSIONAIRE, containing a detailed SERVICES description, in accordance with the guidelines provided for in ANNEX 5;

1.69. OPERATION AND MAINTENANCE PLAN: plan to be prepared by the CONCESSIONAIRE containing the operation and maintenance strategy of the MUNICIPAL STREET LIGHTING NETWORK;

1.70. GRANTOR: Municipality of Itanhaém/SP, through the Municipal Department of Services and Urbanization;

1.71. RELATED-PARTY TRANSACTION POLICY: document prepared and approved by the CONCESSIONAIRE's management organs that shall contain the rules and conditions for carrying out transactions between the CONCESSIONAIRE and its RELATED PARTIES;

1.72. STREET LIGHTING POINT: set consisting of the LUMINAIRE and the accessories essential for its operation and support (lamp, arms and supports, connectors, conductors, ballasts, photoelectric relays and sockets for photoelectric relays and other equipment related to the installation of STREET LIGHTING), as



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well as such as, when applicable, by the poles with exclusive circuits for STREET LIGHTING and their indispensable accessories (poles, control boxes, switches, conduits, contactors and other materials not mentioned but that are part of the STREET LIGHTING installations), regard less of the number of lamps and LUMINAIRES installed therein;

1.73. **ADDITIONAL STREET LIGHTING POINT:** STREET LIGHTING POINTS requested by the GRANTOR in the cases and conditions provided for in the CONTRACT;

1.74. **ISOLATED STREET LIGHTING POINT:** STREET LIGHTING POINT in relation to which, in either direction of the road, there is no other adjacent STREET LIGHTING POINT on the same road at a distance of less than 90 (ninety) meters;

1.75. **MODERNIZED STREET LIGHTING POINT:** STREET LIGHTING POINT that integrates the MUNICIPAL MODERNIZED AND ENHANCED STREET LIGHTING NETWORK, whose technical specifications meet the requirements of ANNEX 5.

1.76. **TERMINAL STREET LIGHTING POINT:** STREET LIGHTING POINT from which there is, in only one of the directions of the road, another adjacent STREET LIGHTING POINT(S) on the same road at a distance of less than 90 (ninety) meters;

1.77. **CONCESSION TERM:** the duration of the CONCESSION, counted from the EFFECTIVE DATE, which may be changed or extended, as provided for in the CONTRACT;

1.78. **ENTREPRENEURS INSTALLATION PROJECTS:** project to install STREET LIGHTING POINTS for an ENTREPRENEUR;

1.79. **COMMERCIAL PROPOSAL:** offer given by the CONCESSIONAIRE in the BIDDING that preceded the CONTRACT, embodied in the lowest MAXIMUM MONTHLY CONSIDERATION offered;

1.80. **ACCESSORY REVENUES:** ancillary, complementary and extraordinary



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income obtained through RELATED ACTIVITY;

1.81. LINKED REVENUE: revenue obtained through the collection of COSIP used to fund STREET LIGHTING services, ensuring the full, timely and faithful execution of the obligations contracted by the GRANTOR;

1.82. MUNICIPAL STREET LIGHTING NETWORK: set of equipment that integrates the MUNICIPALITY's STREET LIGHTING infrastructure, including all STREET LIGHTING POINTS in the MUNICIPALITY;

1.83. INITIAL MUNICIPAL STREET LIGHTING NETWORK: MUNICIPAL STREET LIGHTING NETWORK existing on the date of CONTRACT signing;

1.84. MODERNIZED AND ENHANCED MUNICIPAL STREET LIGHTING NETWORK: portion of the MUNICIPAL STREET LIGHTING NETWORK whose lighting parameters, energy efficiency goals and REMOTE MANAGEMENT SYSTEM are fully met in accordance with the requirements set out in ANNEX 5;

1.85. QUARTERLY INDICATOR REPORT: report prepared by the INDEPENDENT VERIFIER, which must be sent to the GRANTOR and the CONCESSIONAIRE and the DEPOSITORY FINANCIAL INSTITUTION, containing the calculation of the CONCESSIONAIRE GENERAL PERFORMANCE INDEX, in accordance with the execution parameters contained in ANNEX 7, including the EFFECTIVE MONTHLY CONSIDERATION for the following quarter;

1.86. LIQUIDITY BALANCE: means the liquidity balance to be composed by the GOVERNMENT to support the payment of the MONTHLY CONSIDERATION, through the transfer of COSIP revenues, pursuant to the CONTRACT and its ANNEXES;

1.87. MINIMUM BALANCE OF THE RESERVE ACCOUNT: number of MAXIMUM MONTHLY CONSIDERATION that must be kept in the RESERVE ACCOUNT throughout the CONCESSION;

1.88. SERVICES: STREET LIGHTING services in the Municipality of Itanhaém, including the development, modernization, expansion, energy efficiency, operation



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and maintenance of the MUNICIPAL STREET LIGHTING NETWORK, as provided in ANNEX 5;

1.89. **COMPLEMENTARY SERVICES:** services provided by the CONCESSIONAIRE in compliance with requests made by the GRANTOR for: (i) installation of ADDITIONAL STREET LIGHTING POINTS pursuant to Clause 17; or (ii) operation and maintenance of new ADDITIONAL STREET LIGHTING POINTS installed by ENTREPRENEURS;

1.90. **PERFORMANCE MEASUREMENT SYSTEM:** set of criteria and technical specifications contained in ANNEX 7, referring to the quality goals for the provision of CONCESSION SERVICES, which shall be used to calculate the GENERAL PERFORMANCE INDEX, and, consequently, determine the remuneration due to the CONCESSIONAIRE;

1.91. **REMOTE MANAGEMENT SYSTEM:** system to be implemented by the CONCESSIONAIRE for information traffic, remote control and management of STREET LIGHTING POINTS indicated in ANNEX 5;

1.92. **TERM OF ACCEPTANCE:** document issued by the INDEPENDENT VERIFIER for receipt of STREET LIGHTING POINTS, as provided for in the CONTRACT and ANNEXES;

1.93. **SERVICE DELIVERY TERM:** document signed by the PARTIES for the end of PHASE 0, aiming at the assumption, by the CONCESSIONAIRE, of the SERVICES of the CONTRACT, observing the terms and conditions established in the CONTRACT.

1.94. **TERM OF TRANSFER OF ASSETS:** document signed by the PARTIES through which the transfer of REVERSIBLE ASSETS is formalized, by the GRANTOR, to the CONCESSIONAIRE;

1.95. **TERM OF RECEIPT OF THE MODERNIZED AND ENHANCED MUNICIPAL STREET LIGHTING NETWORK:** term issued by the GRANTOR after the issuance of all TERMS OF ACCEPTANCE referring to the CONCESSION MILESTONES provided for in the MODERNIZATION PLAN and in ANNEX 5,



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which attests to the receipt of the MUNICIPAL NETWORK OF MODERNIZED AND ENHANCED STREET LIGHTING;

1.96. USER: group of those who benefit from the MUNICIPAL STREET LIGHTING NETWORK;

1.97. CONTRACT VALUE: sum of all MAXIMUM MONTHLY CONSIDERATION due by the GRANTOR to the CONCESSIONAIRE throughout the CONCESSION TERM;

1.98. INDEPENDENT VERIFIER: specialized technical consulting company, to be contracted by the CONCESSIONAIRE, as provided for in the CONTRACT and in ANNEX 14; and

1.99. ROADS WITH REMOTE MANAGEMENT: roads with STREET LIGHTING POINTS with implementation of the REMOTE MANAGEMENT SYSTEM, for the LIGHTING CLASSES defined in ANNEX 5.