



ST. MAARTEN MINISTER OF ENERGY AND WATER

The Board of Supervisory Directors NV GEBE,
Ir. Jules Lambert , Chairman of the Board
W.J. Nisbeth Road 35, Pondfill,
Philipsburg.

Uw nummer: Uw brief van: Ons nummer: ^F 126/10 Afd: MINVROMI
Onderwerp: Execution Electricity Concession GEBE

Philipsburg, JUL 19 2011

Dear Mr. Lambert,

In the recent past Government has emphasized the importance of the NV GEBE complying with the requirements and conditions of the electricity ordinance and concession. Reference is made to the previous letters to management of GEBE a copy of which was sent to the Supervisory Board and to the Shareholders Foundation. Attached you will find a next letter to NV GEBE management dated July 18, 2011.

The letter presents an assessment and emphasizes the concern we have regarding compliance of the NV GEBE to the Electricity Ordinance and the Electricity Concession, enacted July 2010. Almost one year after issuing the concession there is no indication of any progress towards compliance with the requirements of the ordinance and concession, except for one payment of the concession fee for the year 2010. All quarterly payments of the concession fee for the year 2011 of ANG 1.25 million are due, three in total, without any justification.

Of a higher order is the compliance with Electricity Ordinance clause 12 sub 5 stating that all funds generated from electricity sales in Sint Maarten shall be used exclusively for operations and investments in Sint Maarten. Consequently Sint Eustatius and Saba should have financially balanced operations budget and own cash flow to finance the investments.

In answering previous letters of Government, GEBE has proposed new target dates for compliance, none of which however were realized, all are past due, without any notification.

The Board of Supervisory Directors of NV GEBE, considering the letters sent to the NV GEBE of November 30th, and December 20th, 2010, considering the absence of commitment and initiatives at management level, considering the importance of compliance with the law, can become co responsible for non compliance of the NV as the Board of Supervisory Directors is informed, has the authority and is the first in line to take effective measures.

The present situation, with the Managing Director's engagement not being continued, further strengthens my view that the Supervisory Board Directors should take immediate actions, safeguarding the interest of the corporation.

Looking forward to your response and views, I remain,

The Minister of Energy and Water

Theodore E. Heyliger

cc. The Council of Ministers;
 The N.V. GEBE Shareholder Foundation;

Gelieve bij beantwoording datum en nummer te vermelden en in elke brief slechts ÉÉN onderwerp



ST. MAARTEN MINISTER OF ENERGY AND WATER

The Board of Supervisory Directors NV GEBE,
Ir. Jules Lambert, Chairman of the Board
Pondfill,
Philipsburg.

Uw nummer: Uw brief van: Ons nummer: ^B 127/10 Afd: MINVROMI
Onderwerp: Execution Water Supply Agreement GEBE

Philipsburg, JUL 19 2011

Dear Mr. Lambert,

The responsibility for the supply of drinking water in Sint Maarten is in hands of Government. The operational tasks have been officially assigned to the NV GEBE as per the Water Supply Agreement signed by Government and GEBE on April 16, 1996.

In the recent past Government has emphasized the importance of the NV GEBE complying with the requirements and conditions of the water supply agreement and the Drinking Water Ordinance of November 2006. Government in November 2010 sent a letter to Management of GEBE requesting information, actions and reports regarding operations of the water company.

A major concern is the loss of valuable water, which loss developed in an exponential way in the last five years from less than twenty percent to over thirty five percent. The loss is equivalent to 1.7 million m³ water per year and ANG 5,000,000 per year. Up to July 18, 2011 GEBE has not answered Governments letter of November 30th, 2010. There has been no action, no progress, no sign of concern, no commitment to remedy the situation. I refer to our letter for many items of concern for Government has requested a plan of action to improve the situation.

Government on July 18, 2011 sent a new letter to Management of GEBE elaborating on all points of concern, a copy of which is attached to this letter. We emphasize on the excessive water losses. For at least five years no water budget has been submitted to Government for approval. Consequently no approval has been given to the water budgets, undermining any approved (consolidated) financial statements of N.V. GEBE in the respective years. Cost allocation and cost distribution keys applied are still subject to Government's approval.

The Board of Supervisory Directors of NV GEBE, considering the letter to the NV GEBE of November 30th, considering the absence of commitment and initiatives at management level, considering the importance of compliance with the Water Supply Agreement and the Drinking Water Act, can become co responsible for non compliance of the NV as the Board of Supervisory Directors is informed, has the authority and is the first in line to take effective measure towards Management.

The present situation, with the Managing Director's engagement not being continued, further strengthens my view that the Supervisory Board Directors should take immediate actions, safeguarding the interest of the water company, integrated in N.V. GEBE.

Looking forward to your response and views, I remain,
The Minister of Energy and Water

Theodore B. Heyliger

cc. The Council of Minister;
The Shareholder Foundation;