

## AGREEMENT

In the city of Tuxtepec, on May 5th 2011, representatives of the communities of Paso Canoa, Santa Ursula, Cerro de Oro y Los Reyes (“the communities”) and representatives of the companies Conduit Capital Partners, Comexhidro and Electricidad de Oriente (“the company”) met to follow up on the agreements reached on March 11<sup>th</sup> and agreed on the following:

### Regarding the safety of the dam curtain

Text of the March 11th agreement:

“The company and the communities will mutually agree to hire an expert who will conduct a study of the risks to the dam curtain as a result of project construction. The communities, the municipal authorities, and state and federal government and the company will have an opportunity to provide information to the expert, attend monitoring visits, and listen to the presentation of results. The company and the communities agree to accept the results of the study.”

Agreements reached:

- The communities and the company agree that they need an answer to the following questions:
  - What is the current state of the safety of the dam curtain?
  - Will the future construction activities of the project affect the safety of the dam curtain?
- Of a total of four candidates suggested by OPIC’s Office of Accountability, the communities and the company agree to select Raúl Flores Berroes as the expert needed to respond the questions defined by the dialogue table.
- The expert will define his methodology of work and will determine if the information available is enough to respond to all of the questions posed. If the expert considers himself able, he will also respond to the following questions: will the future construction activities of the project affect the spring that provides drinking water to the communities of Los Reyes and Santa Ursula?
- In case the expert cannot respond any of these questions, the company and the communities will agree on a process to obtain an answer.
- Once the expert has revised all of the documentation, he will visit the area and will hold meetings with the communities and the company to inform about the methodology he will use and to receive questions and suggestions.
- The expert will send his report to the participants of the dialogue table with sufficient anticipation and will present his final conclusions at the dialogue table and, later, to each community. The communities, the company and the authorities who participate in this dialogue table will receive copy of his report.

- Given that the procurement process at OPIC's Office of Accountability will take longer than desired, the expert will be hired by the company but will serve all of the participants of the dialogue table and will be accountable to the OPIC's Office of Accountability. His duty of independence will be defined in his contract.

#### Regarding the alternative design for the Project

##### Text of the March 11th Agreement:

- The company will study and prepare an alternative technical design that avoids the use of Arroyo Sal Creek and the spring, from which potable water for the communities comes.
- The company will present the current project and the alternative design first to the representatives of the communities and later to the community members so that they can compare both options.
- After hearing the presentation of the current project and the alternative, the communities will decide which of the two options they prefer, or if they prefer no project to be implemented. The company will accept the decision of the communities.
- The company will keep suspended all works related to construction until the communities have made their decision to continue or not to continue with the project.
- If the communities opt for the alternative presented, the company shall repair Arroyo Sal to its previous state as much as possible. If the communities decide that no project will be implemented, the company will comply with what the law states about reparation of the Arroyo Sal.

##### Agreements Reached:

- The company is designing a technical and feasible alternative that will not impact the Arroyo Sal and the spring and that will return the water to the Río Santo Domingo as high upstream as possible.
- To be able to complete the design, the community of Los Reyes authorizes that topographic studies and test drillings are conducted in their territory.
- Los Reyes also authorizes the company to excavate a small ditch that will allow the water to exit from the lots of land in the ejido that had been refilled and that could flood in the rainy season.
- The other communities consider themselves informed of these decisions and it is agreed that the company will not conduct any additional work.

The communities and the company continue to be committed with the dialogue process and will keep on working together to implement all agreements reached.