

ASOCIACION DE ACUEDUCTO Y ALCANTARILLADO SANITARIO VECINOS DE
PLAYA GRANDE

September 30, 2014

Mr. Bob Reddy
Spence International Investments, LLC

Re: Process for issuance of new water connections on private property in Playa Grande, Santa Cruz, Guanacaste, Costa Rica.

Dear Sir,

Please find below an explanation of the system in place for acquiring new water permits and services for construction/development from the governing body, ASADA Playa Grande, for the area that includes all of both Playa Grande and Playa Ventanas in Guanacaste, Costa Rica. The ASADA of Playa Grande is like a "little brother" of AyA, the national water association, a rural outpost. It is the local authority with the ability to give new water connections and is charged with the maintenance and administration of current connections and the aqueduct of the coverage area, which is its legal property.

In the process of getting approval for a construction permit from the Municipality of Santa Cruz, one of the prerequisites is a water availability letter. These are given to anyone within the water district (existing aqueduct) who complies with a short list of prerequisites. These are mostly simple legal documents like a current certification of the legal status of the entity owning the land, and a current survey plan. Also included in these is a simple diagram of the future construction for which the letter is being granted, including a water storage tank that is supposed to hold 3 days of water for the consumption of the construction. The ASADA is giving these letters freely and has done so for many years for applicants that meet the prerequisites.

Once the applicant has complied with the rest of the prerequisites for the construction permit (which are many, time-consuming, often unclear and expensive) and the permit is issued by the Municipality of Santa Cruz, they receive their water meter. Once we receive this permit, the ASADA issues and installs a water meter and the property will have an account with the ASADA and receive a

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monthly bill based on consumption. This describes the process by which all individuals within the coverage area would get new water service.

The process differs specifically for development projects that have made agreements for guaranteed water for their future buyers. There are a handful of projects with approved water in Playa Grande. Most of these have never launched because of the problems with getting approvals and permits. The projects that have made an agreement with the ASADA, paying for future water in their projects, have done so under a program called "*Tasa Urbanistica*". Essentially these developers paid sums of money for a specific number of connections in their projects to be issued as they made sales and these buyers then got approvals as described above. There is a fee paid to the ASADA for each water meter, and in the case of *Tasa Urbanistica*, these future users would not have to pay it as it had been "prepaid" by the developer.

The *Tasa Urbanistica* is essentially in place of a more common deal where a developer would drill a well and deliver water and related infrastructure to the ASADA in exchange for the connections/administration for water for their future buyers. In the case of Playa Grande, there is a general prohibition against drilling new wells and much of the water district is too close to the ocean to drill safely. If certain circumstances arise, the ASADA could drill new wells. The prohibition on drilling new wells has not been an issue to date. The water supply from the existing wells is sufficient for the community's current and future needs.

I note that these *Tasa Urbanistica* deals were all done before my time with the ASADA. I would guess that the last of these was in 2005/6. It has been a point of emphasis of mine that we honor our past commitments and we have done so every time the opportunity has presented itself. For me, the question is simple, these developers financed the aqueduct our town has enjoyed for the last years, a massive upgrade to what existed before. Because of these contributions on the part of the developers in these *Tasa Urbanistica* agreements and the work of the current board, we have a very modern and far more dependable aqueduct than ever before. As such, they deserve good faith on the part of the organization they made their agreements with and gave their money to.

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Brett Berkowitz, on behalf of his development project, Ranch Ecologico Las Baulas, paid a total of \$96,040.50 in two payments in the *Tasa Urbanistica* program. The first payment of \$30,000 was recorded January 21, 2005 and the second payment of \$66,045.50 was recorded January 16, 2007, both in the book of Acts of the board of directors of ASADA Playa Grande.

I hope this brings clarity to the reality of water in our area of influence, which is both available and letters confirming its availability are being issued. If there is any other information I can provide, I'm available to do so.

Regards,



David J. Corredor
President, ASADA Playa Grande
(Asociacion de Aqueducto y Alcantarillado Sanitario Vecinos de Playa Grande)