

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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CONSOLIDATED WATER CO LTD

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

February 15, 2013
(Date of earliest event reported)

CONSOLIDATED WATER CO. LTD.
(Exact Name of Registrant as Specified in Charter)

Cayman Islands, B.W.I.
(State or Other Jurisdiction of
Incorporation)

0-25248
(Commission File No.)

98-0619652
(IRS Employer Identification No.)

Regatta Office Park
Windward Three, 4th Floor
West Bay Road, P.O. Box 1114
Grand Cayman, KY1-1102
Cayman Islands
(Address of Principal Executive Offices)

(345) 945-4277
(Registrant's telephone number, including area code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitions Agreement.

Since July 11, 1990, Consolidated Water Co. Ltd. (the “Company”), through its wholly-owned subsidiary, Cayman Water Company Limited (“Cayman Water”), has had the exclusive right to provide potable water to retail customers within a specified service area under a license issued by the Cayman Islands government (the “1990 License”). The present service area is comprised of an area on Grand Cayman Island that includes the Seven Mile Beach resort area and the district of West Bay, two of the three most populated areas in the Cayman Islands. For the nine months ended September 30, 2012, the Company generated approximately 37% of its consolidated revenues and 52% of its consolidated gross profits from the retail water operations conducted within the area covered by license.

The term of the license has been extended several times by the Cayman Islands government in order to provide the parties with additional time to negotiate the terms of a new license agreement. The last extension of the term expired on December 31, 2012. However, since such date, Cayman Water has continued to produce and supply water to the service area specified in the license in accordance with the original July 1990 license.

On February 15, 2013, Cayman Water received the fully executed amendment to the 1990 License, which extends the term of the license through March 30, 2013.

On February 14, 2011, the Water Production and Supply Law, 2011 (which replaces the Water (Production and Supply) Law (1996 Revision) under which the Company is licensed) and the Water Authority (Amendment) Law, 2011 (the “New Laws”) were published on terms that they would come into force on such date as may be appointed by Order made by the Governor in Cabinet. Such Order was subsequently made by Cabinet and the New Laws are now in full force and effect. Under the New Laws, any new license issued by the Water Authority-Cayman (“WAC”) could include a rate of return on invested capital model described below.

The Company has been advised in correspondence from the Cayman Islands government and the WAC that: (i) the WAC is now the principal negotiator, and not the Cayman Islands government, in these license negotiations, and (ii) the WAC has determined that the “rate of return on invested capital” model (“RCAM”) is in the best interest of the public and the Company’s customers. RCAM is the rate model currently utilized in the electricity transmission and distribution license granted by the Cayman Islands government to the Caribbean Utilities Company, Ltd.

Throughout the course of the retail license renewal negotiations, the Company has objected to the use of RCAM on the basis that it believes such a model would not promote the efficient operation of its water utility and could ultimately increase water rates to its customers.

During the extension period of the license, the Company intends to continue negotiating a new license agreement with the Water Authority-Cayman. As long as the Company is not in default of any terms of the existing license, even if a new license agreement is not concluded during the approximately one-month extension, the Company would have a right of first refusal to renew the license on terms that are no less favorable than those that the government might offer in the future to a third party.

If the Company does not enter into a new license agreement before March 31, 2013 or any agreed additional extension, and no other party is awarded a license, the Company expects to be permitted to continue to supply water to its service area. However, the terms of such continued supply may not be as favorable to the Company as the terms in the existing license. It is possible that the government could offer a third party a license to service some or all of the Company's present service area. In such event, the Company may assume the license offered to the third party by exercising the Company's right of first refusal. The terms of the new license agreement may not be as favorable to the Company as the terms under which the Company is presently operating.

Item 9.01. Financial Statements and Exhibits.

<u>Exhibit No.</u>	<u>Title</u>
10.1	Amendment to a License dated 11 th July 1990 to Produce Potable Water from Seawater granted to Cayman Water Company Limited dated as of December 31, 2012

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CONSOLIDATED WATER CO. LTD.

By: /s/ Frederick W. McTaggart
Name: Frederick W. McTaggart
Title: President & CEO

Date: March 4, 2013

**AMENDMENT TO A LICENCE DATED 11 JULY 1990 TO PRODUCE
POTABLE WATER FROM SEAWATER**

granted to
CAYMAN WATER COMPANY LIMITED
by
THE GOVERNMENT OF THE CAYMAN ISLANDS

The Water (Production and Supply) Law 1979
(Law 15 of 1979)

THIS AMENDMENT to the Licence (as defined below) is made on the 31st day of December, 2012 by The Governor of the Cayman Islands (the "Governor") and Cayman Water Company Limited, a company duly incorporated under the laws of the Cayman Islands whose registered office is situated at Fourth Floor, Windward Three, Regatta Business Park, West Bay Road, PO Box 1114, Grand Cayman KY1-1102, Cayman Islands (the "Company").

WHEREAS

- (1) On 11 July 1990 the Governor granted a licence, to Section 3 of the Water (Production and Supply) Law 1979, to the Company granting it the exclusive right within the Licence Area to process Seawater to Water for sale and to distribute and sell Water by means of pipes.
 - (2) The licence *has* been amended by four (4) amendments, dated 18 September 1990, 14 February 1991, 15 August 2001 and 01 February 2003 (the aforesaid licence, as so amended, being herein referred to as the "Licence").
 - (3) On 9 June 2008, the Company exercised its right to enter into negotiations for the grant of a Licence for a further term.
 - (4) The Term of the Licence ended on 10 July 2010 before the negotiations for the licence renewal could be finalized.
 - (5) The Governor has granted previous extensions of the term of the Licence, as defined by Clause 4 of the Licence, to allow the negotiations for the licence renewal to continue without affecting the provisions of water production and supply services in the Licensed Area.
 - (6) The Parties wish to extend the Term of the Licence in order to facilitate the ongoing negotiations.
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NOW THIS DEED WITNESSES as follows;

I) The term of the Licence, as defined by Clause 4 of the Licence, is hereby extended until 30 March 2013.

THE terms and definitions as contained in this Amendment and not otherwise defined shall have the same meanings as those contained within the Licence and the Licence shall hereafter be read and construed in accordance with the variations effected by this Amendment

SAVE as varied by this Amendment, the Licence shall continue in MI force and effect.

IN WITNESS WHEREOF the parties have caused this Amendment to be executed by their authorized officers.

The public seal of the Government of the Cayman Islands
was affixed in the presence of

/s/ Duncan Taylor
His Excellency the Governor, Mr. Duncan
Taylor CBE

Signed by the Water Authority in the presence
of

By: /s/ Lemuel Hurlston
CHAIRMAN

/s/ Alisha Racz
WITNESS

By: /s/ Otto Watler
BOARD MEMBER

Signed on behalf of Cayman Water
Company

By: /s/ Raymond Whittaker
Director

/s/ Gregory McTaggart
Witness

By: /s/ Carson Ebanks
Director
