March 29, 2010

Dear Sir,

Re: Loan No.: 74990
Amendment of Additional Instructions: Disbursement

We refer to the individual letters titled Additional Instructions: Disbursement (“Disbursement Letter”) for the Loans extended to the Municipality of Pelotas (“Borrower”) listed in Annex I of this letter (“Amendment Letter”). We would like to inform you that each of the said Disbursement Letters is hereby amended to include the following additional instructions:

Section II, Withdrawal of Loan Proceeds, of each Disbursement Letter referred to above is amended to include a new subsection (iii) which shall read as follows:

(iii) Electronic Delivery (subsection 3.4). The Borrower may deliver Applications to the World Bank through the World Bank’s Client Connection, web-based portal, by completing Form 2380, which is accessible through Client Connection (http://clientconnection.worldbank.org). Officials of the Borrower may deliver Applications electronically on behalf of the Borrower if they: (a) have been designated in writing by the Borrower, pursuant to the terms of subparagraph (i) of this Section, to sign and deliver Applications by electronic means and to receive secure identification devices (“Tokens”) from the World Bank, (b) are registered as users of Client Connection, and (c) have received from the World Bank Tokens for such purpose. This constitutes an additional means of delivering Applications to the World Bank. The Borrower may continue to exercise the option of preparing and delivering Applications in paper format. The World Bank reserves the right, and may in its sole discretion, temporarily or permanently, disallow the electronic delivery of Applications by the Borrower.

- Terms and Conditions of Use of Tokens to Process Applications. By designating authorized signatories to accept Tokens and by choosing to deliver the Applications electronically, the Borrower confirms its agreement to abide by and to cause the authorized signatories to abide by the Terms and Conditions of Use of Secure
Identification Device In Connection With Use of Electronic Means To Process Applications for Withdrawal And Supporting Documentation (“Terms and Conditions of Use of Tokens”) provided in Annex II. The Borrower also represents and warrants to the World Bank (and such representations and warranties, including without limitation, the representations and warranties contained in the Terms and Conditions of Use of Tokens, shall be relied upon by the World Bank) that the Borrower shall deliver the Terms and Conditions of Use of Tokens to each authorized signatory and shall cause each authorized signatory to be bound by those terms and conditions.

All remaining subsections of Section II of the Disbursement Letters are renumbered accordingly. All other provisions of the said Disbursement Letters remain in full force and effect. The above-mentioned amendments to the Disbursement Letters shall become effective as of the date of this Amendment Letter.

For the purpose of designating authorized signatories to accept Tokens and to sign and deliver Applications electronically, please submit a revised Authorized Signatory Letter, in the format provided in Annex III, for the Loans listed in Annex I of this Amendment Letter. Upon receipt by the World Bank of the revised Authorized Signatory Letter, the World Bank will register as users of Client Connection all persons who are authorized by the Borrower to sign Applications for the Loans set forth in Annex I, and will provide those persons with Tokens. If the Borrower would like to change the persons authorized to sign Applications for any of the Loans concerned, please submit a revised Authorized Signatory Letter, in the format provided in Annex IV, for each relevant Loan.

Sincerely,

/s/ Alexandre Abrantes

Program Manager, Portfolio and Operations
Brazil – Country Management Unit
Latin America and the Caribbean Region

cc: Mr. Guido Mantega, Minister of Finance, MF – Fax: (61) 3412-1740
Mr. Alexandre Meira da Rosa, Secretary of International Affairs, SEAIN/MP - Fax: (61) 2020-5006
Mr. Carlos Lampert, Deputy Secretary, SEAIN/MP – Fax: (61) 2020-5006

Prepared by: M.Tambucho, Team Leader, CTRDM
Cleared with and cc: I.Micali, Sr.Counsel, LEGLA, C.Portelo, Sr.Counsel, LEGLA
### Annex I

<table>
<thead>
<tr>
<th>Project No</th>
<th>Loan No</th>
<th>Project Name</th>
<th>Borrower’s Representative</th>
</tr>
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</table>
Annex II

Terms and Conditions of Use
of
Secure Identification Devices
in connection with
Use of Electronic Means
To Process
Applications for Withdrawal
And Supporting Documentation

The World Bank will provide secure identification devices (Tokens) to permit the Borrower to deliver applications for withdrawal under the Agreements and supporting documentation (such applications and supporting documentation together referred to as Applications) to the World Bank electronically, on the terms and conditions of use specified herein.

A. Identification of Users.

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the World Bank each person who will be authorized to deliver Applications. The World Bank will provide Tokens to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the World Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.

2. Each Signatory must register as a user on the World Bank’s Client Connection (CC) website (http://clientconnection.worldbank.org) prior to delivery of Tokens. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Distribution, Initialization and Return of Tokens.

1. The World Bank will physically deliver a Token to each Signatory in a manner to be determined by and satisfactory to the World Bank.

2. At the time of delivery of a Token to a Signatory, the Signatory will receive a copy of these Terms and Conditions of Use for purposes of initializing the Token.

3. The World Bank will verify that the Token, Temporary Password and Terms and Conditions of Use have been duly delivered to and received by the CC User.

4. Promptly upon receipt of the Token and Terms and Conditions of Use, the Signatory will access CC using his/her account name and CC Password and register his/her Token and set a
personal identification number (PIN) to be used in connection with the use of his/her Token, after which the Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the Token, the Signatory will be a “Token User”. The World Bank will maintain in its database a user account (Account) for each Token User for purposes of managing the Token of the Token User. Neither the Borrower nor the Token User will have any access to the Account.

5. Prior to first use of the Token by the Token User for delivering Applications, the Borrower shall ensure that the Token User has received training materials provided by the World Bank in use of the Token.

6. Tokens shall be promptly returned to the World Bank upon request of the World Bank.

C. Management of Tokens.

1. Tokens will remain the property of the World Bank.

2. Use of the Token is strictly limited to use in the delivery of Applications by the Token User in the manner prescribed by the World Bank in the Agreements and these Terms and Conditions. Any other use of the Token is prohibited.

3. The World Bank assumes no responsibility or liability whatsoever for any misuse of the Token by the Token User, other representatives of the Borrower, or third parties.

4. The Borrower undertakes to ensure, and represents and warrants to the World Bank (such representation and warranty being expressly relied upon by the World Bank in delivery of a Token to each Token User) that each Token User is provided, understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

Security

4.1. The Token User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.

4.2. The Token User shall not allow anyone else to utilize a Token to deliver an Application to the World Bank.

4.3. The Token User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.

4.4. If the Token User believes a third party has learned his/her PIN or has lost his/her Token he/she shall immediately notify clientconnection@worldbank.org.
4.5. The Borrower shall immediately notify the World Bank at clientconnection@worldbank.org of any lost, stolen or compromised Tokens, and take other reasonable steps to ensure such Tokens are disabled immediately.

**Care of Tokens**

4.6. Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Tokens should be kept more than five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Tokens should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Token.

4.7 Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care Tokens are available at http://www.rsa.com.

5. **Replacement**

5.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Tokens will be replaced at the expense of the Borrower.

5.2. The World Bank reserves the right, in its sole discretion, not to replace any Token in the case of misuse, or not to reactivate a Token User’s Account

6. **Reservation of Right to disable Token**

6.1. The Borrower shall reserve the right to revoke the authorization of a Token User to use a Token for any reason.

6.2. The World Bank reserves the right, in its sole discretion, to temporarily or permanently disable a Token, de-activate a Token User’s Account or both.
Annex III

Form of Authorized Signatory Letter
Prefeitura Municipal de Pelotas
Praça Coronel Pedro Osório, 101
95015-010 Pelotas, RS, Brasil

[DATE]

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Mr. Makhtar Diop

Re: Supplementary Authorization Letter for Electronic Disbursement Request

I refer to the Amendment Letter dated ___________, (“Amendment Letter”), amending the individual letters titled Additional Instructions: Disbursement (“Disbursement Letter”) for the Loans extended to the Municipality of Pelotas (“Borrower”) listed in Annex I of the Amendment Letter, providing additional instructions for the electronic signing and delivery of applications for withdrawal and/or for special commitment (“Applications”). I also refer to the Authorized Signatory Letters submitted to the Bank in respect of each of the Loans listed in said Annex, authorizing designated persons to sign, on behalf of the Borrower, Applications under each said Loan.

For the purpose of delivering an Application to the World Bank, [each] [any two/three] of the persons whose authenticated specimen signatures appears in the Authorized Signatory Letter for each said Loan as referred to above is authorized on behalf of the Borrower, acting [individually] [jointly], to deliver Applications for withdrawal under the respective Loan, and evidence in support thereof, including by electronic means, on the terms and conditions specified by the Bank (including the Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications for Withdrawal and Supporting Documentation which have been provided by the Borrower to such person(s)).

This Authorization supplements each Authorized Signatory Letter in the World Bank records with respect to the Loans listed in Annex I of the Amendment Letter.

Yours truly,

/ signed /

Adolfo Antonio Fetter Junior
Prefeito de Pelotas
Annex IV

Form of Authorized Signatory Letter
Prefeitura Municipal de Pelotas
Praça Coronel Pedro Osório, 101
95015-010 Pelotas, RS, Brasil

[DATE]

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Mr. Makhtar Diop

Re: [Loan] [Grant] No. ___-___ (____________ Project)

I refer to the [Loan] [Grant] Agreement (“Agreement”) between the International Bank for Reconstruction and Development (the “Bank”) and [name of borrower/recipient] (the “Borrower”)[“Recipient”], dated ______, providing the above-listed [Loan][Grant]. [For the purposes of Section 2.03 of the General Conditions,] [For the purposes of Section 3.04 of the Standard Conditions] as defined in the Agreement, any [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Borrower/Recipient to sign applications for withdrawal [and applications for a special commitment] under this [Loan][Grant].

For the purpose of delivering the Application to the World Bank, [each] [any two/three] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Borrower, acting [individually] [jointly], to deliver applications for withdrawal, and evidence in support thereof, including by electronic means, on the terms and conditions specified by the Bank (including the Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications for Withdrawal and Supporting Documentation which have been provided by the Borrower/Recipient to such person(s)).

This Authorization replaces and supersedes any Authorization currently in the World Bank records with respect to [this/these] Agreement(s).

Yours truly,

/ signed /

______________
Adolfo Antonio Fetter Junior
Prefeito de Pelotas
Instruction to the Borrower: Indicate either “Loan” or “Grant” as appropriate, and delete the one which does not apply. More than one Loan or Grant may be included in a single authorization letter.

ii Instruction to the Borrower: See footnote 1 above.

iii Instruction to the Borrower: Use “Borrower” in the case of a Loan; use “Recipient” in the case of a Grant.

iv Instruction to the Borrower: See footnote 1 above.

v Instruction to the Borrower: Use the following bracketed text only for Loans.

vi Instruction to the Borrower: Use the following bracketed text only for trust fund grants.

vii Instruction to the Borrower: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply.

viii Instruction to the Borrower: See footnote 1 above.