

CONSOLIDATED WATER CO LTD

FORM 8-K

(Current report filing)

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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

September 9, 2009
(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.)

Not Applicable
(IRS Employer Identification No.)

The 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 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

As earlier reported, on June 30, 2008, Consolidated Water Co. Ltd. (the “Company”) entered into the second amendment of the Company’s employment agreement (the “Employment Agreement”) with Mr. Frederick W. McTaggart, pursuant to which Mr. McTaggart serves as the Company’s President and Chief Executive Officer. Pursuant to the terms of the amended Employment Agreement, Mr. McTaggart’s bonus was determined, at the sole discretion of the Company’s Board of Directors, and was paid in an amount not to exceed 100% of Mr. McTaggart’s then-current base salary (“Base Salary”).

The amount of the annual bonus, if any, was to be calculated by the Board of Directors based upon their assessment of the performance of Mr. McTaggart in the following areas: (a) the Company achieving its budgeted net income and earnings per share targets; (b) Mr. McTaggart facilitating the Company’s revenue growth through project extensions and new projects; (c) the Company staying within the approved capital expenditure budgets for operations, project extensions and new projects; (d) Mr. McTaggart fostering excellent communications with the Board of Directors and being receptive to input from the Board of Directors; (e) Mr. McTaggart executing any special projects as assigned by the Board of Directors; and (f) the development and maintenance of excellent customer relations.

On September 9, 2009, the Company entered into the third amendment of the Employment Agreement (the “Amendment”) with Mr. McTaggart. Under the terms of the Amendment, Mr. McTaggart will be paid an annual bonus in an amount not to exceed 100% of Mr. McTaggart’s Base Salary, calculated as follows: (a) 25% of Base Salary if the Company achieves its budgeted net income excluding operations in the British Virgin Islands for 2009; (b) 25% of Base Salary if the Company exceeds “Adjusted Revenues,” as defined in the Amendment; (c) 25% of Base Salary if the Company improves its “Income from Operations Margin,” as defined in the Amendment; and (d) 25% of Base Salary if the Company completes projects under the capital budget and on schedule. Mr. McTaggart’s Base Salary for the financial year ending December 31, 2009 is \$388,200.

None of the other terms of the Employment Agreement were modified in any material respect.

The foregoing description of the Amendment does not purport to be complete and is qualified in its entirety by reference to the Amendment, which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits .

<u>Exhibit</u> <u>No.</u>	<u>Description</u>
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10.1	Third Amendment of Engagement Agreement dated September 9, 2009 between Consolidated Water Co. Ltd. and Frederick W. McTaggart.
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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.

Date: September 10, 2009

By: /s/ David W. Sasnett
Name: David W. Sasnett
Title: Executive Vice President and Chief
Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Third Amendment of Engagement Agreement dated September 9, 2009 between Consolidated Water Co. Ltd. and Frederick W. McTaggart.

THIRD AMENDMENT OF ENGAGEMENT AGREEMENT

THIS AGREEMENT is made this 9th day of September 2009

BETWEEN: CONSOLIDATED WATER CO. LTD.
A Cayman Islands company having its registered office at
Regatta Office Park, West Bay Road
P.O. Box 1114
Grand Cayman KY1-1102
Cayman Islands
(the "Company")

AND: FREDERICK W. MCTAGGART
of 11 Doubloon Drive
P.O. Box 321
Grand Cayman KY1-1502
Cayman Islands
(the "President")

WHEREAS:

- A. The Company and the President (together, the "Parties") entered into an engagement agreement dated the 5th of December 2003 (the "Engagement Agreement").
- B. The Parties amended the Engagement Agreement pursuant to the First Amendment of Engagement Agreement dated 14th September 2007 and the Second Amendment of Engagement Agreement dated 30 June 2008.
- C. The Parties are desirous of amending the Engagement Agreement in accordance with the terms of the Agreement.

NOW IN CONSIDERATION of the mutual covenants contained herein the Parties agree that the Engagement Agreement as amended shall be further amended as follows:

- 1. Clause 6 shall be deleted and the following substituted in its place:

"Further, for each completed fiscal year beginning with the fiscal year 2009 the President will be paid a bonus consisting of the following components:

- (a) Annual Bonus: An amount not to exceed 100% of the remuneration pursuant to clause 2 as adjusted by clause 5 hereof (the "Base Salary") calculated as follows;

- (i) **Profitability:** 25% of Base Salary for exceeding budgeted Net Income.

For purposes of assessment of the 2009 Performance Criteria only, the results of the BVI operations will be excluded from Net Income.

- (ii) **Growth:** 25% of Base Salary for exceeding "Adjusted Revenues" defined as budgeted Revenue less budgeted Energy Pass Through Charges.

- (iii) **Efficiency:** 25% of Base Salary for improving Income from Operations Margin defined as Income from Operations divided by budgeted Revenue.

"Income from Operations" is defined as budgeted Gross Profit less budgeted General and Administrative Expenses.

- (iv) **Capital Expenditure:** 25% of Base Salary for completing projects under the capital budget and on schedule, as approved and/or amended or adjusted by the Board from time to time.

The foregoing bonus structure may be modified from time to time by agreement of the parties for future fiscal years.

The Annual Bonus, if any, calculated as aforesaid shall be paid as to 75% in cash and as to 25% in ordinary shares of Company valued at the market price at the close of trading of the same on December 31st of the relevant financial year (or if such day is not a trading day, at the close of trading on the preceding trading day).

- (b) **Discretionary Bonus:** At the discretion of the Board of Directors, an additional amount in the form of cash and/or grants of the Company's ordinary shares and/or options on the Company's ordinary shares.

EXECUTED for and on behalf of
CONSOLIDATED WATER CO. LTD.

By:

In the presence of:

/s/ Sangeetha Prabhakar

Witness

/s/ Richard Finlay

CONSOLIDATED WATER CO. LTD.

EXECUTED by
FREDERICK W. MCTAGGART.

In the presence of:

/s/ Tracey Ebanks

Witness

/s/ Frederick W. McTaggart

FREDERICK W. MCTAGGART