

**DEXIA**

To:

Your Fax No.:

01904 551 190

From:

Our Fax No:

020 7378 7188

Date:

20 March 2008

Number of pages (including this page): 4

In case of difficulty, please ring 020 7378 7757

Please find enclosed the documentation for the £5,000,000 Loan.

Should you have any further questions, please do not hesitate to call.

Regards.



Director of Resources  
City of York Council  
PO Box 31  
Library Square  
York  
YO1 7DU

19 March 2008

Attention:

Dear Sir,

Re: Transaction via: Tullett Prebon Limited

We write to confirm details of the loan arranged today:

<b>Borrower:</b>	City of York Council
<b>Amount:</b>	£5,000,000 (Five Million Pounds)
<b>Loan Start Date:</b>	26 March 2008
<b>Period:</b>	69 Years 6 Months
<b>Repayment:</b>	01 October 2077
<b>Interest Rate:</b>	3.88%pa until 01 April 2011 and 3.88% pa thereafter, <u>Subject to (b) below.</u>
<b>Interest Payable on:</b>	26 September, 26 March semi annually.

- a. In the event that such payment date falls on either a weekend or a Bank Holiday the interest payment date will be on the next business day unless that day is in the following month in which case it should be the day prior to the Bank Holiday or weekend. Interest to be computed on a 365-day year basis. When applicable the 29th February is an interest-bearing day. Interest will be calculated on the actual number of days elapsed in each interest period.
- b. The Registered Holder has the right on 01 April 2011 (and on any semi annual interest payment date thereafter), (each an 'effective date') by means of notice to City of York Council to be delivered no later than 11.00am four business days prior to the relevant effective date, to alter the interest (to a rate determined by the Registered Holder) and, if notice is given the rate of interest will change to the rate so notified, but subject to the conditions set out in clause 8 of the Loan Instrument.
- c. Breakage costs and associated funding costs, if applicable, will be due and payable both before (if drawdown does not occur as envisaged) and after drawdown.

<b>Date of First Payment:</b>	01 October 2008
<b>Amount of First Payment:</b>	£100,454.79
<b>Security/Documentation:</b>	Loan Instrument <u>in the form appended.</u> execution to follow by post)

Dexia Public Finance Bank  
Shackleton House  
4 Battle Bridge Lane  
LONDON  
SE1 2RB - UK

Tel: +44 (0)20 7378 7757  
Fax: +44 (0)20 7378 7188  
www.dexia.com  
www.uk-dexia.com

Trade name of Dexia Crédit Local  
Incorporated in France with  
limited liability - registered in  
England & Wales Reg No: 885713

**LOAN INSTRUMENT NO.**

City of York Council acknowledges the receipt of the loan on the terms specified in the Schedule below and subject to the Conditions endorsed in this certificate.

**THE SCHEDULE**

**REGISTERED HOLDER:** Dexia Credit Local - London Branch

**AMOUNT OF PRINCIPAL:** £5,000,000 (Five Million Pounds)

**DATE ACCEPTED:** 19 March 2008 **DATE OF DRAWDOWN:** 26 March 2008

**INTEREST:**

(a) 3.88% per annum from 26 March 2008 until 01 April 2011 and thereafter at 3.88% per annum, with interest payable on 26 September and 26 March.

(b) The Registered Holder has the right on the 01 April 2011 (and on any semi annual interest payment date thereafter), (each an 'effective date') by means of notice to City of York Council to be delivered no later than 11.00am four business days prior to the relevant effective date, to alter the interest (to a rate determined by the Registered Holder) and, if notice is given the rate of interest will change to the rate so notified but Clause 8 below will apply.

(c) in the event that any such interest payment date or any other payment date or interest rate change date falls on either a weekend or a Bank Holiday any such date will be on the next business day unless that day is in the following month in which case it should be the day prior to the Bank Holiday or weekend. Interest to be computed on a 365-day year basis. When applicable the 29th February is an interest-bearing day. Interest will be calculated on the actual number of days elapsed in each interest period.

**DATE OF REPAYMENT OF PRINCIPAL:** 01 October 2017

**AMOUNT OF REPAYMENT OF PRINCIPAL:** £5,000,000 (Five Million Pounds)

**CONDITIONS:**

1. The amount of this Loan Instrument is acknowledged to be a debt payable to the Registered Holder by City of York Council
2. Interest is payable from the date of drawdown on the face of this Loan Instrument and shall be remitted in cleared funds on the dates specified in the above schedule to the Registered Holder's nominated bank account.
3. Payment default of any part of the debt under this Loan Instrument shall entitle the Registered Holder to call for immediate repayment of the amount of Principal together with all interest accrued and together with any broken funding costs and associated financing costs thereby incurred.
4. City of York Council shall have no rights of set-off, counter-claims or deductions from payments in respect of the debt.
5. Nothing herein shall prejudice the Registered Holder's right of set-off or any other benefit which the Registered Holder may enjoy.
6. The debt acknowledged by this Instrument is fully transferable by the Registered Holder by an instrument in writing in accordance with the Stock Transfer Act 1983 delivered to the Registrar of Loan Instruments of City of York Council, who shall acknowledge and register any such transfer.
7. This Loan Instrument is redeemable by remittance of cleared funds to the Registered Holder's nominated bank account on the date specified for repayment in the above schedule or on the date for prepayment in accordance with Clause 8 below.
8. If the Registered Holder exercised the right to alter the interest then City of York Council may prepay the amount of Principal and all accrued interest thereon on the date the interest is altered without penalty, subject to receipt of notice by the Registered Holder at the office specified from time to time from City of York Council no later than 11.00am two business days prior to the relevant effective date. The amount payable to redeem this Loan Instrument on any date other than the date of Repayment of Principal or a date in which interest is altered is the Principal and all accrued interest thereon together with all broken funding and associated financing costs (if any) incurred by the Registered Holder (on such date) arising from early termination of the funding and associated financing arrangements for this loan.

Duly executed on behalf of City of York Council in accordance with "Standing Order No[.....] / Financial Regulation No[.....]  
 Ex[.....]

Director of Finance and Registrar of Loan Instruments

Your Bank Details:

Our Bank Details:

London

The address and facsimile number for each party for all notices under or in connection with this Loan are as set out below or any other notified by that party for this purpose to the other party by not less than five business days notice:

The Registered Holder: Dexia Credit Local - London Branch  
Shackleton House  
4 Battle Bridge Lane  
London SE1 2RB  
Fax: 020 7378 7188  
Attention: Senior Manager - Operations

The Borrower:  
Address: City of York Council  
PO Box 31  
Library Square  
York  
YO1 7DU  
Fax: 01904 551 190  
Attention:

Please confirm by return to fax No 020 7378 7188 your concurrence that the above loan details as set out above are correct. When replying please also provide us with:

- (1) a list of those persons authorised to "deal" on behalf of the authority;
- (2) a copy of the Standing Order relating to the execution of loan instruments
- (3) specimen signatures of those persons authorised a) to deal and b) to sign loan instruments on behalf of the Council
- (4) a copy of our Loan Instrument duly completed.

Please note that we shall be unable to disburse funds unless this confirmation has been received by ourselves duly signed by an authorised person together with (1), (2), (3) and (4) by 12.00 Noon on the loan start date.

Yours faithfully  
For and on Behalf of  
Dexia Credit Local - London Branch

Date:  
Agreed for and on behalf of  
City of York Council

Authorised Signatory

Please note that all telephone conversations are taped as per the Inter-Professional Conduct rules.