

**DEXIA**

Director of Corporate Services  
Darlington Borough Council  
Town Hall  
Feethams  
Darlington  
DL1 5QT



04 January 2008

**Attention: Elaine Hufford**

Dear Sir,

Re: Transaction via: Garban Intercapital plc

We write to confirm details of the loan arranged today:

<b>Borrower:</b>	<b>Darlington Borough Council</b>
<b>Amount:</b>	<b>£3,000,000 (Three Million Pounds)</b>
<b>Loan Start Date:</b>	<b>02 June 2008</b>
<b>Period:</b>	<b>70 Years</b>
<b>Repayment:</b>	<b>02 June 2078</b>
<b>Interest Rate:</b>	<b>3.94%pa until 02 June 2014 and 3.94% pa thereafter, <u>Subject to (b) below.</u></b>
<b>Interest Payable on:</b>	<b>02 December, 02 June semi annually.</b>

- 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 02 June 2014 (and on any anniversary of such date falling at one yearly periods thereafter), (each an 'effective date') by means of notice to Darlington Borough 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.

Date of First Payment:  
Amount of First Payment:  
Security/Documentation:

**02 December 2008**

**£59,261.92**

**Loan Instrument in the form appended. (Original for execution to follow by post)**

Your Bank Details:

Bank: National Westminster Bank plc  
Sort Code: 52-30-18 A/c Number: 94123918

Our Bank Details:

Bank: Citibank NA, Citigroup Centre, Canary Wharf, London  
Sort Code: 18-50-08 A/c Number: 08553475

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:	Justin Wyatt – Senior Manager – Operations
The Borrower:	Darlington Borough Council
Address:	Town Hall Feethams Darlington DL1 5QT
Fax:	01325 388286
Attention	Elaine Hufford

**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: 7<sup>TH</sup> JANUARY 2008  
Agreed for and on behalf of  
Darlington Borough Council

Authorised Signatories

.....  
Authorised Signatory

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

**LOAN INSTRUMENT NO.**

Darlington Borough Council acknowledge the receipt of the loan on the terms specified in the Schedule below and subject to the Conditions endorsed in this certificate.

**THE SCHEDULE**

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

**AMOUNT OF PRINCIPAL:** £3,000,000 (Three Million Pounds)

**DATE ACCEPTED:** 04 January 2008      **DATE OF DRAWDOWN:** 02 June 2008

**INTEREST:**

(a) 3.94% per annum from 02 June 2008 until 02 June 2014 and thereafter at 3.94% per annum, with interest payable on 02 December and 02 June.

(b) The Registered Holder has the right on the 02 June 2014 (and on any anniversary of such date falling at one yearly periods thereafter), (each an 'effective date') by means of notice to Darlington Borough 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:** 02 June 2078

**AMOUNT OF REPAYMENT OF PRINCIPAL:** £3,000,000 (Three Million Pounds)

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**CONDITIONS:**

1. The amount of this Loan Instrument is acknowledged to be a debt payable to the Registered Holder by Darlington Borough 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. Darlington Borough 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 1963 delivered to the Registrar of Loan Instruments of Darlington Borough 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 Darlington Borough 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 Darlington Borough 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 Darlington Borough Council in accordance with \*Standing Order No[.....] / Financial Regulation No[.....].

Examined by:



Director of Finance and Registrar of Loan Instruments