

Bayern LB Bavaria House 13/14 Appold Street - London EC2A 2NB

Risk Office

London

Hartlepool Borough Council  
Accountancy & Pymts Section  
Bryan Hanson House  
Hartlepool  
TS24 7BT

10<sup>th</sup> November 2006

13 NOV 2006

**Amendment Letter**

Dear Sir/Madam

We hereby confirm your renegotiated Local Authority Fixed Rate Loan Instrument as follows:

**Original Trade:**

Name: Hartlepool Borough Council  
Principal Amount: GBP 5,000,000.00  
Rate: 7.57 % 31.12.03 – 02.06.16  
Settlement Date: 02.06.16

**Address**

Bavaria House  
13/14 Appold Street  
London EC2A 2NB

Phone +44 20 7247 0056  
Fax +44 20 7955 5811  
Telex 886437

[www.bayernlb.com](http://www.bayernlb.com)

Commercial Register  
Bayerische Landesbank  
London Branch registered  
in England and Wales

Registration Number:  
BR1571 / FC9267  
Head Office incorporated  
in Germany

Head Office  
Brienner Strasse 18  
80333 München  
Germany

Authorised by BaFin and  
regulated by the FSA for the  
conduct of UK business

**Renegotiated Trade:**

Name: Hartlepool Borough Council  
Principal Amount: GBP 5,000,000.00  
Rate: 7.57 % 31.12.03 – 04.12.06  
5.30% 04.12.06 – 02.12.66

Trade Date: 04.10.06  
Settlement Date: 02.12.66


We would be most grateful if you could send us the following:


- 1) A new Local Authority Instrument Certificate for the loan, which constitutes a legal obligation of the Authority to repay to ourselves for the corresponding loan amount and maturity date. (see attached a copy of what we legally require on our Bond Certificates for your guidance)
- 2) An up-to-date certified copy of the Council's Standing Orders empowering the officer who entered into the transaction and who signed the Bond, to do so.
- 3) An up-to-date list of the Authority's authorised signatories.
- 4) The Council's latest Statement of Accounts. Would you kindly arrange for the Bank to be put on the mailing list to receive subsequent year's accounts through the life of the loan.

Upon receipt of the new Local Authority Loan Instrument Certificate, the current Loan Certificate that we hold with the maturity date of 29.03.41, will be stamped cancelled and returned to yourselves.

Please refer to the enclosed loan confirmations detailing the interest payment dates and the amounts due going forward. We would ask that you please pay the interest in accordance with the schedule on these confirmations.

Kind Regards  
Bayerische Landesbank

  
Authorised Signatory

  
Authorised Signatory

DEXIA

Public Finance Bank

Chief Financial Officer  
Hartlepool Borough Council  
Bryan Hanson House  
Hanson Square  
Hartlepool  
TS24 7BT

19 January 2007

Attention: [REDACTED]

Dear Sir,

Re: Transaction via: Tullett Prebon Limited

We write to confirm details of the loan arranged today:

<b>Borrower:</b>	Hartlepool Borough Council
<b>Amount:</b>	£5,000,000 (Five Million Pounds)
<b>Loan Start Date:</b>	23 January 2007
<b>Period:</b>	70 Years
<b>Repayment:</b>	23 January 2077
<b>Interest Rate:</b>	3.79%pa until 23 January 2010 and 3.79% pa thereafter, <u>Subject to (b) below.</u>
<b>Interest Payable on:</b>	23 July, 23 January 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 23 January 2010 (and on any anniversary of such date falling at three yearly periods thereafter), (each an 'effective date') by means of notice to Hartlepool 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.

<b>Date of First Payment:</b>	23 July 2007
<b>Amount of First Payment:</b>	£93,971.23
<b>Security/Documentation:</b>	Loan Instrument <u>in the form appended.</u> (Original for execution to follow by post)

Your Bank Details:

[REDACTED]

Our Bank Details:

[REDACTED]

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  
4 Battle Bridge Lane  
London SE1 2RB  
Fax: 020 7378 7188  
Attention: [REDACTED] - Senior Manager - Operations

The Borrower: Hartlepool Borough Council  
Address: Bryan Hanson House  
Hanson Square  
Hartlepool  
TS24 7BT  
Fax: 01429 523643  
Attention: [REDACTED]

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 confirm that the details we hold for (1), (2) and (3) below remain unchanged:

- (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 (4) by 12.00 Noon on the loan start date.

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

[REDACTED]  
.....  
Authorised Signatories

Date:  
Agreed for and on behalf of  
Hartlepool Borough Council

[REDACTED]  
.....  
Authorised Signatory

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



DEXIA

Chief Financial Officer  
Hartlepool Borough Council  
Bryan Hanson House  
Hanson Square  
Hartlepool  
TS24 7BT

19 January 2007

Attention: [REDACTED]

Dear Sir,

Re: Transaction via: Tullett Prebon Limited


We write to confirm details of the loan arranged today:

<b>Borrower:</b>	Hartlepool Borough Council
<b>Amount:</b>	£5,000,000 (Five Million Pounds)
<b>Loan Start Date:</b>	23 January 2007
<b>Period:</b>	70 Years
<b>Repayment:</b>	23 January 2077
<b>Interest Rate:</b>	3.89%pa until 23 January 2012 and 3.89% pa thereafter, <u>Subject to (b) below.</u>
<b>Interest Payable on:</b>	23 July, 23 January 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 23 January 2012 (and on any anniversary of such date falling at five yearly periods thereafter), (each an 'effective date') by means of notice to Hartlepool 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.

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<b>Date of First Payment:</b>	23 July 2007
<b>Amount of First Payment:</b>	£96,450.68
<b>Security/Documentation:</b>	<u>Loan Instrument in the form appended.</u> (Original for execution to follow by post)



Your Bank Details:

[REDACTED]

Our Bank Details:

[REDACTED]

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  
4 Battle Bridge Lane  
London SE1 2RB  
Fax: 020 7378 7188  
Attention: [REDACTED] - Senior Manager - Operations

The Borrower: Hartlepool Borough Council  
Address: Bryan Hanson House  
Hanson Square  
Hartlepool  
TS24 7BT  
Fax: 01429 523643  
Attention: [REDACTED]

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 confirm that the details we hold for (1), (2) and (3) below remain unchanged:

- (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 (4) by 12.00 Noon on the loan start date.

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

[REDACTED]  
.....  
Authorised Signatories

Date:  
Agreed for and on behalf of  
Hartlepool Borough Council

[REDACTED]  
.....  
Authorised Signatory

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

Chief Financial Officer  
Hartlepool Borough Council  
Bryan Hanson House  
Hanson Square  
Hartlepool  
TS24 7BT

DEXIA



20 November 2006

Attention: [REDACTED]

Dear Sir,

Re: Transaction via: Tullett Prebon Limited

We write to confirm details of the loan arranged today:

<b>Borrower:</b>	<b>Hartlepool Borough Council</b>
<b>Amount:</b>	<b>£5,000,000 (Five Million Pounds)</b>
<b>Loan Start Date:</b>	<b>21 May 2007</b>
<b>Period:</b>	<b>70 Years</b>
<b>Repayment:</b>	<b>21 May 2077</b>
<b>Interest Rate:</b>	<b>3.45% pa until 21 May 2010 and 3.45% pa thereafter, <u>Subject to (b) below.</u></b>
<b>Interest Payable on:</b>	<b>21 November, 21 May 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 21 May 2010 (and on any anniversary of such date falling at three yearly periods thereafter), (each an 'effective date') by means of notice to Hartlepool 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.

<b>Date of First Payment:</b>	<b>21 November 2007</b>
<b>Amount of First Payment:</b>	<b>£86,958.90</b>
<b>Security/Documentation:</b>	<b><u>Loan Instrument in the form appended.</u> (Original for execution to follow by post)</b>



Your Bank Details:

Our Bank Details:

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 4 Battle Bridge Lane London SE1 2RB
Fax:	020 7378 7188
Attention:	[REDACTED] Senior Manager - Operations
The Borrower:	Hartlepool Borough Council
Address:	Bryan Hanson House Hanson Square Hartlepool TS24 7BT
Fax:	01429 523643
Attention:	[REDACTED]

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), (2) and (3) below:

- (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

[REDACTED]  
.....  
Authorised Signatories

Date:  
Agreed for and on behalf of  
Hartlepool Borough Council

[REDACTED]  
.....  
Authorised Signatory

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



## Loan Instrument

LOCAL AUTHORITY LOAN INSTRUMENT CERTIFICATE NUMBER 3

This Loan Instrument records the terms of our agreement relating to the Loan referred to in the Schedule below.

### THE SCHEDULE

REGISTERED HOLDER: BARCLAYS BANK PLC  
COUNCIL: Hartlepool Borough Council  
AMOUNT OF LOAN: £5,000,000 (Five Million Pounds)  
DATE ACCEPTED: 26<sup>th</sup> January 2007  
DATE OF DRAWDOWN: 30<sup>th</sup> January 2007

INTEREST: Interest on the Loan shall accrue at 3.78% per annum or (if the Registered Holder notifies the Council not less than two Business Days prior to any Lender's Option Date) at the rate so notified with effect from such Lender's Option Date, interest being payable in arrear on 30<sup>th</sup> January and 30<sup>th</sup> July in each year.

In the event that any date on which interest is due to be paid hereunder is not a Business Day, then such interest shall be paid on the next Business Day unless that Business Day is in the following month in which case such interest shall be paid on the Business Day immediately preceding such interest payment date.

DATE OF REPAYMENT  
OF LOAN: 30<sup>th</sup> January 2077

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

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CONDITIONS:

1. Upon drawdown, the Loan is acknowledged to be a debt payable to the Registered Holder by the Council.
2. Interest on the Loan is payable from the date of drawdown, shall accrue from day to day and shall be calculated on the basis of a year of 365 days (or on such other day count basis as the Registered Holder considers is consistent with the then applicable market practice) and the actual number of days elapsed.
3. Payment default of any part of the Loan or accrued interest thereon shall entitle the Registered Holder to demand immediate repayment of the Loan together with all interest then accrued and any amount payable pursuant to Condition 4 below whereupon on making such demand such sums shall become immediately due. The Council will also pay to the Registered Holder on demand any other funding loss incurred by the Registered Holder as a result of any payment default.
4. The Council acknowledges that the Registered Holder has agreed the rate of interest on the basis that the Loan will be outstanding until the earlier of the specified date (the "Specified Date") in the Schedule for repayment of the Loan and the date of any repayment made on a Lender's Option Date in accordance with Condition 7 below and if:
  - (i) the Loan is repaid by the Council (other than (i) on the Specified Date or (ii) on a Lender's Option Date in accordance with Condition 7 below); or
  - (ii) the full amount of the Loan is not drawn on the drawdown date for any reason (excluding any default by the Registered Holder); or
  - (iii) the Registered Holder makes a demand for repayment pursuant to Condition 3 above,

the Council will pay to the Registered Holder on demand the Breakage Cost.

"Breakage Cost" shall be the amount determined by the Registered Holder as:

- (A) its loss associated with the Loan or proposed Loan, as the case may be. This loss will be the amount that the Registered Holder would need to pay to another financial institution selected by it as consideration for an agreement by that financial institution to:
    - (a) replace the fixed interest payments that the Registered Holder would otherwise have been entitled to receive from the Council under the Loan if the Loan had been outstanding until the Specified Date in accordance with the same payment profile, on the same terms and including the same features as the Loan (including the rights of the Registered Holder with respect thereto); and
    - (b) receive LIBOR flat in exchange, on the amount of Loan and at the same frequency as specified in "Interest" above, until the Specified Date;
- 
- and
- (B) except in relation to a prepayment in accordance with Condition 8 below, any broken funding costs incurred as a result of (i), (ii) or (iii) above.

5. All payments required to be made by the Council under this Loan Instrument shall be calculated without reference to any set-off or counterclaim, shall be made free and clear of and without any deduction for or on account of any set-off or counterclaim and shall be remitted in cleared funds on the due dates to the Registered Holder's nominated bank account.
6. The Loan is fully transferable in whole or in part by the Registered Holder by an instrument in writing in accordance with the Stock Transfer Act 1963 delivered to the Council who shall acknowledge and register any such transfer. In the event of a transfer of part of the debt acknowledged by this Loan Instrument, the Council will issue a Loan Instrument to the Registered Holder for the debt under this Loan Instrument as reduced by the amount transferred and will issue a new Loan Instrument to the transferee on the same terms set out in this Loan Instrument for an amount equal to the debt transferred by the Registered Holder. Further, the Council will give effect to and conform to any registration requirements imposed by virtue of statute, practice or otherwise and will provide the Registered Holder with any relevant documentation within the time period imposed by the statute, practice or otherwise.
7. If the Registered Holder notifies the Council by not less than two business days prior notice that an increase in the rate of interest will occur on a Lender's Option Date, then the Council may, if it has given the Registered Holder prior written notice to that effect by no later than 5.00pm on the Business Day preceding such proposed increase, prepay the Loan on the date of such proposed increase together with accrued interest thereon to the day of prepayment.
8. The Council may also, if it has given to the Registered Holder prior written notice to that effect by no later than 5.00pm on the Business Day preceding the proposed day of prepayment, prepay the Loan on the next interest payment date together with (i) accrued interest thereon to the day of prepayment and (ii) any amount payable pursuant to Condition 4 above.
9. The Council shall not be entitled to prepay the Loan except at the times and in the manner expressly provided in this Loan Instrument.
10. In this Loan Instrument, the following terms shall have the following meanings:-  
  
"Business Day" means a day (excluding Saturdays) on which the Registered Holder is ordinarily open to effect transactions of the kind contemplated in this Loan Instrument.  
  
"Lender's Option Date" means 31<sup>st</sup> January 2011 and thereafter, the last Business Day of each successive period of four years.

EXECUTED on behalf of Hartlepool Borough Council on the 29<sup>th</sup> day of JANUARY, 2007

By:

Authorised Signatory

Authorised Signatory

CHIEF FINANCIAL OFFICER

Name and Title of  
Authorised Signatory

Name and Title of  
Authorised Signatory

## Loan Instrument

LOCAL AUTHORITY LOAN INSTRUMENT CERTIFICATE NUMBER 1

This Loan Instrument records the terms of our agreement relating to the Loan referred to in the Schedule below.

### THE SCHEDULE

REGISTERED HOLDER:	BARCLAYS BANK PLC
COUNCIL:	Hartlepool Borough Council
AMOUNT OF LOAN:	£5,000,000 (Five Million Pounds)
DATE ACCEPTED:	26 <sup>th</sup> January 2007
DATE OF DRAWDOWN:	30 <sup>th</sup> January 2007
INTEREST:	<p>Interest on the Loan shall accrue at 3.88% per annum or (if the Registered Holder notifies the Council not less than two Business Days prior to any Lender's Option Date) at the rate so notified with effect from such Lender's Option Date, Interest being payable in arrear on 30<sup>th</sup> January and 30<sup>th</sup> July in each year.</p> <p>In the event that any date on which interest is due to be paid hereunder is not a Business Day, then such interest shall be paid on the next Business Day unless that Business Day is in the following month in which case such interest shall be paid on the Business Day immediately preceding such interest payment date.</p>
DATE OF REPAYMENT OF LOAN:	30 <sup>th</sup> January 2077
AMOUNT OF REPAYMENT OF LOAN:	£5,000,000 (Five Million Pounds)

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CONDITIONS:

1. Upon drawdown, the Loan is acknowledged to be a debt payable to the Registered Holder by the Council.
2. Interest on the Loan is payable from the date of drawdown, shall accrue from day to day and shall be calculated on the basis of a year of 365 days (or on such other day count basis as the Registered Holder considers is consistent with the then applicable market practice) and the actual number of days elapsed.
3. Payment default of any part of the Loan or accrued interest thereon shall entitle the Registered Holder to demand immediate repayment of the Loan together with all interest then accrued and any amount payable pursuant to Condition 4 below whereupon on making such demand such sums shall become immediately due. The Council will also pay to the Registered Holder on demand any other funding loss incurred by the Registered Holder as a result of any payment default.
4. The Council acknowledges that the Registered Holder has agreed the rate of interest on the basis that the Loan will be outstanding until the earlier of the specified date (the "Specified Date") in the Schedule for repayment of the Loan and the date of any repayment made on a Lender's Option Date in accordance with Condition 7 below and if:
  - (i) the Loan is repaid by the Council (other than (i) on the Specified Date or (ii) on a Lender's Option Date in accordance with Condition 7 below); or
  - (ii) the full amount of the Loan is not drawn on the drawdown date for any reason (excluding any default by the Registered Holder); or
  - (iii) the Registered Holder makes a demand for repayment pursuant to Condition 3 above,

the Council will pay to the Registered Holder on demand the Breakage Cost.

"Breakage Cost" shall be the amount determined by the Registered Holder as:

- (A) its loss associated with the Loan or proposed Loan, as the case may be. This loss will be the amount that the Registered Holder would need to pay to another financial institution selected by it as consideration for an agreement by that financial institution to:
  - (a) replace the fixed interest payments that the Registered Holder would otherwise have been entitled to receive from the Council under the Loan if the Loan had been outstanding until the Specified Date in accordance with the same payment profile, on the same terms and including the same features as the Loan (including the rights of the Registered Holder with respect thereto); and
  - (b) receive LIBOR flat in exchange, on the amount of Loan and at the same frequency as specified in "Interest" above, until the Specified Date;

and

- 
- (B) except in relation to a prepayment in accordance with Condition 8 below, any broken funding costs incurred as a result of (i), (ii) or (iii) above.

5. All payments required to be made by the Council under this Loan Instrument shall be calculated without reference to any set-off or counterclaim, shall be made free and clear of and without any deduction for or on account of any set-off or counterclaim and shall be remitted in cleared funds on the due dates to the Registered Holder's nominated bank account.
6. The Loan is fully transferable in whole or in part by the Registered Holder by an instrument in writing in accordance with the Stock Transfer Act 1963 delivered to the Council who shall acknowledge and register any such transfer. In the event of a transfer of part of the debt acknowledged by this Loan Instrument, the Council will issue a Loan Instrument to the Registered Holder for the debt under this Loan Instrument as reduced by the amount transferred and will issue a new Loan Instrument to the transferee on the same terms set out in this Loan Instrument for an amount equal to the debt transferred by the Registered Holder. Further, the Council will give effect to and conform to any registration requirements imposed by virtue of statute, practice or otherwise and will provide the Registered Holder with any relevant documentation within the time period imposed by the statute, practice or otherwise.
7. If the Registered Holder notifies the Council by not less than two business days prior notice that an increase in the rate of interest will occur on a Lender's Option Date, then the Council may, if it has given the Registered Holder prior written notice to that effect by no later than 5.00pm on the Business Day preceding such proposed increase, prepay the Loan on the date of such proposed increase together with accrued interest thereon to the day of prepayment.
8. The Council may also, if it has given to the Registered Holder prior written notice to that effect by no later than 5.00pm on the Business Day preceding the proposed day of prepayment, prepay the Loan on the next interest payment date together with (i) accrued interest thereon to the day of prepayment and (ii) any amount payable pursuant to Condition 4 above.
9. The Council shall not be entitled to prepay the Loan except at the times and in the manner expressly provided in this Loan Instrument.
10. In this Loan Instrument, the following terms shall have the following meanings:-
- "Business Day" means a day (excluding Saturdays) on which the Registered Holder is ordinarily open to effect transactions of the kind contemplated in this Loan Instrument.
- "Lender's Option Date" means 30<sup>th</sup> January 2009 and thereafter, the last Business Day of each successive period of two years.

EXECUTED on behalf of Hartlepool Borough Council on the 21<sup>st</sup> day of JANUARY 2009

By:

\_\_\_\_\_  
Authorised Signatory

\_\_\_\_\_  
Authorised Signatory

\_\_\_\_\_  
Name and Title of  
Authorised Signatory  
CHIEF FINANCIAL  
OFFICER

\_\_\_\_\_  
Name and Title of  
Authorised Signatory

## Loan Instrument

LOCAL AUTHORITY LOAN INSTRUMENT CERTIFICATE NUMBER \_\_\_\_\_

This Loan Instrument records the terms of our agreement relating to the Loan referred to in the Schedule below.

### THE SCHEDULE

REGISTERED HOLDER: BARCLAYS BANK PLC

COUNCIL: Hartlepool Borough Council

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

DATE ACCEPTED: 12<sup>th</sup> December 2007

DATE OF DRAWDOWN: 31<sup>st</sup> January 2008

INTEREST: Interest on the Loan shall accrue at 3.99% per annum or (if the Registered Holder notifies the Council not less than two Business Days prior to any Lender's Option Date) at the rate so notified with effect from such Lender's Option Date, interest being payable in arrear on 31<sup>st</sup> January and 31<sup>st</sup> July in each year.

In the event that any date on which interest is due to be paid hereunder is not a Business Day, then such interest shall be paid on the next Business Day unless that Business Day is in the following month in which case such interest shall be paid on the Business Day immediately preceding such interest payment date.

DATE OF REPAYMENT OF LOAN: 31<sup>st</sup> January 2078

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

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CONDITIONS:

1. Upon drawdown, the Loan is acknowledged to be a debt payable to the Registered Holder by the Council.
2. Interest on the Loan is payable from the date of drawdown, shall accrue from day to day and shall be calculated on the basis of a year of 365 days (or on such other day count basis as the Registered Holder considers is consistent with the then applicable market practice) and the actual number of days elapsed.
3. Payment default of any part of the Loan or accrued interest thereon shall entitle the Registered Holder to demand immediate repayment of the Loan together with all interest then accrued and any amount payable pursuant to Condition 4 below whereupon on making such demand such sums shall become immediately due.
4. The Council acknowledges that the Registered Holder has agreed the rate of interest on the basis that the Loan will be outstanding until the earlier of the specified date (the "Specified Date") in the Schedule for repayment of the Loan and the date of any repayment made on a Lender's Option Date in accordance with Condition 7 below and if:
  - (i) the Loan is repaid by the Council (other than (i) on the Specified Date or (ii) on a Lender's Option Date in accordance with Condition 7 below); or
  - (ii) the full amount of the Loan is not drawn on the drawdown date for any reason (excluding any default by the Registered Holder); or
  - (iii) the Registered Holder makes a demand for repayment pursuant to Condition 3 above,

the Council will pay to the Registered Holder on demand the Breakage Cost and any broken funding costs.

"Breakage Cost" shall be the amount determined by the Registered Holder as:

its loss associated with the Loan or proposed Loan, as the case may be. This loss will be the amount that the Registered Holder would need to pay to another financial institution selected by it as consideration for an agreement by that financial institution to:

make the fixed interest payments to the Registered Holder that it would otherwise have been entitled to receive from the Council under the Loan if the Loan had been outstanding until the Specified Date in exchange for receiving LIBOR flat from the Registered Holder in accordance with the same payment profile, on the same terms and including the same features as the Loan (including the rights of the Registered Holder with respect thereto).

5. All payments required to be made by the Council under this Loan Instrument shall be calculated without reference to any set-off or counterclaim, shall be made free and clear of and without any deduction for or on account of any set-off or counterclaim and shall be remitted in cleared funds on the due dates to the Registered Holder's nominated bank account.

6. The Loan is fully transferable in whole or in part by the Registered Holder by an instrument in writing in accordance with the Stock Transfer Act 1963 delivered to the Council who shall acknowledge and register any such transfer. In the event of a transfer of part of the debt acknowledged by this Loan Instrument, the Council will issue a Loan Instrument to the Registered Holder for the debt under this Loan Instrument as reduced by the amount transferred and will issue a new Loan Instrument to the transferee on the same terms set out in this Loan Instrument for an amount equal to the debt transferred by the Registered Holder. Further, the Council will give effect to and conform to any registration requirements imposed by virtue of statute, practice or otherwise and will provide the Registered Holder with any relevant documentation within the time period imposed by the statute, practice or otherwise.
7. If the Registered Holder notifies the Council by not less than two business days prior notice that an increase in the rate of interest will occur on a Lender's Option Date, then the Council may, if it has given the Registered Holder prior written notice to that effect by no later than 5.00pm on the Business Day preceding such proposed increase, prepay the Loan on the date of such proposed increase together with accrued interest thereon to the day of prepayment.
8. The Council may also, if it has given to the Registered Holder prior written notice to that effect by no later than 5.00pm on the Business Day preceding the proposed day of prepayment, prepay the Loan on the next interest payment date together with (i) accrued interest thereon to the day of prepayment and (ii) any amount payable pursuant to Condition 4 above.
9. The Council shall not be entitled to prepay the Loan except at the times and in the manner expressly provided in this Loan Instrument.
10. In this Loan Instrument, the following terms shall have the following meanings:-

"Business Day" means a day (excluding Saturdays) on which the Registered Holder is ordinarily open to effect transactions of the kind contemplated in this Loan Instrument.

"Lender's Option Date" means 31<sup>st</sup> January 2010 and thereafter, the last Business Day of each successive period of six months.

EXECUTED on behalf of Hartlepool Borough Council on the

Day 07, Month 01, Year 2008

By:

  
Authorised Signatory

CHIEF ACCOUNTANT

Name and Title of

Authorised Signatory

  
Authorised Signatory

ACFO

Name and Title of

Authorised Signatory

## Loan Instrument

LOCAL AUTHORITY LOAN INSTRUMENT CERTIFICATE NUMBER 2

This Loan Instrument records the terms of our agreement relating to the Loan referred to in the Schedule below.

### THE SCHEDULE

REGISTERED HOLDER:	BARCLAYS BANK PLC
COUNCIL:	Hartlepool Borough Council
AMOUNT OF LOAN:	£10,000,000 (Ten Million Pounds)
DATE ACCEPTED:	26 <sup>th</sup> January 2007
DATE OF DRAWDOWN:	30 <sup>th</sup> January 2007
INTEREST:	<p>Interest on the Loan shall accrue at 3.98% per annum or (if the Registered Holder notifies the Council not less than two Business Days prior to any Lender's Option Date) at the rate so notified with effect from such Lender's Option Date, interest being payable in arrear on 30<sup>th</sup> January and 30<sup>th</sup> July in each year.</p> <p>In the event that any date on which interest is due to be paid hereunder is not a Business Day, then such interest shall be paid on the next Business Day unless that Business Day is in the following month in which case such interest shall be paid on the Business Day immediately preceding such interest payment date.</p>
DATE OF REPAYMENT OF LOAN:	30 <sup>th</sup> January 2077
AMOUNT OF REPAYMENT OF LOAN:	£10,000,000 (Ten Million Pounds)



CONDITIONS:

1. Upon drawdown, the Loan is acknowledged to be a debt payable to the Registered Holder by the Council.
2. Interest on the Loan is payable from the date of drawdown, shall accrue from day to day and shall be calculated on the basis of a year of 365 days (or on such other day count basis as the Registered Holder considers is consistent with the then applicable market practice) and the actual number of days elapsed.
3. Payment default of any part of the Loan or accrued interest thereon shall entitle the Registered Holder to demand immediate repayment of the Loan together with all interest then accrued and any amount payable pursuant to Condition 4 below whereupon on making such demand such sums shall become immediately due. The Council will also pay to the Registered Holder on demand any other funding loss incurred by the Registered Holder as a result of any payment default.
4. The Council acknowledges that the Registered Holder has agreed the rate of interest on the basis that the Loan will be outstanding until the earlier of the specified date (the "**Specified Date**") in the Schedule for repayment of the Loan and the date of any repayment made on a Lender's Option Date in accordance with Condition 7 below and if:
  - (i) the Loan is repaid by the Council (other than (i) on the Specified Date or (ii) on a Lender's Option Date in accordance with Condition 7 below); or
  - (ii) the full amount of the Loan is not drawn on the drawdown date for any reason (excluding any default by the Registered Holder); or
  - (iii) the Registered Holder makes a demand for repayment pursuant to Condition 3 above,

the Council will pay to the Registered Holder on demand the Breakage Cost.

"**Breakage Cost**" shall be the amount determined by the Registered Holder as:

- (A) its loss associated with the Loan or proposed Loan, as the case may be. This loss will be the amount that the Registered Holder would need to pay to another financial institution selected by it as consideration for an agreement by that financial institution to:
  - (a) replace the fixed interest payments that the Registered Holder would otherwise have been entitled to receive from the Council under the Loan if the Loan had been outstanding until the Specified Date in accordance with the same payment profile, on the same terms and including the same features as the Loan (including the rights of the Registered Holder with respect thereto); and
  - (b) receive LIBOR flat in exchange, on the amount of Loan and at the same frequency as specified in "Interest" above, until the Specified Date;

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and

- (B) except in relation to a prepayment in accordance with Condition 8 below, any broken funding costs incurred as a result of (i), (ii) or (iii) above.

5. All payments required to be made by the Council under this Loan Instrument shall be calculated without reference to any set-off or counterclaim, shall be made free and clear of and without any deduction for or on account of any set-off or counterclaim and shall be remitted in cleared funds on the due dates to the Registered Holder's nominated bank account.
6. The Loan is fully transferable in whole or in part by the Registered Holder by an instrument in writing in accordance with the Stock Transfer Act 1963 delivered to the Council who shall acknowledge and register any such transfer. In the event of a transfer of part of the debt acknowledged by this Loan Instrument, the Council will issue a Loan Instrument to the Registered Holder for the debt under this Loan Instrument as reduced by the amount transferred and will issue a new Loan Instrument to the transferee on the same terms set out in this Loan Instrument for an amount equal to the debt transferred by the Registered Holder. Further, the Council will give effect to and conform to any registration requirements imposed by virtue of statute, practice or otherwise and will provide the Registered Holder with any relevant documentation within the time period imposed by the statute, practice or otherwise.
7. If the Registered Holder notifies the Council by not less than two business days prior notice that an increase in the rate of interest will occur on a Lender's Option Date, then the Council may, if it has given the Registered Holder prior written notice to that effect by no later than 5.00pm on the Business Day preceding such proposed increase, prepay the Loan on the date of such proposed increase together with accrued interest thereon to the day of prepayment.
8. The Council may also, if it has given to the Registered Holder prior written notice to that effect by no later than 5.00pm on the Business Day preceding the proposed day of prepayment, prepay the Loan on the next interest payment date together with (i) accrued interest thereon to the day of prepayment and (ii) any amount payable pursuant to Condition 4 above.
9. The Council shall not be entitled to prepay the Loan except at the times and in the manner expressly provided in this Loan Instrument.
10. In this Loan Instrument, the following terms shall have the following meanings:-  
  
"Business Day" means a day (excluding Saturdays) on which the Registered Holder is ordinarily open to effect transactions of the kind contemplated in this Loan Instrument.  
  
"Lender's Option Date" means 30<sup>th</sup> January 2008 and thereafter, the last Business Day of each successive period of one year.

EXECUTED on behalf of Hartlepool Borough Council on the 29<sup>th</sup> day of JANUARY, 2007

By: \_\_\_\_\_

Authorised Signatory

CHIEF FINANCIAL OFFICER

Name and Title of  
Authorised Signatory

Authorised Signatory

Name and Title of  
Authorised Signatory