

## Loan Instrument

LOCAL AUTHORITY LOAN INSTRUMENT CERTIFICATE NUMBER LOBO 01 12

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:           | Northumberland County Council             |
| AMOUNT OF LOAN:    | £27,000,000 (Twenty Seven Million Pounds) |
| DATE ACCEPTED:     | 28 October 2011                           |
| DATE OF DRAWDOWN:  | 03 April 2012                             |

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 arrears on July and January in each year and including the maturity date. *claiming Aug/Feb*

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.

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| DATE OF REPAYMENT<br>OF LOAN: | 03 February 2062 |
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| AMOUNT OF REPAYMENT<br>OF LOAN: | £27,000,000 (Twenty Seven 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 (i) the last day of the interest period ending 03 February 2016 and (ii) the last day of the interest period ending in 03 February 2016 and every 5 years after 03 February 2016.

EXECUTED on behalf of Northumberland County Council on the                      day of                      ,

By:

Authorised Signatory  
STEVEN P MASON

Authorised Signatory  
PAUL HARRISON

CORPORATE DIRECTOR OF FINANCE      HEAD OF BUSINESS SUPPORT.  
Name and Title of                      Name and Title of  
Authorised Signatory                      Authorised Signatory