

No. 8462

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
JAMAICA**

Guarantee Agreement—*Power Project* (with related letter, annexed Loan Regulations No. 4 and Loan Agreement between the Bank and the Jamaica Public Service Company Limited). Signed at Washington, on 20 June 1966

Official text: English.

Registered by the International Bank for Reconstruction and Development on 14 December 1966.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
JAMAÏQUE**

Contrat de garantie — *Projet relatif à l'énergie électrique* (avec lettre y relative et, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque et la Jamaica Public Service Company Limited). Signé à Washington, le 20 juin 1966

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 14 décembre 1966.

No. 8462. GUARANTEE AGREEMENT¹ (*POWER PROJECT*)
BETWEEN JAMAICA AND THE INTERNATIONAL BANK
FOR RECONSTRUCTION AND DEVELOPMENT. SIGN-
ED AT WASHINGTON, ON 20 JUNE 1966

AGREEMENT, dated June 20, 1966, between JAMAICA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and Jamaica Public Service Company Limited (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement² the Bank has agreed to make to the Borrower a loan in various currencies equivalent to twenty-two million dollars (\$22,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961,² subject, however, to the modifications thereof set forth in Schedule 3 to the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein. The terms defined in said Loan Agreement shall have the same meaning as if such definitions were fully set forth herein.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby uncon-

¹ Came into force on 9 August 1966, upon notification by the Bank to the Government of Jamaica.

² See p. 156 of this volume.

ditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds, and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as set forth in the Loan Agreement and the Bonds.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term “assets of the Guarantor” as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision, including the Bank of Jamaica or any other institution performing the functions of a central bank.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan, the Bonds and the Debenture Stock shall be paid without deduction for, and free from, any taxes imposed under the laws of the Guarantor or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond or Debenture Stock to a holder thereof other than the Bank when such Bond or Debenture Stock is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Agreement, the Loan Agreement, the Thirteenth Supplemental Indenture, the Bonds and the Debenture Stock shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. The principal of, and interest and other charges on, the Loan, the Bonds and the Debenture Stock shall be paid free from all restrictions imposed under the laws of the Guarantor or laws in effect in its territories.

Section 3.06. The Guarantor covenants that it will not take or permit any of its political subdivisions or agencies to take any action which would prevent or interfere with the successful operation of the Project or with the performance by the Borrower of any of the covenants, agreements and obligations contained in the Loan Agreement, the Indenture or the Thirteenth Supplemental Indenture, and will take or cause to be taken all reasonable action which shall be necessary in order to enable the Borrower to perform such covenants, agreements and obligations.

Section 3.07. The Guarantor covenants that it will cause to be granted to the Borrower rates for the sale of electricity as may be necessary to provide sufficient revenues: (a) to cover all operating expenses, including adequate maintenance and adequate depreciation of assets; and (b) to provide a reasonable level of earnings; all as permitted by the provisions of the Licence and the Public Utility Commission Act, 1966.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor and

such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

Ministry of Finance
Kingston, Jamaica

Alternative address for cablegrams and radiograms :

Ministry of Finance
Kingston, Jamaica

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

Section 5.02. The Minister of Finance of the Guarantor is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Jamaica :

By Neville ASHENHEIM
Authorized Representative

International Bank for Reconstruction and Development :

By George D. WOODS
President

LETTER RELATING TO THE GUARANTEE AGREEMENT

EMBASSY OF JAMAICA

WASHINGTON, D.C.

June 20, 1966

International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433

Re : *Loan No. 454 JM (Power Project)*
Electricity Rates

Dear Sirs :

With reference to Section 3.07 of the Guarantee Agreement (*Power Project*) of even date between us, we hereby confirm that in order to ensure the sound financing of the Project to be financed out of the proceeds of the Loan we will take all steps necessary to ensure that the Jamaica Public Service Company Limited (hereinafter called the Company) will, until said Project is completed, be permitted to earn a rate of return on its rate base as set forth in the Licence, of not less than 9.5% annually or such other rate as may be agreed upon from time to time with the Bank. Should the rate of income tax or the investment and wear and tear allowances which are presently applicable to the Company be changed during the period until said Project is completed and substantially alter the tax liability of the Company, the rate of return will be adjusted unless such alteration does not result in the diminution of funds available for the completion of the Project taking into account the need to provide a reasonable level of earnings on the equity capital of the Company in accordance with the provisions of the Licence.

The Company is at present entitled to impose an 8% surcharge payable on bills for the supply of electricity (except as provided in the Savanna-La-Mar Frequency Standardisation (Surcharge) (Revocation) Resolution, 1965, and the Port Antonio Frequency Standardisation (Surcharge) (Variation) Order 1966) to recover the costs of the frequency conversion works undertaken by it. The period for which said surcharge may be imposed ends on June 30, 1970. In view of the possibility of said surcharge being inadequate to fully cover the costs of the frequency conversion works we hereby further confirm that, in accordance with the provisions of the Electricity (Frequency Conversion) Law, 1957, the surcharges thereunder shall be at such levels and for such periods of time, as shall be necessary to enable the Company to recover fully the costs of any frequency conversion undertaken by the Company pursuant to said Law, and that the Company shall not at any time be placed in a position in which it shall be required to pay for or make advances in respect of said costs from any source of funds other than said surcharges.

Please confirm your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

Jamaica :
By Neville ASHENHEIM
Authorized Representative

Confirmed:
International Bank for
Reconstruction and Development :
By Gerald ALTER

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961
REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN
MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 400, p. 212.*]

LOAN AGREEMENT
(POWER PROJECT)

AGREEMENT, dated June 20, 1966, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and JAMAICA PUBLIC SERVICE COMPANY LIMITED (hereinafter called the Borrower).

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961,¹ subject, however, to the modifications thereof set forth in Schedule 3 to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Loan Agreement or any Schedule thereto :

¹ See above.

(a) The term "Indenture" means the Indenture dated July 9, 1923, executed by the Borrower in favor of Montreal Trust Company, as Trustee, and includes any indenture supplemental thereto which has been or shall be executed and delivered in accordance with the provisions of the Indenture.

(b) The term "Thirteenth Supplemental Indenture" means the supplemental indenture or supplemental indentures which shall be executed by the Borrower pursuant to the provisions of Section 5.04 of this Agreement providing for the issue, authentication and delivery of Debenture Stock.

(c) The term "Debenture Stock" means first mortgage debenture stock issued pursuant to the Thirteenth Supplemental Indenture and this Agreement.

(d) The term "subsidiary" means any corporation, firm or association directly or indirectly controlled by the Borrower.

(e) The term "Licence" means the All Island Electric Licence dated June 14, 1966, granted by the Guarantor to the Borrower and shall include all amendments thereto.

(f) The term "Pounds Sterling" and the sign £ mean currency of the United Kingdom.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to twenty-two million dollars (\$22,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in the Loan Agreement; provided, however, that, except as the Bank and the Borrower may otherwise agree, until the Borrower shall have complied with the provisions of Section 5.04 of this Agreement no more than an amount equivalent to seven hundred fifty thousand dollars (\$750,000) shall be withdrawn from the Loan Account.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($\frac{3}{8}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.04. The Borrower shall pay interest at the rate of six per cent (6%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semiannually on March 15 and September 15 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule I to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan exclusively to financing the cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

Section 3.02. The Borrower shall cause all goods financed out of the proceeds of the Loan to be imported into the territories of the Guarantor and there to be used exclusively in the carrying out of the Project and, except as the Bank shall otherwise agree, title to all such goods shall be acquired by the Borrower free and clear of all liens, charges and encumbrances.

Article IV

BONDS AND DEBENTURE STOCK

Section 4.01. The Borrower shall execute and duly deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The Bank and the Borrower may make such arrangements as they may from time to time mutually agree as to procedure for the issue, authentication and delivery of the Bonds and such arrangements may be in addition to or in substitution for any of the provisions of this Agreement or of the Loan Regulations.

Section 4.03. As and when Bonds are delivered the Borrower shall issue to the Bank in respect thereof Debenture Stock of an aggregate principal amount equal to the Sterling Equivalent of the Bonds so delivered and bearing interest at the rate of the Loan, to be held by the Bank as security for the principal of and interest on the Loan and the Bonds. The maturities of the Debenture Stock shall correspond to the maturities of the Bonds in respect of which they shall have been issued. Except as the Borrower shall otherwise agree, the Bank shall not sell, transfer or otherwise dispose of the Debenture Stock other than for the purposes of protecting its interests, in the event of default or a threat thereof, in the payment of principal, interest or any other charge required under the Loan Agreement or the Bonds and in such event the Bank shall be subject to no limitation of whatsoever kind or nature which may attempt to restrict the form or method of disposition of the Debenture Stock issued to it.

Section 4.04. The payment of interest on or principal of any Bond shall *pro tanto* respectively discharge the obligation of the Borrower to pay interest on and repay the principal of the Debenture Stock issued pursuant to Section 4.03 or 4.05 hereof in respect of any such Bond. Insofar as and to the extent that the obligation for the repayment of principal on any Debenture Stock shall have been so discharged the Bank shall surrender to the Borrower such Debenture Stock for cancellation.

Section 4.05. If at any time during which any of the Bonds are outstanding, the Debenture Stock shall, as a result of a change in exchange rates represent (i) less than the equivalent in Pounds Sterling of the aggregate principal amount of the Bonds then outstanding, then the Borrower shall, upon request by the Bank and to the extent permissible under the property and earnings tests of the Indenture, issue to the Bank further Debenture Stock of an aggregate principal amount equal to the Sterling Equivalent of any difference caused by such change in exchange rates; or (ii) more than the equivalent in Pounds Sterling of the aggregate principal amount of the Bonds then outstanding then the Bank shall, upon request by the Borrower, surrender to the Borrower, Debenture Stock of an aggregate principal amount equal to any difference caused by such change in exchange rates.

For the purposes of the foregoing Sections "Sterling Equivalent" means the equivalent in Pounds Sterling of the respective currencies in which the Bonds are payable at the rate of exchange (determined in accordance with Section 3.07 of the Loan Regulations) ruling on the date on which the Debenture Stock is requested by the Bank.

Section 4.06. The President or Vice President or the Secretary or Assistant Secretary or the Treasurer or Assistant Treasurer of the Borrower are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall, under the supervision of competent management, carry out and complete the Project, operate and maintain its business and properties, including the Project, with due diligence and efficiency and in conformity with sound engineering, business, financial and electrical utility practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall in the carrying out of such parts of the Project as shall be agreed upon between the Bank and the Borrower employ engineering consultants acceptable to the Bank and the Borrower on terms and conditions satisfactory to the Bank and the Borrower.

Section 5.02. (a) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans and specifications (including construction schedules) for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(b) The Borrower shall maintain records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower.

(c) The Borrower shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan, the sites, works, construction and operations included in the Project and all other plants, works, properties, equipment and operations of the Borrower and to examine any relevant records and documents.

(d) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the use of the goods purchased therewith, the progress of the Project and the administration, operations and financial condition of the Borrower.

Section 5.03. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and other matters relating to the purposes of the Loan.

(b) The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

Section 5.04. The Borrower shall as soon as practicable (i) execute, deliver and register a supplemental indenture, the form and substance of which shall be satisfactory to the Bank, providing for the issue, authentication and delivery of Debenture Stock; and (ii) furnish to the Bank an opinion or opinions satisfactory to the Bank of legal counsel acceptable to the Bank showing that said supplemental indenture has been validly and effectively issued, recorded, filed and registered, and has created valid and effective mortgages, charges and priorities in accordance with its terms.

Section 5.05. Except as the Bank and the Borrower shall otherwise agree, the Borrower will not create, incur, assume or suffer to exist any lien upon any of its properties or assets, whether now owned or hereafter acquired, unless such lien shall rank after the lien constituted by the Indenture; provided, however, that the foregoing provisions of this Section shall not apply to :

- (i) the mortgage and charge of the Indenture in respect of present and future issues of debenture stock or bonds;
- (ii) any lien subsisting at the date of this Agreement disclosed to the Bank;
- (iii) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price thereof;
- (iv) any lien arising in the ordinary course of banking transactions and securing debt maturing not more than one year after its date; and

- (v) any lien permitted in the Indenture on the date of this Agreement securing an amount not exceeding fifty thousand Pounds Sterling (£50,000) in the aggregate at any one time outstanding.

Section 5.06. Subject to the exemptions conferred by Sections 3.03 and 3.04 of the Guarantee Agreement,¹ the Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement, the Thirteenth Supplemental Indenture, the Bonds and the Debenture Stock, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond or Debenture Stock to a holder thereof other than the Bank when such Bond or Debenture Stock is beneficially owned by an individual or corporate resident of the Guarantor.

Section 5.07. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the country or countries in whose currency the Loan, the Bonds or the Debenture Stock are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement, the Indenture, the Thirteenth Supplemental Indenture, the Bonds or the Debenture Stock.

Section 5.08. (a) Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall insure or cause to be insured with responsible insurers all goods financed out of the proceeds of the Loan. Such insurance shall cover such marine, transit and other risks incident to the acquisition and importation of the goods to the site of the Project and shall be for such amounts as are consistent with sound business practices. Any indemnity under such insurance shall be payable in a currency freely usable to replace or pay for such goods.

(b) In addition, the Borrower shall take out and maintain, with responsible insurers, insurance against such risks and in such amounts as shall be consistent with sound business and electrical utility practices.

Section 5.09. (a) Except as the Bank shall otherwise agree, the Borrower shall at all times maintain its existence and right to carry on operations and shall take all steps necessary to acquire, maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business.

(b) The Borrower shall operate and maintain its plants, equipment and property, and from time to time make all necessary renewals and repairs thereof, all in accordance with sound engineering standards, and shall at all times operate its plants and equipment and maintain its financial position in accordance with sound business and electrical utility practices.

¹ See p. 146 of this volume.

Section 5.10. The Borrower shall have its financial statements audited annually by the independent auditors satisfactory to the Bank and shall promptly after their preparation transmit to the Bank copies of such statements and a signed copy of the auditors' report.

Section 5.11. Unless it shall have obtained the prior approval of the Bank, the Borrower shall not redeem or prepay, prior to the maturity thereof, any notes, bonds or debenture stock issued by it otherwise than : (i) upon a refunding thereof by the issuance of notes, bonds or debenture stock of the same or later maturity or maturities; or (ii) for the purpose from time to time of meeting annual sinking fund requirements next falling due.

Section 5.12. The Borrower shall duly perform all covenants, agreements and obligations to be performed by it under the Indenture and the Licence.

Section 5.13. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall, as promptly as practicable, raise, through the sale for cash at a reasonable price of additional ordinary shares of the Borrower, an amount of not less than seven hundred thousand dollars equivalent (\$700,000).

Section 5.14. The Borrower shall, from time to time, take all steps which shall be necessary or desirable to obtain such adjustments in its rates for the sale of electricity so that sufficient revenues are provided : (a) to cover all operating expenses, including adequate maintenance and adequate depreciation of assets; and (b) to provide a reasonable level of earnings; all as permitted by the provisions of the Licence and the Public Utility Commission Act, 1966.

Section 5.15. The Borrower shall not consent to any action taken at any meeting of bond or debenture stock holders which would or might change the terms of the Indenture or of the Debenture Stock except with the approval of the Bank.

Section 5.16. Except as the Bank shall otherwise agree, the Borrower shall not take or concur in any action which would have the effect of amending, abrogating, waiving, suspending or assigning the Licence.

Section 5.17. The Borrower shall cause each of its subsidiaries (if any) to observe and perform the obligations of the Borrower under this Agreement to the extent to which the same may be applicable thereto as though such obligations were binding upon each of such subsidiaries.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in Section 6.02 of this Agreement shall occur, or (iii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof

shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Section 6.02. The following are specified as additional events for the purposes of paragraph (j) of Section 5.02 of the Loan Regulations :

- (a) The License shall have been amended, abrogated, waived, assigned, suspended or revoked without the prior concurrence of the Bank.
- (b) Any debt of the Borrower shall have become due and payable prior to its original maturity.
- (c) A default shall have occurred in the performance of any covenant or agreement on the part of the Borrower under the Indenture, the Thirteenth Supplemental Indenture or the Debenture Stock.

Article VII

MISCELLANEOUS; TERMINATION

Section 7.01. If this Loan Agreement shall not have come into force and effect by August 15, 1966, this Loan Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay establishes a later date for the purposes of this Section. The Bank shall promptly notify the Borrower of such date.

Section 7.02. The Closing Date shall be December 31, 1969, or such other date as may from time to time be agreed between the Bank and the Borrower.

Section 7.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

For the Borrower :

Jamaica Public Service Company Limited
151 Orange Street
Kingston, Jamaica

Alternative address for cablegrams and radiograms :

Jamservice
Kingston, Jamaica

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Bank for Reconstruction and Development :

By George D. WOODS
President

Jamaica Public Service Company Limited :

By George C. KING
Authorized Representative

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>
March 15, 1970	400,000	September 15, 1978	660,000
September 15, 1970	410,000	March 15, 1979	680,000
March 15, 1971	425,000	September 15, 1979	700,000
September 15, 1971	435,000	March 15, 1980	720,000
March 15, 1972	450,000	September 15, 1980	745,000
September 15, 1972	465,000	March 15, 1981	765,000
March 15, 1973	475,000	September 15, 1981	790,000
September 15, 1973	490,000	March 15, 1982	810,000
March 15, 1974	505,000	September 15, 1982	835,000
September 15, 1974	520,000	March 15, 1983	860,000
March 15, 1975	535,000	September 15, 1983	885,000
September 15, 1975	555,000	March 15, 1984	915,000
March 15, 1976	570,000	September 15, 1984	940,000
September 15, 1976	585,000	March 15, 1985	970,000
March 15, 1977	605,000	September 15, 1985	1,000,000
September 15, 1977	620,000	March 15, 1986	1,040,000
March 15, 1978	640,000		

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premiums</i>
Not more than three years before maturity	1½%
More than three years but not more than six years before maturity	1½%
More than six years but not more than eleven years before maturity	2½%
More than eleven years but not more than sixteen years before maturity	3½%
More than sixteen years but not more than eighteen years before maturity	5%
More than eighteen years before maturity	6%

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project consists of the following :

A. *Old Harbour Power Station*

Construction of the first stage of a power station with an installed capacity of 99 MW, comprising two steam driven turbo-alternator sets, one of 33 MW and one of 66 MW, together with all necessary auxiliaries including a fuel oil storage, control room and a 69/138 kv outdoor step-up substation.

B. *Diesel Peaking Plant*

Installation of 22 MW of Diesel peaking plant at critical points on the system.

C. *The Transmission System*

1. Construction of about 305 miles of 69 kv lines, of which about 114 miles will be suitable for conversion to 138 kv at a later date, to reinforce the existing network and to complete the interconnection of all public supplies of electricity in the island.

2. Construction or extension of twenty-six 69 kv substations, of which three will be suitable for conversion to 138 kv at a later date.

D. *The Distribution System*

1. Construction of about 760 miles of high tension lines to new areas and the reconstruction and reinforcement of existing distribution systems throughout the island.

2. Construction of consumers substations and service lines and installation of street lighting.

E. *Other Equipment*

Installation of meters, transformers, capacitors, instruments, special vehicles, radio communication equipment and other miscellaneous items for use in extending and maintaining the transmission and distribution systems.

SCHEDULE 3

MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purposes of this Agreement the provisions of Loan Regulations No. 4 of the Bank, dated February 15, 1961, are modified as follows :

(a) By the addition in Section 7.01, after the words " Guarantee Agreement " where those words occur, of the words " the Indenture, the Thirteenth Supplemental Indenture, the Debenture Stock ".

(b) By the deletion of subparagraph (j) of Section 7.04 and the substitution therefor of the following :

" (j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the determination of controversies between the parties to the Loan Agreement and Guarantee Agreement or any claim by any such party against any other such party arising thereunder; provided, however, that nothing herein shall be deemed to preclude any of the said parties from exercising, or instituting any legal or equitable action to enforce, any right or claim arising out of or pursuant to the Indenture, the Thirteenth Supplemental Indenture or the Debenture Stock, and submission to arbitration hereunder shall not be deemed to be a condition precedent or in any way to prejudice such exercise or other enforcement of any such right or claim. "

(c) By the deletion of Section 9.04 and the substitution therefor of the following :

" If the Loan Agreement terminates pursuant to Section 7.01 thereof, the Guarantee Agreement and all obligations of the parties thereunder shall also terminate. The Bank shall promptly give notice of such termination to the Guarantor. "