

Public Disclosure Authorized

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LOAN NUMBER 4816-CHA

# Loan Agreement

(Follow-Up Project to the Phase I of the Renewable Energy Scale-Up Program)

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated April 26, 2006

Public Disclosure Authorized



**LOAN NUMBER 4816-CHA**

**LOAN AGREEMENT**

AGREEMENT, dated April 26, 2006, between PEOPLE'S REPUBLIC OF CHINA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Bank has entered into a Loan Agreement with the Borrower on August 11, 2005 to finance a Renewable Energy Scale-up Program – Phase I;

(B) the Borrower, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), has requested the Bank to assist in the financing of the Project; and

(C) Part A of the Project will be carried out by Inner Mongolia North Long Yuan Wind Power Company (IMNLYWPC); and Part B of the Project will be carried out by Zhejiang Province (Zhejiang), in each case with the Borrower's assistance and, as part of such assistance, the Borrower will make the proceeds of the loan provided for in Article II of this Agreement (the Loan) available to IMNLYWPC, through Inner Mongolia Autonomous Region and Zhejiang Province, respectively, and as set forth in this Agreement.

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement and in the agreement of even date herewith between the Bank, IMNLYWPC and Zhejiang Province (the Project Agreement);

NOW THEREFORE the parties hereto hereby agree as follows:

**ARTICLE I**

**General Conditions; Definitions**

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans" of the Bank, dated May 30, 1995 (as amended through May 1, 2004) with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement.

- (a) Section 5.08 of the General Conditions is amended to read as follows:

“Section 5.08. *Treatment of Taxes*

Except as otherwise provided in the Loan Agreement, the proceeds of the Loan may be withdrawn to pay for taxes levied by, or in the territory of, the Borrower or the Guarantor on the goods or services to be financed under the Loan, or on their importation, manufacture, procurement or supply. Financing of such taxes is subject to the Bank’s policy of requiring economy and efficiency in the use of the proceeds of its loans. To that end, if the Bank shall at any time determine that the amount of any taxes levied on or in respect of any item to be financed out of the proceeds of the Loan is excessive or otherwise unreasonable, the Bank may, by notice to the Borrower, adjust the percentage for withdrawal set forth or referred to in respect of such item in the Loan Agreement as required to be consistent with such policy of the Bank.”

- (b) Section 6.03(c) of the General Conditions is amended by replacing the words “corrupt or fraudulent” with the words “corrupt, fraudulent, collusive or coercive”.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

- (a) “Category” means a category of items set forth in the table in paragraph 1 of Schedule 1 to this Agreement.

- (b) “Dam Safety Panel” means the panel to be maintained in accordance with the provisions of paragraph 1(c) of Schedule 2 to the Project Agreement.

- (c) “Displaced Person” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by:

- (i) the involuntary taking of land, resulting in: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or
- (ii) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person;

and “Displaced Persons” means, collectively, all such Displaced Persons.

(d) “Environmental Management Framework” means the framework dated January 15, 2005, prepared by Zhejiang and referred to in paragraph (5)(i) of Schedule 2 to the Project Agreement, which sets out the principles and procedures for carrying out environmental impact assessments and preparing environmental management plans for Small Hydropower Sub-projects to be identified under Part B of the Project, as said Framework may be revised from time to time with the prior concurrence of the Bank.

(e) “Environmental Management Plan” means the environmental management plan prepared for Part A of the Project, dated November 24, 2004, adopted by IMNLYWPC, referred to in paragraph 3 of Schedule 2 to the Project Agreement, setting out the environmental protection measures in respect of Part A of the Project, as well as administrative and monitoring arrangements to ensure the implementation of said plan, as said plan may be revised from time to time with the agreement of the Bank.

(f) “Financial Monitoring Report” or “FMR” means each report prepared in accordance with Section 4.02 of the Project Agreement.

(g) “IMNLYWPC” means Inner Mongolia North Long Yuan Wind Power Company, a corporation established and existing under the laws of the Borrower in accordance with: (i) its Business License No. 1526311000205, dated November 22, 2004, issued by the Chayou Zhong County Industrial and Commercial Administration Bureau; and (ii) its Charter, dated July 2004; and any successor thereto.

(h) “Inner Mongolia” means the Borrower’s Autonomous Region of Inner Mongolia, and any successor thereto.

(i) “Pilot Provinces” means, collectively, Inner Mongolia and Zhejiang; and the “Pilot Province” means either of the Pilot Provinces.

(j) “Project Agreement” means the agreement between the Bank, IMNLYWPC, and Zhejiang of even date herewith, as the same may be amended from time to time; and such term includes all schedules and agreements supplemental to the Project Agreement.

(k) “Provincial Hydropower Development and Management Center” means the center to be maintained in accordance with the provisions of paragraph 1(b) of Schedule 2 to the Project Agreement.

(l) “Provincial Project Office” means the office to be maintained in accordance with the provisions of paragraph 1(a) of Schedule 2 to the Project Agreement.

(m) “Resettlement Action Plan” or “RAP” means the resettlement action plan prepared for Part A of the Project, dated January 28, 2005, referred to in paragraph 3 of Schedule 2 to the Project Agreement, which sets out the principles and procedures governing land acquisition, resettlement, compensation and rehabilitation of Displaced

Persons, as well as administrative, reporting and monitoring arrangements to ensure compliance with said plan, as said plan may be revised from time to time with the agreement of the Bank.

(n) “Resettlement Policy Framework” means the policy framework prepared for Part B of the Project, dated January 15, 2005, and referred to in paragraph 4 of Schedule 2 to the Project Agreement, which sets out the policies and procedures for land acquisition, resettlement, compensation and rehabilitation of Displaced Persons, and for the preparation of resettlement action plans whenever required for the Small Hydropower Sub-projects to be identified under Part B of the Project, as said policy framework may be revised from time to time with the agreement of the Bank.

(o) “Respective Part of the Project” means, in respect of IMNLYWPC, Part A of the Project, and in respect of Zhejiang, Part B of the Project.

(p) “Respective Procurement Plans” means, in respect of:

- (i) IMNLYWPC, the Procurement Plan for Part A of the Project, dated January 25, 2005, covering the initial 18 month period (or longer) of Project implementation for Part A of the Project; and
- (ii) Zhejiang, the Procurement Plan for Part B of the Project, dated November 25, 2005, covering the initial 18 month period (or longer) of Project implementation for Part B of the Project;

as such plans shall be updated from time to time in accordance with the provisions of Section 2.02(b) to the Project Agreement, to cover succeeding 18 month periods (or longer) of implementation of Part A and Part B of the Project.

(q) “Respective Project Implementation Plan” means in respect of:

- (i) IMNLYWPC, the Project Implementation Plan for Part A of the Project, dated January 25, 2005, adopted by IMNLYWPC; and
- (ii) Zhejiang, the Project Implementation Plan for Part B of the Project, dated November 25, 2005, adopted by Zhejiang;

as such plans may be amended from time to time with the agreement of the Bank.

(r) “Small Hydropower Sub-project” means a specific small hydropower investment project, each not exceeding 25MW, selected for financing under Part B of the Project in accordance with paragraph 6 of Schedule 2 to the Project Agreement; and the

“Small Hydropower Sub-projects” means, collectively, all such Small Hydropower Sub-projects.

(s) “Special Account” means the account referred to in Section 2.02(b) of this Agreement.

(t) “Sub-loan” means a loan to be made to a beneficiary out of the proceeds of the Loan to finance part of the cost of goods, works, and services required for a Small Hydropower Sub-project; and “Sub-loans” means, collectively, all such Sub-loans.

(u) “Subsidiary Loan Agreement” means the agreement to be entered into between Inner Mongolia and IMNLYWPC pursuant to Section 3.01(c) of this Agreement, as the same may be amended from time to time with the agreement of the Bank, and such term includes all schedules and agreements supplemental to said agreement.

(v) “Zhejiang” means the Borrower’s Province of Zhejiang, and any successor thereto.

Section 1.03. Each reference in the General Conditions to the Project implementation entity shall be deemed as a reference to IMNLYWPC and Zhejiang.

## **ARTICLE II**

### **The Loan**

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, an amount equal to eighty six million three hundred thirty thousand Dollars (\$86,330,000).

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement:

- (i) for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods required for Part A of the Project and to be financed out of the proceeds of the Loan;
- (ii) for amounts paid (or, if the Bank shall so agree, to be paid) on account of withdrawals made under Sub-loans to meet the reasonable cost of goods, works, and services required for Part B of the Project in respect of which withdrawal from the Loan Account is requested; and

- (iii) in respect of the fee referred to in Section 2.04 of this Agreement.

(b) The Borrower may, for the purposes of Part B of the Project open and maintain in Dollars a separate special deposit account in a commercial bank on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.03. The Closing Date shall be September 30, 2010, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a front-end fee in an amount equal to one percent (1%) of the amount of the Loan, subject to any waiver of a portion of such fees as may be determined by the Bank from time to time. On or promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount of such fee.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent ( $3/4$  of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to LIBOR Base Rate plus LIBOR Total Spread.

(b) For the purposes of this Section:

- (i) "Interest Period" means the initial period from and including the date of this Agreement to, but excluding, the first Interest Payment Date occurring thereafter, and after the initial period, each period from and including an Interest Payment Date to, but excluding the next following Interest Payment Date.
- (ii) "Interest Payment Date" means any date specified in Section 2.07 of this Agreement.
- (iii) "LIBOR Base Rate" means, for each Interest Period, the London interbank offered rate for six-month deposits in Dollars for value the first day of such Interest Period (or, in the case of the initial Interest Period, for value the Interest Payment Date occurring on or next preceding the first day of such Interest Period), as reasonably determined by the Bank and expressed as a percentage per annum.



(iv) “LIBOR Total Spread” means, for each Interest Period: (A) three-fourths of one percent ( $3/4$  of 1%); (B) minus (or plus) the weighted average margin, for such Interest Period, below (or above) the London interbank offered rates, or other reference rates, for six-month deposits, in respect of the Bank’s outstanding borrowings or portions thereof allocated by the Bank to fund single currency loans or portions thereof made by it that include the Loan; as reasonably determined by the Bank and expressed as a percentage per annum.

(c) The Bank shall notify the Borrower of LIBOR Base Rate and LIBOR Total Spread for each Interest Period, promptly upon the determination thereof.

(d) Whenever, in light of changes in market practice affecting the determination of the interest rates referred to in this Section 2.06, the Bank determines that it is in the interest of its borrowers as a whole and of the Bank to apply a basis for determining the interest rates applicable to the Loan other than as provided in said Section, the Bank may modify the basis for determining the interest rates applicable to the Loan upon not less than six (6) months’ notice to the Borrower of the new basis. The new basis shall become effective on the expiry of the notice period unless the Borrower notifies the Bank during said period of its objection thereto, in which case said modification shall not apply to the Loan.

Section 2.07. Interest and other charges shall be payable semi-annually in arrears on April 15 and October 15 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

### **ARTICLE III**

#### **Execution of the Project**

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project, and, to this end and without any limitation or restriction upon any of its other obligations under the Loan Agreement, shall cause each of IMNLYWPC and Zhejiang to carry out its Respective Part of the Project, and to cause them to perform in accordance with the provisions of the Project Agreement all their respective obligations therein set forth, shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable each of IMNLYWPC and Zhejiang to perform its respective obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall make the proceeds of the Loan available to Inner Mongolia and Zhejiang on the following principal terms:

- (i) The principal amount shall be made available in Dollars (determined on the date, or respective dates, of withdrawal from the Loan Account) of the value of the currency or currencies so withdrawn.
- (ii) The following shall be recovered over a period of twenty (20) years, inclusive of a grace period of five (5) years: (A) the principal amount so made available; and (B) an amount equal to the fee paid pursuant to Section 2.04 of this Agreement.
- (iii) Interest shall be charged on such principal amount withdrawn and outstanding from time to time at a rate equal to the rate of interest applicable from time to time to the Loan pursuant to the provisions of Section 2.06 of this Agreement.
- (iv) A commitment fee shall be charged on such principal amount of the Loan so made available and not withdrawn from time to time at a rate equal to three-fourths of one percent ( $3/4$  of 1%) per annum.

(c) The Borrower shall cause Inner Mongolia to onlend such amounts to IMLNYWPC under a Subsidiary Loan Agreement to be entered into between Inner Mongolia and IMLNYWPC, under terms and conditions satisfactory to the Bank, which shall include the principal terms as specified in paragraph (b) of this Section 3.01.

(d) The Borrower shall exercise its rights under the arrangements with Inner Mongolia and Zhejiang, in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and shall cause Inner Mongolia not to assign, amend, abrogate or waive the Subsidiary Loan Agreement or any provision thereof.

Section 3.02. (a) Except as the Bank shall otherwise agree, procurement of the goods, works, and services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 1 to the Project Agreement, as said provisions may be further elaborated in the Procurement Plans.

(b) The Borrower shall cause each of IMLNYWPC and Zhejiang to update its Respective Procurement Plan in accordance with guidelines acceptable to the Bank, and furnish such update to the Bank not later than twelve (12) months after the date of the preceding Procurement Plans, for the Bank's approval.

Section 3.03. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six (6) months before the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, a plan for the continued achievement of the Project's objectives; and

(b) afford the Bank a reasonable opportunity to exchange views with the Borrower on said plan.

Section 3.04. The Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) shall be carried out by IMNLYWPC, and Zhejiang, in respect of its Respective Part of the Project pursuant to Section 2.03 of the Project Agreement.

## **ARTICLE IV**

### **Financial Covenants**

Section 4.01. (a) The Borrower shall cause Zhejiang and IMNLYWPC, to maintain, or cause to be maintained, financial management systems, including records and accounts, and prepare financial statements, all in accordance with consistently applied accounting standards acceptable to the Bank, adequate to reflect their operations and financial conditions and to register separately the operations, resources and expenditures related to its Respective Part of the Project.

(b) The Borrower shall cause Zhejiang and IMNLYWPC respectively, to:

(i) have the financial statements referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Bank), audited, in accordance with consistently applied auditing standards acceptable to the Bank, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank as soon as available, but in any case no later than six (6) months after the end of each such year (or such other period agreed to by the Bank): (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or such other period agreed to by the Bank), as so audited; and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Bank; and

- (iii) furnish to the Bank such other information concerning such records, accounts and the audit of such financial statements, and concerning said auditors, as the Bank may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditures, the Borrower shall:

- (i) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one (1) year after the Bank has received the audit report for, or covering, the fiscal year in which the last withdrawal from the Loan Account was made;
- (ii) enable the Bank's representatives to examine such records; and
- (iii) ensure that such statements of expenditures are included in any audit that the Bank may have requested pursuant to paragraph (b) of this Section.

## **ARTICLE V**

### **Remedies of the Bank**

Section 5.01. Pursuant to Section 6.02(p) of the General Conditions, the following additional events are specified:

(a) Either IMNLYWPC or Zhejiang shall have failed to perform any of its obligations under the Project Agreement.

(b) As a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation shall have arisen which shall make it improbable that either IMNLYWPC or Zhejiang will be able to perform its obligations under the Project Agreement.

Section 5.02. Pursuant to Section 7.01(k) of the General Conditions, the following additional event is specified, namely, that the event specified in paragraph (a) Section 5.01 of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Bank to the Borrower.

## **ARTICLE VI**

### **Effective Date; Termination**

Section 6.01. The following are specified as additional matters, within the meaning of Section 12.02(c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank, namely, that the Project Agreement has been duly authorized or ratified by each of Zhejiang and IMNLYWPC and is legally binding upon Zhejiang and IMNLYWPC in accordance with its terms.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

## **ARTICLE VII**

### **Representative of the Borrower; Addresses**

Section 7.01. Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance  
Sanlihe  
Beijing 100820  
People's Republic of China

Facsimile:

(86-10) 68 55 11 25

For the Bank:

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

	Cable address:	Telex:	Facsimile:
6391	INTBAFRAD Washington, D.C.	248423 (MCI) or 64145 (MCI)	(1-202) 477-

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Beijing, People's Republic of China, as of the day and year first above written.

PEOPLE'S REPUBLIC OF CHINA

By /s/ Zhu Guangyao

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ David Dollar

Authorized Representative

**SCHEDULE 1****Withdrawal of the Proceeds of the Loan**

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	Amount of the Loan Allocated (Expressed in Dollars)	% of Expenditures to be Financed
(1) Goods under Part A of the Project	66,832,475	100%
(2) Sub-loans under Part B of the Project	19,281,700	100% of the Sub-loan amount disbursed
(3) Fee	215,825	Amount due under Section 2.04 of this Agreement
<b>TOTAL</b>	<u>86,330,000</u>	

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures:

(a) prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding \$1,900,000, may be made in respect of Category (2) set forth in the table in paragraph 1 of this Schedule on account of payments made for expenditures before that date but after January 1, 2005;

(b) in respect of Category (1) set forth in the table of paragraph 1 of this Schedule, until the Bank shall have notified the Borrower of receipt of evidence, satisfactory to the Bank that:

- (i) the Subsidiary Loan Agreement, satisfactory to the Bank, has been executed on behalf of Inner Mongolia and IMNLYWPC, and a legal opinion acceptable to the Bank has been furnished to the Bank, certifying that the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, both the Inner Mongolia and IMNLYWPC, and is legally binding upon said parties in accordance with its terms;

- (ii) a financial management manual, satisfactory to the Bank, has been prepared and adopted by IMNLYWPC for carrying out of Part A of the Project; and
- (iii) IMNLYWPC's shareholders have issued letters confirming that they will provide equity contributions in total in an amount of at least \$20,050,000 equivalent to IMNLYWPC no later than the date of entry into service of the wind power plant to be built under Part A of the Project.

(c) in respect of Category (2) set forth in the table of paragraph 1 of this Schedule, until the Bank shall have notified the Borrower of receipt of evidence, satisfactory to the Bank that a financial management manual, acceptable to the Bank, has been prepared and issued by Zhejiang for carrying out of Part B of the Project.

3. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures under contracts for Sub-loans under such terms and conditions as the Bank shall specify by notice to the Borrower.



## **SCHEDULE 2**

### **Description of the Project**

The objective of the Project is to assist the Borrower to demonstrate early success in large scale renewal energy development in the Pilot Provinces with participation of private sector developers.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

Part A:            Huitengxile Wind Farm

Developing a wind farm, in Huitengxile, Inner Mongolia, consisting of:

1.        Installation of wind turbines with an aggregate capacity of about 100 megawatt (MW) and associated civil and electrical works;
2.        Expansion of an existing switchyard and a control room;
3.        Extension of a 110kV transmission line from the wind farm to the Desheng Sub-station; and
4.        Upgrading the Desheng Sub-station.

Part B:            Zhejiang Small Hydropower Sub-projects

Carrying out Small Hydropower Sub-projects, consisting of:

1.        Rehabilitation of about eleven (11) small hydropower plants to increase the aggregate capacity from about 40MW to about 52MW.
2.        Construction of about seven (7) hydropower plants with an aggregate capacity of about 16MW.

\* \* \*

The Project is expected to be completed by March 31, 2010.

**SCHEDULE 3****Amortization Schedule**

<u>Date Payment Due</u>	<u>Payment of Principal (Expressed in U.S. Dollars)<sup>1</sup></u>
October 15, 2011	2,050,000
April 15, 2012	2,095,000
October 15, 2012	2,140,000
April 15, 2013	2,190,000
October 15, 2013	2,240,000
April 15, 2014	2,290,000
October 15, 2014	2,340,000
April 15, 2015	2,395,000
October 15, 2015	2,445,000
April 15, 2016	2,500,000
October 15, 2016	2,555,000
April 15, 2017	2,615,000
October 15, 2017	2,675,000
April 15, 2018	2,735,000
October 15, 2018	2,795,000
April 15, 2019	2,855,000
October 15, 2019	2,920,000
April 15, 2020	2,985,000
October 15, 2020	3,055,000
April 15, 2021	3,120,000
October 15, 2021	3,190,000
April 15, 2022	3,265,000
October 15, 2022	3,335,000
April 15, 2023	3,410,000
October 15, 2023	3,485,000
April 15, 2024	3,565,000
October 15, 2024	3,645,000
April 15, 2025	3,725,000
October 15, 2025	3,810,000
April 15, 2026	3,905,000

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<sup>1</sup> The figures in this column represent the amount in dollars to be repaid, except as provided in Section 4.04(d) of the General Conditions.

## **SCHEDULE 4**

### **Special Account**

1. For the purposes of this Schedule:
  - (a) the term “eligible Category” means Category (2) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;
  - (b) the term “eligible expenditures” means expenditures in respect of the reasonable cost of goods, works, and services required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and
  - (c) the term “Authorized Allocation” means the amount of \$2,000,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3(a) of this Schedule.
2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.
3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:
  - (a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.
  - (b)
    - (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.
    - (ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have

requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01(b)(ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the

Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6(a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.