



Prime Minister
Wellington
New Zealand

1 April 1982

My Dear Prime Minister,

I have the honour to refer to discussions which have recently taken place between representatives of our respective Governments concerning the grant of a loan by the Government of New Zealand to the Government of the Cook Islands to enable the purchase of the hotel known as the Rarotongan Hotel and its plant and furnishings ("the hotel") currently owned by Cook Islands Hotels Ltd. I now propose on behalf of the Government of New Zealand that an agreement be reached between our two Governments in the following terms:

1. The Government of New Zealand shall make available to the Government of the Cook Islands on the 1st day of April 1982 a loan of the sum of five million five hundred thousand dollars (\$5,500,000) ("the principal sum") in New Zealand currency to be applied by the Government of the Cook Islands only for on-lending to a company ("the company") to be incorporated for the purpose of purchasing the hotel.
2. The loan shall be repayable over a term of 28 years commencing on the 1st day of April 1983.
3. The Government of the Cook Islands shall pay interest on the loan at the rate of seven percent (7%) per annum calculated with quarterly rests from the 1st day of April 1982, such interest to be paid quarterly on the 1st days of April, July, October and January in each and every year that the principal sum or any part thereof remains outstanding: provided however that the first payment shall be made on the 1st day of July 1983 and interest for the period from the 1st day of April 1982 to the

/31st day

Hon. Sir Thomas Davis, KBE,
Prime Minister of the
Cook Islands,
Rarotonga,
COOK ISLANDS.


31st day of March 1983 shall be capitalised and added to the principal sum.

4. The principal sum, capitalised interest and interest shall be paid by the Government of the Cook Islands to the Government of New Zealand by quarterly instalments of \$120,209.36 in New Zealand currency on the 1st days of April, July, October and January in each and every year with the first payment to be made on the 1st day of July 1983. Payment shall be effected by telegraphic transfer to the Reserve Bank, Wellington for the credit of the Public Account.
5.
 - (a) The Government of the Cook Islands shall be free at any time to repay to the Government of New Zealand in New Zealand currency the whole of the loan that is then outstanding, together with interest thereon, including capitalised interest, calculated up to the date of repayment.
 - (b) The Government of the Cook Islands shall not sell, assign, transfer or dispose of the hotel or enter into an agreement for this purpose without satisfying the New Zealand Government as to the means by which the loan is to be repaid.
6. The Government of the Cook Islands shall:
 - (a) on-lend the principal sum to the company upon the same terms as to payment of principal and interest, including capitalised interest, on which the principal sum is advanced by the Government of New Zealand to the Government of the Cook Islands;
 - (b) take and retain, until all moneys outstanding to the Government of New Zealand under the loan have been repaid, the majority shareholding in the company and ensure that the other shareholders include the contractors responsible for the management of the hotel.

7. Representatives of the Government of New Zealand and the Government of the Cook Islands shall settle to the satisfaction of both Governments such further terms and arrangements as may be necessary to give effect to this agreement.

If the foregoing provisions are acceptable to the Government of the Cook Islands I have the honour to suggest that the present letter and your reply to that effect shall constitute an agreement between our two Governments which shall enter into force on the date of your reply.

Yours sincerely,

A handwritten signature in dark ink, appearing to be a name with a surname and a first name, written in a cursive style. The signature is located below the typed text "Yours sincerely,".



Prime Minister
Rarotonga Cook Islands

5 April 1982

Rt Hon R D Muldoon CH
Prime Minister
Wellington
NEW ZEALAND

My Dear Prime Minister

I have the honour to refer to your letter dated 1 April 1982, the text of which is as follows:

"I have the honour to refer to discussions which have recently taken place between representatives of our respective Governments concerning the grant of a loan by the Government of New Zealand to the Government of the Cook Islands to enable the purchase of the hotel known as the Rarotongian Hotel and its plant and furnishings ("the hotel") currently owned by Cook Islands Hotels Ltd. I now propose on behalf of the Government of New Zealand that an agreement be reached between our two Governments in the following terms:

1. The Government of New Zealand shall make available to the Government of the Cook Islands on the 1st day of April 1982 a loan of the sum of five million five hundred thousand dollars (\$5,500,000) ("the principal sum") in New Zealand currency to be applied by the Government of the Cook Islands only for on-lending to a company ("the company") to be incorporated for the purpose of purchasing the hotel.
2. The loan shall be repayable over a term of 28 years commencing on the 1st day of April 1983.
3. The Government of the Cook Islands shall pay interest on the loan at the rate of seven percent (7%) per annum calculated with quarterly rests from the 1st day of April 1982, such interest to be paid quarterly on the 1st days of April, July, October and January in each and every year that the principal sum or any part thereof remains outstanding: provided however that the first payment shall be made on the 1st day of July 1983 and interest for the period from the 1st day of April 1982 to the 31st day of March 1983 shall be capitalised and added to the principal sum.

2.

Rt Hon R D Muldoon CH

4. The principal sum, capitalised interest and interest shall be paid by the Government of the Cook Islands to the Government of New Zealand by quarterly instalments of \$120,209.36 in New Zealand currency on the 1st days of April, July, October and January in each and every year with the first payment to be made on the 1st day of July 1983. Payment shall be effected by telegraphic transfer to the Reserve Bank, Wellington for the credit of the Public Account.
5.
 - (a) The Government of the Cook Islands shall be free at any time to repay to the Government of New Zealand in New Zealand currency the whole of the loan that is then outstanding, together with interest thereon, including capitalised interest, calculated up to the date of repayment.
 - (b) The Government of the Cook Islands shall not sell, assign, transfer or dispose of the hotel or enter into an agreement for this purpose without satisfying the New Zealand Government as to the means by which the loan is to be repaid.
6. The Government of the Cook Islands shall:
 - (a) on-lend the principal sum to the company upon the same terms as to payment of principal and interest, including capitalised interest, on which the principal sum is advanced by the Government of New Zealand to the Government of the Cook Islands;
 - (b) take and retain, until all moneys outstanding to the Government of New Zealand under the loan have been repaid, the majority shareholding in the company and ensure that the other shareholders include the contractors responsible for the management of the hotel.
7. Representatives of the Government of New Zealand and the Government of the Cook Islands shall settle to the satisfaction of both Governments such further terms and arrangements as may be necessary to give effect to this agreement.

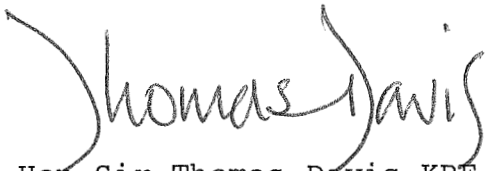
3.

Rt Hon R D Muldoon CH

If the foregoing provisions are acceptable to the Government of the Cook Islands I have the honour to suggest that the present letter and your reply to that effect shall constitute an agreement between our two Governments which shall enter into force on the date of your reply."

In summary, all the provisions in your above letter are acceptable to my Government, and I agree that your letter and this reply shall constitute an agreement between our two Governments, to enter into force on the date of this letter.

Yours sincerely

A handwritten signature in cursive script that reads "Thomas Davis". The signature is written in dark ink and is positioned above the typed name.

Hon Sir Thomas Davis KBE
Prime Minister