Consent to Conversion

6. The consent of the holder of the existing securities to the conversion thereof in accordance with this Order shall, if given, be specified in writing, and when given shall be irrevocable.

New Securities

7. (1) New securities shall be issued to secure an aggregate amount of principal of six hundred and six thousand pounds (606,000). The principal and interest in respect of such new securities shall be borne by the local authority.

(2) The aggregate amount of principal secured by the new securities to be issued in accordance with this Order, together with interest thereon computed at a rate not exceeding three and one-eighth per centum (3¼%) per annum, shall be repaid by equal half-yearly instalments over a period of ten (10) years, the first half-yearly instalment to fall due and be paid on the first day of September, one thousand nine hundred and forty-nine, and subsequent half-yearly instalments to fall due and be paid on the first half-yearly instalment to fall due and be paid on the first day of March, one thousand nine hundred and fifty-nine.

8. (1) New securities for the amount of each half-yearly instalment shall be issued in the form of debentures in the form numbered (1) in the Second Schedule hereto.

(2) All new debentures shall be numbered consecutively, and as between the holders thereof shall rank equally.

(3) Every new debenture shall state on its face that the holder has no claim in respect thereof upon the Government or public revenues of New Zealand.

Debentures shall be signed by the Chairman, countersigned by the Treasurer or some other officer appointed by the local authority for the purpose, and sealed with the common seal of the local authority.

Schedule of Existing Securities and Payment of Interest Thereon

9. The holder of the existing securities shall surrender the existing securities in exchange for the new securities, and shall be entitled to receive on the date of conversion interest on the existing securities for the period ending on that date.

Premium

10. The holder of the existing securities shall be entitled to receive a premium of one thousand eight hundred and nine pounds fifteen shillings and sevenpence (£1,869 1s. 7d.). The amount of such premium shall be paid in cash out of the existing sinking fund.

Place for Payment of Principal and Interest

11. The principal and interest in respect of new securities shall be payable in New Zealand.

Application of Existing Sinking Fund

12. The existing sinking fund of the loan referred to in the First Schedule hereto shall at the date of conversion be applied by the Commissioners thereof, so far as it will extend in or towards making the following payments, in the following order of priority, namely:

(a) First, in payment in accordance with the directions of the local authority of the sum of one thousand eight hundred and nine pounds fifteen shillings and severance (£1,869 1s. 7d.), being the amount of premium payable to the holder of the existing securities pursuant to the provisions of clause ten hereto.

(b) Secondly, so far as it will extend and in accordance with the direction of the holder, in repayment as at the date of conversion of the principal secured by the existing securities issued in respect of such loan.

Security

13. (1) As a security for the new securities the local authority shall forthwith, by resolution gazetted (in the form numbered (2) in the Second Schedule hereto), make and impose a special rate on all rateable property in its electric-power district to provide for the payment of the half-yearly instalments of principal and interest in respect of such securities.

(2) Subject to the provisions of this Order, the provisions of the Local Bodies' Loans Act, 1926, and of any other Act shall, so far as applicable and with all necessary modifications, apply with respect to such special rate, and with respect to the interest and other charges in respect of such securities, as if such special rate were made and levied in respect of a special loan raised under Part I of the said Local Bodies' Loans Act, 1926.

(3) Upon the making of such special rate every special rate thereafter made in respect of any existing securities converted into new securities in accordance with this Order shall cease to be a security for such existing securities.

(4) Provided, however, that nothing in this clause shall be deemed to extinguish the liability of any ratepayer for special rates outstanding in respect of the loan specified in the First Schedule hereto at the commencement of this Order.

Costs of Conversion

14. All costs, charges, and expenses incidental to the conversion shall be borne by the local authority.

**First Schedule**

<table>
<thead>
<tr>
<th>Name of Security</th>
<th>Amount</th>
<th>Rate of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Central Hawke's Bay Electric-power Board Reticulation Loan of £10,000, 1926</td>
<td>£10,000</td>
<td>5%</td>
</tr>
</tbody>
</table>