

No. 30873

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**NEW ZEALAND  
and  
COOK ISLANDS**

**Exchange of letters constituting an agreement concerning the restructuring of the Rarotongan Hotel loans. Wellington, 22 August 1990 and Rarotonga, 10 September 1990**

*Authentic text: English.*

*Registered by New Zealand on 31 March 1994.*

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**NOUVELLE-ZÉLANDE  
et  
ÎLES COOK**

**Échange de lettres constituant un accord relatif au réaménagement des prêts pour le Rarotongan Hotel. Wellington, 22 août 1990 et Rarotonga, 10 septembre 1990**

*Texte authentique : anglais.*

*Enregistré par la Nouvelle-Zélande le 31 mars 1994.*

EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF NEW ZEALAND AND THE GOVERNMENT OF THE COOK ISLANDS CONCERNING THE RESTRUCTURATION OF THE RAROTONGAN HOTEL LOANS

I

OFFICE OF THE MINISTER OF FINANCE  
WELLINGTON, NEW ZEALAND

22 August 1990

My Dear Prime Minister,

I have the honour to refer to my Prime Minister's letter to you of 13 November about the restructuring of the Rarotongan Hotel loans concerning:

*a)* The purchase of the Hotel and concluded by an exchange of letters between our forerunners on 1 and 5 April 1982<sup>2</sup> (hereafter referred to as "Loan Agreement One"); and

*b)* The deferment of capital payments on Loan Agreement One and concluded by an exchange of letters on 16 January 1985<sup>3</sup> and 7 February 1985<sup>4</sup> (hereafter referred to as "Loan Agreement Two").

The two loans have been revalued and expressed as an amount outstanding. This amount has been calculated as a net present value of the future stream payments to be made by the Cook Islands Government, discounted by the 5 year Government Stock rate on 17 July 1989 of 13.58 percent (annual basis).

Therefore I now propose on behalf of the New Zealand Government that an agreement be reached between our two Governments on the following terms:

*a)* That the outstanding amount of principal with respect to Loan One be calculated as a total sum of \$3,603,060 as at 30 June 1989;

*b)* That the outstanding amount of principal with respect to Loan Two be calculated as a total sum of \$376,403 as at 30 June 1989;

*c)* That the New Zealand Government acknowledges the payment by the Cook Islands Government of \$376,403 on 21 November 1989 as complete repayment of Loan Two.

*d)* That the terms of Loan Agreement One remain on foot except as follows:

Principal Sum:                 \$3,603,060

Interest Rate:                13.84 percent over the term of the loan

<sup>1</sup> Came into force on 10 September 1990 by the exchange of the said letters.

<sup>2</sup> See p. 135 of this volume.

<sup>3</sup> Should read "15".

<sup>4</sup> See p. 143 of this volume.