

6-21-67

LGP 2-011
5120258 (3)

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON 25, D. C.

512-26-220-258
A.I.D. Loan No. 512-L-011
(Ref.: AID-DLC/P-138)

3p

OFFICE OF
THE ADMINISTRATOR

LOAN AUTHORIZATION (AMENDED)

Provided From: Alliance for Progress Loan Funds
BRAZIL: Santa Cruz Thermal Plant (FURNAS)

Pursuant to the authority vested in the Administrator of the Agency for International Development by the Foreign Assistance Act of 1961, as amended, and the delegations of authority issued thereunder, I hereby amend the text of the Loan Authorization for the subject loan to read as follows:

"Pursuant to the authority vested in the Administrator of the Agency for International Development (hereinafter called "A.I.D.") by the Foreign Assistance Act of 1961, as amended, and the delegations of authority issued thereunder and after consultation with the Development Loan Committee, I hereby authorize the establishment of a loan pursuant to Part I, Chapter 2, Title VI, the Alliance for Progress, to Central Electrica de Furnas S.A. (FURNAS) (hereinafter called "Borrower") of not to exceed fifteen million five hundred thousand dollars (\$15,500,000) to assist in financing the foreign exchange costs of equipment, materials and services required to construct and put into operation a 150 megawatt thermal power plant and associated facilities at Santa Cruz, this loan to be subject to the following terms and conditions:

1. Interest, Credit Fee and Terms of Repayment:

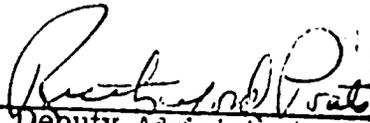
- (a) Borrower shall repay the loan to A.I.D. in United States dollars within twenty (20) years from first disbursement under the loan, including a grace period of not to exceed three (3) years. Borrower shall pay to A.I.D. in United States dollars interest at the rate of five (5) percent per annum and a credit fee of three-quarters of one (3/4 of 1) percent per annum on the disbursed portion of the loan; provided, that such amounts becoming payable during said grace period may be capitalized over the term of the loan.
- (b) If prior to December 31, 1966, the Government of Brazil ("Government") so elects, the Borrower shall fulfill its dollar obligation under the loan by paying the Government in the currency of Brazil the equivalent, determined as of the time and in a manner satisfactory to A.I.D., of the United States dollar amounts payable to A.I.D. under (a) above and in such event the Government shall pay to A.I.D.:

- (i) the equivalent in United States dollars, determined as of the time and in a manner calculated to obtain repayment of all dollars disbursed plus interest, of all amounts paid to Government as follows:
 - (a) all interest immediately upon receipt subject to Government's right to retain all payments in excess of one percent (1%) per annum during a grace period of not to exceed ten (10) years from the first disbursement under the loan ("Government grace period") and all payments in excess of two and one-half percent ($2\frac{1}{2}\%$) per annum thereafter;
 - (b) principal within forty (40) years, including the Government grace period.
- (ii) Interest in United States dollars of one percent (1%) per annum during the Government grace period, and two and one-half percent ($2\frac{1}{2}\%$) per annum thereafter on all amounts of outstanding principal paid by Borrower to Government from the respective dates of such payments of principal.

2. Other Terms and Conditions:

- (a) The loan shall be guaranteed by the Empresa Centrais Electricas Brasileiras, S.A. (ELETROBRAS), an autonomous agency of the Government of Brazil.
- (b) Until Furnas receives IBRD approval of the loan and is able to assume appropriate financial and other obligations Eletrobras will remain the primary obligor although disbursements under the loan are made to Furnas.
- (c) Equipment, materials and services financed by the loan shall be procured from the United States.
- (d) Unless A.I.D. shall otherwise agree Borrower or Eletrobras shall not increase its long-term indebtedness unless such indebtedness precludes payment to such creditors at any time that Borrower is in default under the A.I.D. loan.
- (e) Unless A.I.D. shall otherwise agree Borrower or Eletrobras shall not make any investment or expenditure, other than in connection with the project financed by the A.I.D. loan during any period in which it is in default under the A.I.D. loan.

- (f) Other terms and conditions as A.I.D. may deem advisable, including the following conditions precedent to disbursement:
- (i) Borrower shall provide satisfactory evidence of the official registration of the A.I.D. loan with appropriate Brazilian Government authorities.
 - (ii) Borrower shall provide a schedule of capital subscription and internal loan arrangements sufficient to carry out the project as now planned."


Deputy Administrator

June 21, 1967
Date

PD-AAA-288-A1

LGP
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(File Copy)

A.I.D. Loan No. 512-L-011

ALLIANCE FOR PROGRESS
INDEPENDENT GUARANTY AGREEMENT

Between the

CENTRAIS ELETRICAS BRASILEIRAS S.A. - ELETROBRAS

and the

UNITED STATES OF AMERICA

In Connection With A.I.D. Loan No. 512-L-011

512-26-220-258

Dated: *August 9, 1967*

CONFORMED COPY

ALLIANCE FOR PROGRESS

INDEPENDENT GUARANTY AGREEMENT

AGREEMENT, dated the 7th day of August of 1967, between the CENTRAIS ELETRICAS BRASILEIRAS S.A. - ELETROBRAS ("Guarantor"), a mixed economy corporation of the Government of Brazil, and the UNITED STATES OF AMERICA, acting through the Agency for International Development ("A.I.D.").

In connection with A.I.D. Loan No. 512-L-011 ("Loan") between Centrais Eletricas de Furnas S.A. ("Borrower") and A.I.D., dated September 10, 1963, as amended on June 23, 1966 and August 9, 1967, the Guarantor and A.I.D. hereby agrees as follows:

1. The Guarantor hereby unconditionally and absolutely, jointly and severally, as primary obligor with the Borrower undertakes to make, in accordance with the terms of the Loan, due and punctual payment of the Principal, interest, credit fee, and any other payment required of the Borrower under the Loan.

2. The Guarantor shall furnish such information and take such steps, related to making the Guaranty of the Loan operative, as A.I.D. shall reasonably request.

3. The Guarantor agrees to remain bound under this Guaranty Agreement notwithstanding the extension of time of performance to, the granting of any other indulgency to, or any other modification of any obligation under the Loan, of the Borrower.

4. If, by operation of any law of the United States or by virtue of assignment, any corporate or other agency of the Government of the United States succeeds to the rights and obligations of A.I.D. under this Agreement, such agency shall be deemed to be A.I.D. for purposes of this Agreement.

5. Any communications or documents given, made or sent by Eletrobras or A.I.D. pursuant to this Agreement shall be in writing and shall be deemed to have been duly given, made or sent to the party to which it is addressed when it shall be delivered by hand or mail, cable or telegram to such party at the following address:

To Eletrobras:

Mail Address:

Centrais Eletricas Brasileiras S.A. - Eletrobras
Av. Pres. Vargas, 642 - 10^o andar
Rio de Janeiro, Brasil

Cable Address:

ELETROBRAS
Rio de Janeiro, Brasil

To A.I.D. (five copies)

Mail Address:

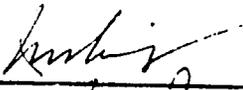
Office of Capital Development and Industry
Agency for International Development
Rua Melvin Jones, 5
Rio de Janeiro, GB

Cable Address:

A.I.D.
Embaixada dos Estados Unidos da America
Rio de Janeiro, Brasil

IN WITNESS WHEREOF, the Guarantor and A.I.D., each acting through its respective authorized representative, have caused this Guaranty Agreement to be signed in their respective names and delivered in Rio de Janeiro as of the day and year first above written.

CENTRAIS ELETRICAS BRASILEIRAS S.A. - ELETROBRAS

By: 

Title: President

By: 

Title: Secretary

AGENCY FOR INTERNATIONAL DEVELOPMENT

By: 

Title: _____