

Acquisition of Montego Beach and Casa Montego Hotels

Negotiations have been concluded by the Urban Development Corporation (UDC) a wholly-owned Government Company, for the acquisition of the following Hotels:-

- (1) Montego Beach Hotel from Cunard Trafalgar Resorts Limited, London;
- (2) Casa Montego Hotel and White Sands Inn from Gresham Trust Limited, London.

Both Hotels will be operated by National Hotels and Properties Limited (NHP) a subsidiary of UDC, for the time being with managements being supplemented, if necessary, by outside agencies.

2. In regard to Montego Beach Hotel, an agreement between UDC and Cunard Trafalgar Resorts Limited signed on the 12th November 1975, provided for acquisition on the following terms:-

- (i) purchase price S£730,000 (approximately J\$1.363 million);
- (ii) consideration to be a loan by CTR Limited to be evidenced by the issue of five Promissory Notes of S£146,000 (approximately J\$272,728) each providing for repayment upon the expiration of the third, fourth, fifth, sixth and seventh years. This amounts to a moratorium of 2 years and maturity period of 7 years;
- (iii) interest at a rate of 9% per annum;
- (iv) the loan instrument to be subject to a Government guarantee;
- (v) the loan obligation to be non-negotiable and non-transferable save and except with the approval of the Government of Jamaica which will not be unreasonably withheld;
- (vi) the loan obligation may be used as a collateral but any such transaction must be approved by the Government of Jamaica;
- (vii) the proprietors and operators of the Hotel to be responsible for clearing all existing debts both current and longer term, without any obligation whatever to NHP Limited;
- (viii) all payments of principal, interest and any other sums due hereunder to be free and clear of, and without any deduction whatsoever for taxes, dues and any other charges.

3. In regard to Casa Montego Hotel an agreement between UDC and Gresham Trust Limited, signed on the 8th December 1975, provided for acquisition on the following terms:-

- (i) purchase price S£1.250 million (approximately J\$2.335 million);
- (ii) consideration to be a loan by Gresham Trust to be evidenced by the issue of a Promissory Note providing for repayment of S£125,000 (approximately J\$233,500)

upon expiration of the third, fourth, fifth, sixth, seventh, eight and ninth years and S\$375,000 (approximately J\$700,500) on the expiration of the tenth year. This amounts to a moratorium of 2 years and maturity period of 10 years;

- (iii) interest at a rate of 10% per annum;
- (iv) the loan instrument to be subject to a Government guarantee;
- (v) the loan obligation to be non-negotiable and non-transferable save and except with the approval of the Government of Jamaica which will not be unreasonably withheld;
- (vi) the loan obligation may be used as a collateral but any such transaction must be approved by the Government of Jamaica;
- (vii) the properties in total (both movables and immovables including furnishings, furniture and fixtures) to be transferred free of all encumbrances;
- (viii) NHP Limited to undertake to purchase consumer goods at a valuation agreed on;
- (ix) all rental agreements relating to the shopping compound (including shops within the Hotels) to be assigned to NHP Limited;
- (x) the proprietors and operators of the Hotel to be responsible for clearing all existing debts - both current and longer term, without any obligation whatever to NHP Limited;
- (xi) all payments of principal, interest and any other sums due hereunder to be free and clear of, and without any deduction whatsoever for taxes, dues and any other charges.

4. NHP became responsible for all expenses and costs relating to Montego Beach Hotel on 1st October 1975, after a closure of approximately one month, and also took possession of Casa Montego Hotel on 5th December 1975. The Company also entered into management agreements with Jack Tar Management Company, Dallas, Texas, for the management of both hotels for the six-month period 1st December 1975 to 31st May 1976, during which period a study of the feasibility of both operations will be undertaken. The present intention is to close the Montego Beach Hotel during the summer of 1976 and completely re-equip the kitchen and upgrade the bedrooms and other areas to the Hotel's former five-star standard. Present indications are that another tower containing approximately 200 rooms and convention facilities might have to be built to make Casa Montego Hotel operation more viable.

5. The House of Representatives is accordingly asked to approve under the Approved Organizations and Authorities Loans (Government Guarantee) Act, the guarantee of the repayment of principal and payment of interest in terms

of the Loan and Guarantee documents (tabled) on the following loans to the Urban Development Corporation:

- (1) Loan of £730,000 (approximately J\$1,363,000) by Cunard Trafalgar Resorts Limited, on the terms and conditions listed at paragraph 2;
- (2) Loan of £1,250,000 (approximately J\$2,335,000) by Gresham Trust Limited, on the terms and conditions listed at paragraph 3.

----- 6. Attached is a list of outstanding guarantees. In due course I will move a resolution to this effect.

DAVID H. COORE  
Minister of Finance  
14th January 1976

File No. 591/033

CHAPTER 18 GUARANTEE OUTSTANDING AMOUNTS  
AT 31/3/75

<u>Name of Organization</u>	<u>Amounts Authorized</u>	<u>Estimated Outstanding Balances</u>
J.C.S.M.T.S.	100,000.00	21,750.00
Munroe & Dickenson Trust	60,000.00	8,000.00
Calabar High School	80,000.00	NIL
Manchester School	60,000.00	NIL
Clarendon College	40,000.00	NIL
George Island Estates	300,000.00	NIL
Joint Intercontinental Hotel	8,629,740.00	8,454,295.56
Rose Hall International Hotels Limited	10,726,363.64	10,726,363.64
Rose Hall (H.I.) Limited	625,000.00	625,000.00
Rose Hall (H.I.) Limited	4,583,334.00	4,583,334.00
Pegasus Hotels Limited (B.O.A.C.)	2,000,000.00	2,000,000.00
Jamaica Development Bank (D.F.C.)	2,000,000.00	2,000,000.00
Jamaica Development Bank	3,363,636.36	2,481,361.82
Kingston Waterfront Hotel	10,629,628.22	6,788,711.18
Trelawny Resorts Limited	7,362,739.00	NIL
Jamaica Mortgage Bank	9,090,909.09	6,096,431.13
Frere/Monymusk Land Company	14,548,994.09	14,477,914.09
Innswood Estates	700,000.00	170,000.00
Grays Inn Sugar Estate	450,000.00	624,211.00
Mallards Reef Hotel Limited	12,016,206.06	9,735,764.85
Air Jamaica (1968) Limited	2,107,355.45	1,068,565.63
Air Jamaica (1968) Limited	2,318,181.82	1,168,750.00
Jamaica Public Service Company Limited	53,775,454.00	32,342,155.46
Jamaica Telephone Company Limited	16,818,181.82	13,098,458.18
Jamaica Telephone Company Limited	2,000,000.00	1,000,000.00
Port Authority	12,727,272.73	12,727,272.73
Kingston & St. Andrew Corporation	750,000.00	750,000.00
	<u>177,862,996.28</u>	<u>139,948,339.27</u>