

RESOLUTION NO.

PARLIAMENT

WHEREAS by paragraph (a) of section 3(1) of the *Guarantee of Loans (Companies) Act*, Cap. 96, the Government may, with the approval of Parliament, guarantee the borrowing of such sums by a company from a lending agency as is authorised by the Government;

AND WHEREAS Barbados Conference Services Limited, a company incorporated under the *Companies Act*, Cap. 308, is a company controlled by the Government within the meaning of section 2 of the *Guarantee of Loans (Companies) Act*;

AND WHEREAS Barbados Conference Services Limited is seeking loans in the sum of BDS\$58.1 million from the Bank of Nova Scotia on the terms and conditions set out in the *Schedule* hereto for the purpose of financing a construction project for the provision of a commercial office building, a multi-storey car park and upgraded kitchen facilities at the Lloyd Erskine Sandiford Centre, in addition to the payment of value added tax associated with the project.

AND WHEREAS the Bank has agreed to make available to Barbados Conference Services Limited, loans in the amounts not exceeding the maximum of \$58,100,000 in the aggregate and subject to the terms and conditions of an agreement governing the loans;

AND WHEREAS by virtue of section 4 of the *Guarantee of Loans (Companies) Act*, the aggregate amount of all borrowings by companies that are guaranteed by the Government shall not exceed \$345,000,000, without taking into account any amount in respect of interest, commissions and any other expenses secured by the guarantee; and the Minister responsible for Finance has certified that the aggregate amount of all borrowings guaranteed by the Government and any further borrowings do not exceed the limit imposed by that section;

BE IT RESOLVED that Parliament approve the guarantee, by the Minister responsible for Finance, of the payment of the principal sum of BDS\$58.1 million and interest thereon to be borrowed by Barbados Conference Services Limited from the Bank of Nova Scotia on the terms and conditions set out in the *Schedule* hereto.

APPROVED by the House of Assembly this day of
, 2010.

Speaker

APPROVED by the Senate this day of
2010. ,

President

SCHEDULE

TERMS AND CONDITIONS OF LOANS

1. The Loans are to be obtained from the Bank of Nova Scotia, hereinafter referred to as the "Bank", by Barbados Conference Services Limited, hereinafter referred to as the "Borrower", pursuant to a loan agreement between the parties and by way of 3 facilities: Facilities "A", "B" and "C" as follows:

"Facility A"

- Authorised Limit: \$ 51,400,000.
- Type: Non-Revolving Term Loan.
- Purpose: To assist with the construction of a four storey, Class A commercial office building with 81,000 square feet of rentable space, and multi-storey car park at Lloyd Erskine Sandiford Centre in Barbados.
- Currency: Barbados dollars.
- Utilization: The Borrower may utilize Facility A by way of direct advances evidenced by one or more promissory notes, provided that all terms and conditions are met.
- Drawdown:
- (a) The Borrower shall provide the Bank with a drawdown request in a format acceptable to the Bank not more than ten (10), nor less than five (5) business days before the proposed date for making such advance.
 - (b) Advances are to be on a "Cost to Complete" basis against certificates approved by the Quantity Surveyor. Each drawdown request must include a certification from the Quantity Surveyor that sufficient funds remain in the budget to complete the Project.
 - (c) Advances are to be made no more often than once monthly.

- (d) The initial advance shall take place not later than 30 days following the execution of the Agreement, failing which the right to draw any funds under Facility A will no longer be available for drawing, unless otherwise agreed to in writing by the Bank.
- (e) Aggregate advances under Facility A, Facility B and Facility C shall not exceed \$11,620,000 until the Bank receives the following security documents to the Bank's satisfaction: Loan Guarantee, Cost Overrun Guarantee and Debt Service Guarantee granted by the Government of Barbados.
- (f) No further advances from Facility A shall be permitted after the earlier of: (i) 3 years from the date of the initial advance under Facility A, and (ii) Completion.
- (g) Before the earlier of: (i) Completion, or (ii) 3 years from the date of the initial advance under Facility A, the outstanding amount under Facility A to be increased from time to time by the capitalisation of interest, but aggregate advances shall not exceed the authorised limit of \$51,400,000.

Maturity Date: The final maturity date of Facility A is 7 years from the date of the initial advance under Facility A.

"Facility B"

Authorised Limit: \$1,700,000

Type: Non-Revolver Term Loan

Purpose: To assist with the upgrade and renovations of the kitchen at the Lloyd Erskine Sandiford Centre.

Currency: Barbados dollars

Utilization: The Borrower may utilize Facility B by way of direct advances evidenced by one or more promissory notes, provided that all terms and conditions are met.

- Drawdown:
- (a) The Borrower shall provide the Bank, not more than ten (10) nor less than five (5) business days before the proposed date for making such advance, with a drawdown request in a format acceptable to the Bank.
 - (b) Each drawdown request must include invoices for work completed.
 - (c) The initial advance under this facility shall take place not later than 30 days following the execution of the Agreement, failing which the right to draw any funds under Facility B will no longer be available for drawing, unless otherwise agreed to in writing by the Bank.
 - (d) Aggregate advances under Facility A, Facility B and Facility C shall not exceed \$11,620,000 until the Bank receives the following security documents to the Bank's satisfaction: Loan Guarantee, Cost Overrun Guarantee and Debt Service Guarantee granted by the Government of Barbados.

Maturity Date: The final maturity date of Facility B is 5 years from the date of the initial advance under Facility B (the "Facility B Maturity Date").

"Facility C"

Authorised Limit: \$5,000,000

Type: Revolving loan

Purpose: To assist with the payment of Value Added Tax ("VAT") associated with the Project.

Currency: Barbados dollars

Utilization: The Borrower may utilize Facility C by way of direct advances evidenced by one or more promissory notes, together with submission of Value Added Tax invoices, provided all terms and conditions are met.

Drawdown: Aggregate advances under Facility A, Facility B and Facility C shall not exceed \$11,620,000 until the Bank receives the following security documents to the Bank's satisfaction: Loan Guarantee, Cost Overrun Guarantee and Debt Service Guarantee granted by the Government of Barbados.

Maturity Date: Renewable annually up to a maximum of 3 years from the initial advance of Facility C (the "Facility C Maturity Date"), subject to compliance with all terms and conditions and at the sole discretion of the Bank.

2. (1) Interest on loan

- (a) Interest on the loan shall be calculated on the basis of a calendar year for the actual number of days elapsed, both before and after demand of payment or default and/or judgment;
- (b) Before the earlier of: (i) Completion, or (ii) 3 years from the date of the initial advance under Facility A, interest for Facility A shall be capitalised and added to the principal of the Loan. For greater certainty, the interest for Facility A shall not be capitalised upon reaching the earlier of: (i) Completion, or (ii) 3 years from the date of the initial advance under Facility A;
- (c) Every payment of interest shall include the respective withholding taxes that are due, if applicable;
- (d) Interest on the Loan shall accrue at a rate per annum during each interest period equal to the sum of the Bank's Base Lending Rate then applicable to such interest period, plus the interest rate spread as set out in the Agreement.

In addition to the above, a pricing premium of 1% per annum shall apply to all advances made prior to the Bank receiving the following security documents to the Bank's satisfaction: Loan Guarantee, Cost Overrun Guarantee and Debt Service Guarantee granted by the Government of Barbados, (collectively the "Guarantees").

Additionally, at the Bank's sole discretion, if the Guarantees are not in place to the Bank's satisfaction within 90 days of initial drawdown, any advances outstanding under Facility A will be subject to an additional spread of 1%, commencing 121 days after the initial advance under Facility A. The total pricing premium will thus be 2.0% until the Guarantees have been delivered to the Bank. This pricing premium shall not be construed as any commitment by the Bank to extend outstanding credits for additional periods. Any extension shall be at the Bank's sole discretion and subject to increased pricing as determined by the Bank.

(2) Payment date

Interest shall be paid on the last Business Day of each quarter, in arrears, net of withholding taxes, if any.

(3) Post-Maturity Rates

In the event that any amount due on the Loan is not paid on the due date, the Borrower shall pay, but only to the extent permitted by law, interest on such overdue amount at the same rate as interest on the Loan from time to time, plus an additional two per cent (2%) per annum, compounded monthly, and payable on demand, both before and after demand and judgment.

3. (1) Repayment of Loans

(a) Facility A

Commencing on the earlier of (i) Completion, or (ii) 3 years from the date of the initial advance under Facility A, Facility A shall be repaid in fifteen (15) equal quarterly principal payments of \$856, 666 each, plus interest. The balance of Facility A, interest and all other amounts outstanding shall be paid on or before the 7th anniversary of the initial advance under Facility A. The term of the loan is 7 years and the amortization is 15 years.

(b) Facility B

Commencing three (3) months after initial drawdown of Facility B, Facility B shall be repaid in equal quarterly principal payments of \$42,500 each. Interest shall be paid quarterly. The balance of Facility B, interest and all other amounts outstanding shall be paid on or before the 5th anniversary of the initial advance under Facility B. The term of the loan is 5 years and the amortization is 10 years.

(c) Facility C

Interest shall be paid quarterly. Facility C is payable on demand. In any event, all accrued interest and amounts outstanding under Facility C shall be paid on or before the Facility C Maturity Date.

(2) Optional Prepayment

- (a) The Borrower may, from time to time on any business day, if it has given to the Bank not less than ten (10) days prior, written notice to that effect, make a prepayment without premium or penalty, in whole or in part, of the outstanding principal amount of Facility A and Facility B provided, however, that any prepayment shall be applied as a permanent reduction of principal, in inverse order of maturity, of Facility A or Facility B or both, at the Bank's sole discretion.
- (b) Upon the written notice of the Bank to the Borrower (which shall include computations in reasonable detail) the Borrower shall within five (5) business days of its receipt thereof, pay to the Bank all reasonable costs, penalties and expenses, whatsoever, incurred by the Bank as a result of the Bank breaking any funding arrangements made with third parties or which arise generally as a result of such prepayment in accordance with section 7.4 of the loan agreement.
- (c) Any written notice of prepayment given by the Borrower pursuant to section 8.2(a) of the agreement shall be irrevocable, specify the date upon which such prepayment is to be made, specify the amount of such prepayment and shall oblige the Borrower to make such prepayment on such date.
- (d) The Borrower shall not prepay all or any part of the outstanding principal of the Loan except at the times and in the manner expressly provided for in the loan agreement and shall not be entitled to re-borrow any amount repaid. For greater certainty, this section does not apply to prepayments required under the loan agreement.

OTHER TERMS AND CONDITIONS

1. The Borrower shall:
 - (a) use all the proceeds of the Facilities solely for the purposes set out in the loan agreement;
 - (b) preserve and keep in full force and effect its corporate existence and its qualification to do business;
 - (c) keep complete and accurate books and records of its transactions in accordance with sound accounting practices;
 - (d) maintain, preserve and protect at all times all licences and permits necessary for the existence and operations of its business;
 - (e) preserve all of its assets and properties and keep the same in good repair, working order and condition, and from time to time, make or cause to be made all needed and proper repairs to preserve and maintain their value, normal wear and tear excepted;
 - (f) provide to the Bank, annual, audited financial statements of the Borrower, within one hundred and fifty (150) days of the end of each fiscal year, together with a certificate duly signed by two directors of the Borrower that confirms compliance with all the financial covenants and certifies that there is no Event of Default pursuant to the loan agreement;
 - (g)
 - (i) maintain all perils insurance over the Property;
 - (ii) ensure that all insurance premiums due to any insurer for policies required hereunder are paid on a timely basis;
2. The Borrower further covenants with the Bank that, without the prior written consent of the Bank (such consent not to be unreasonably withheld, conditioned or delayed), it shall not:
 - (a) create or permit to subsist any Encumbrance (other than in favour of the Bank) over the Property or all or any assets of the Borrower, save for Permitted Encumbrances;

- (b) permit any change in its ownership structure or permit a Change in Control or sell a controlling interest in its share capital or be a party to any unanimous shareholder agreement;
- (c) sell, lease, transfer or otherwise dispose of any of its assets, other than in the ordinary course of the operations of its business;
- (d) change its primary business purpose or enter into new or alternative lines of business;
- (e) incur any additional indebtedness other than the Loan, or enter into any guarantees or other direct or indirect liabilities. In the event that the Bank consents to any additional indebtedness, such indebtedness will be subordinated and postponed in right of payment and security to the Loan and subject to such other terms and conditions as required by the Bank.

ADDENDUM

The Resolution seeks the approval of Parliament in respect of a guarantee by the Government, for the borrowing by Barbados Conference Services Limited, of the sum of BDS\$58.1 million from the Bank of Nova Scotia on the terms and conditions set out in the *Schedule* for the purpose of financing a construction project for the provision of a commercial office building, a multi-storey car park and upgraded kitchen facilities at the Lloyd Erskine Sandiford Centre, in addition to the payment of value added tax associated with the project.