

RESOLUTION NO.

PARLIAMENT

WHEREAS by virtue of section 17(1) of the *Transport Board Act*, Cap. 297, the Transport Board may, with the approval of the Minister, borrow amounts required by it for meeting any of the obligations or discharging any of the functions of the Board;

AND WHEREAS by virtue of section 17(2) of the Act, the Government may by resolution of both Houses of Parliament, guarantee in such manner and on such terms and conditions as it thinks fit, the payment of any amount borrowed by the Board, together with the interest payable on the amount;

AND WHEREAS the Transport Board having entered into an agreement with the Barbados National Bank Inc., a company incorporated under the *Companies Act*, Cap. 308 to borrow the amount of eighteen million Barbados dollars (BDS\$18.0m), the outstanding balance of which is ten million, nine hundred thousand Barbados dollars, on the terms and conditions set out in the *Schedule* to this Resolution, for the purpose of financing an operating short-fall, paying creditors and purchasing capital equipment;

SCHEDULE

TERMS AND CONDITIONS

Borrower:	Transport Board (hereinafter called "the Company").
Lender:	Barbados National Bank Inc., Broad Street, Bridgetown (hereinafter called "the Bank").
Facility:	Continuation of term loan in the amount of Bds\$10,900,000.
Original Contract Date:	13th February, 2003
Purpose:	The provision of finance to meet the operating shortfall, pay creditors and purchase capital equipment.
Repayment & Tenor:	Fifteen (15) year term loan repayable by blended monthly payments of BDS\$190,049.86, with a maturity date of 28th February, 2018.
Interest Basis:	All interest payable hereunder shall accrue from day to day on the basis of the actual number of days elapsed in a 365 day year.
Interest Rate:	Interest on the loan shall be charged at the Bank's prime floating rate, that is currently 8.7% per annum. The Bank reserves the right to adjust the rate of interest payable to such level as it may, in its absolute discretion, consider appropriate on the giving of three (3) months notice to the Company.
Security:	The loan shall be secured by a Letter of Comfort in the amount of BDS\$20,000,000 (This amount will provide coverage for the BDS\$18,000,000 term loan).

- Waiver:** Any waiver by the Bank of any breach by the Company of any of the terms thereof, or any indulgence, time or relaxation by the Bank to the Company shall be without prejudice to and shall not affect the exercise, any time thereafter, by the Bank of all or any of its rights and remedies hereunder, as though such waiver had not been made or indulgence or relaxation of time had not been granted.
- Legal Fees:** All legal fees, valuation fees, stamp duty or other fees incurred by the Bank, in connection with this facility, shall be paid by the Company.
- Late Fees:** Where payment is not made on the due payment date, late fees will be charged at a rate to be determined and which is payable on demand by the Bank.
- Warranty:** The Company warrants that it is a duly registered Company in the island of Barbados, and that the making and purpose of this Agreement and the borrowings hereunder are within the Company's power and have been duly authorized by all necessary sanctions.
- The Company undertakes to keep all of its property and assets of an insurable nature fully insured against fire and allied perils, and to have the Bank's interest noted on such policies of insurance.
- Pre-payment of Principal:** Pre-payment of principal may be made without penalty but will be applied in inverse order of maturity, that is, the last principal payment due, per schedule, is to be liquidated first.

Principal
Covenants:

A: The Company shall furnish the Bank:

- (a) within ninety (90) days after the close of each financial year with an audited report prepared and certified by independent, certified or chartered accountants;
- (b) within sixty (60) days after the first three (3) calendar quarters, with similar unaudited statements certified as accurate by one of its authorised officers;
- (c) quarterly, and accompanying the financial information, with a certificate signed by an authorised officer of the Company, certifying that no default exists;
- (d) such other information as the Bank may, from time to time, reasonably request and provided that if the financial information requested is not submitted as stipulated, the Bank reserves the right to have the financial information prepared and to debit the Business account with the cost and to vary upwards the interest rate on the loan, having given notice of such variation.

B: The Company will not, without the prior consent of the Bank:

- (a) create or suffer to exist any encumbrances against property now owned or hereafter acquired except for pledges by subsidiaries to ensure borrowings;

- (b) borrow money except:
 - (i) pursuant to this Agreement;
 - (ii) for working capital loans having maturities of one year or less;
 - (iii) in the case of increased or new borrowing by subsidiaries now owned or hereafter acquired.
- (c) pay cash dividends;
- (d) postpone repayment of any outstanding Directors', Shareholders' or inter-company loans until the loan is repaid;
- (e) sell any accounts receivable with or without recourse;
- (f) enter into sale or leaseback transactions;
- (g) make or permit loans, investments or advances except in respect to:
 - (i) obligation of, or that are guaranteed by the Government of Barbados;
 - (ii) short-term Commercial Paper with maturities not exceeding six (6) months;
 - (iii) investments presently existing;

- (h) consolidate with or merge into any other company or sell all or substantially all of its assets or permit any other company to merge into the Company or acquire all or a substantial part of the assets or capital stock or any other person, firm or company if such acquisition is analogous, in either purpose or effect, to a consolidation or merger.

Events of
Default:

Notwithstanding any other provision herein contained, any sum advanced with all unpaid interest thereon shall become immediately payable to the Bank upon the occurrence of any of the following:

- (a) if any payment due by the Company hereunder is not made on the date fixed for the payment thereof; or within a thirty-day grace period;
- (b) if the Company shall default in the performance or observance of any of the terms or covenants contained herein;
- (c) if any representation or warranty given hereunder shall prove to be untrue or incorrect in any respect;
- (d) if a receiver shall have been appointed in respect of the whole or part of the assets of the Company;
- (e) if any distress or execution shall be levied or issued against any property of the Company and shall not be discharged within ten (10) days.

Reporting:

The company is required to present evidence of payment of Value Added Tax, Income Tax, contributions to the National Insurance Scheme and other statutory payments on an annual basis.

ADDENDUM

The Transport Board entered into an agreement with the Barbados National Bank Inc. for the arrangement of a loan in the amount of Bds\$18.0 million, the proceeds of which were utilized to be used to finance the operating shortfall, paying creditors and purchasing capital equipment.

Security was given to the Arranger by way of a Letter of Comfort by the Government. Subsequently it has become necessary to provide security by way of a guarantee.

In accordance with the *Transport Board Act*, Cap. 297, the approval of Parliament is being sought for the guarantee by the Government of the principal and interest necessary for the repayment of the said the outstanding balance of ten million, nine hundred thousand dollars of the said loan by the Transport Board.