

**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 on the 15th day of March, 2006, entered into an agreement with RBTT Merchant Bank Limited, a company incorporated under the *Companies Act*, Cap. 308 for the arrangement of a fixed rate non-callable bond issue in the sum of \$11 million in the currency of the United States of America on the terms and conditions set out in the *Schedule* to this Resolution for the purpose of purchasing 70 new buses;

**BE IT RESOLVED** that Parliament approve the guarantee by the Government of the principal and interest necessary for the redemption of the bond issue in the sum of \$11 million in the currency of United States of America.



## SCHEDULE

**TERMS AND CONDITIONS**

Issuer:	Transport Board ('TB')
Issue:	Non-callable Fixed Rate Bond
Guarantor:	The Government of Barbados
Arranger:	RBTT Merchant Bank Limited ('RBTTMB')
Trustee:	RBTT Trust Corporation (Barbados)
Registrar and Paying Agent:	RBTT Merchant Bank Limited ('RBTTMB')
Use of Proceeds:	Facility to assist with acquisition of new buses
Issue Amount:	USD \$11 000 000.00
Currency:	United States Dollars
Issue Price:	100%
Basis of Commitment:	Fully Underwritten
Tenor:	Fifteen (15) years
Interest Rate:	Fixed upon disbursement: 10-year US Treasuries plus a spread of 235bps. There will be an interest rate floor of 6.85%.

Foreign Exchange Control Licence:	Debt Service Payments will be made in United States dollars according to the composition of the Issue. As such, a Foreign Exchange Control Licence from the Central Bank of Barbados (i.e. for the remittance of United States dollars outside of Barbados) will be required.
Derivative products:	The Arranger will have rights of first refusal on every derivative product tied to this facility.
Arrangement fee:	0.60% of the issue amount, to be paid out of the initial disbursement upon financial close.
Underwriting Fee:	0.25% of the issue amount, to be paid out of the initial disbursement upon financial close.
Trustee Fees:	To be determined and capped at US\$20,000.00 (inclusive of set-up fee) in the first year and US\$10,000.00 p.a. thereafter.
Registrar and Paying Agency Fees:	US\$10,000.00 payable annually in advance.
Interest Payment:	Payable semi-annually in arrears, beginning six (6) months after the Issue Date, and continuing every six (6) months thereafter.
Day Count:	Interest will be calculated on a 30/360 basis.
Principal Repayment:	Bullet payment of US\$11,000,000.00 due upon maturity.
Legal Documentation:	The Bond documentation shall contain conditions precedent, representations and warranties, covenants, events of default, and other provisions customarily found in this type of facility.

## Security:

The Bond shall constitute general and unconditional obligations of the Issuer and the Government of Barbados as Guarantor. The Bond shall constitute a charge upon and be payable out of the Consolidated Fund of the Government of Barbados in the event that the Issuer is unable to service the facility and shall at all times rank *pari passu* with all the other present and future obligations of the Government of Barbados which constitute charges upon the Consolidated Fund.

## Conditions Precedent to Closing and Initial Disbursement of Funds:

Customary for facilities of this nature, including but not limited to:

- The successful negotiation, preparation and execution of a final definitive agreement with respect to the Issue, such agreement being satisfactory to the Arranger at its sole discretion, and the satisfaction of all conditions contained therein. The Arranger will be bound to arrange these bonds on the terms and conditions referred to in this proposal only after execution of this final agreement and to the extent of the successful syndication of the Bonds;
- Truth and correctness of all Representation and Warranties;
- Approval by RBTT Merchant Bank's Risk Management Committee;
- No Event of Default or event, which with the giving of notice or passage of time or both, would be an Event of Default, has occurred and is continuing, or would result from the issuance of the Bonds;

- Neither the issuance of the Bonds nor the transactions contemplated by the Bonds will conflict with, violate or result in a default under any contract, agreement or instrument to which the Issuer is a party;
- Absence of any material adverse change in the financial, political, economic or other conditions in Barbados or Trinidad and Tobago that could, in the sole opinion of RBTTMB, affect the successful offer and sale of the proposed Bond Issue between the date of this proposal and the Closing Date;
- All necessary regulatory approvals inclusive of, but not limited to Securities and Exchange approval.

Other Conditions:

1. Sums not paid on the due date will attract interest calculated at a rate of 2.00% per annum above the prevailing interest rate on the Bond.
2. All legal fees on the delinquent account will be charged to the Issuer.
3. The Bond will contain, but not be limited to, the usual Events of Default as are standard for a facility of this nature (resulting in the bondholders each having the right to demand settlement of the outstanding principal and any accrued and unpaid interest under the Facility).

- Syndication: The Arranger reserves the right to syndicate the Issue, in part or whole, and may invite other banks and financial institutions to participate accordingly. The Issuer will support the syndication to the extent required by the Arranger. In any syndication, the Arranger will be the Issuer's sole point of contact with the Syndicate and the Arranger will retain control and veto, such that no majority voting will be permissible within the Syndicate.
- Clear Market/Market Disruption: During syndication of the facility, the Issuer shall refrain from launching any loan or other capital raising exercise in the international syndicated loan or capital markets without the prior written approval of the Arranger.
- Expenses: All reasonable expenses of the Arranger until Financial Close, including, marketing, stamp duty and disbursement costs, shall be for the Issuer's account. Such expenses shall be capped at a figure to be mutually agreed.
- Legal Expenses: Capped at US\$25,000.00
- Material Adverse Changes: All terms and conditions mentioned herein are subject to changes in market conditions. The obligation of the Arranger to arrange the Facility will cease if, in the opinion of the Arranger, a material adverse change in the market conditions and/or in the Issuer's financial condition occurs. The Arranger reserves the right to withdraw or modify the terms and conditions of this indicative offer.

Understanding: All payments of principal, interest and all other amounts shall be made in United States dollars, and will be paid without withholding or deductions for or on account of any taxes imposed by the Government of Barbados or any other Government. To the extent that taxes are required to be withheld, the Issuer shall gross up any such withheld amounts.

Governing Law: Law of Barbados.

**ADDENDUM**

The Transport Board on the 15<sup>th</sup> day of March, 2006, entered into an agreement with RBTT Merchant Bank Limited for the arrangement of a fixed rate non-callable bond issue in the sum of \$22 million in the currency of Barbados. Security was given to the Arranger by way of a letter of comfort by the Government and an undertaking was given that the Government would subsequently provide security by way of guarantee.

Subsequent to approval being granted by resolution of Parliament No.26/2006 for the guarantee by Government of the payment of the principal and interest respecting the issue of bonds, it was determined that the bonds should be denominated in the currency of the United States. A new agreement was entered into by the parties on the 12<sup>th</sup> day of December, 2006 for the issue of the bonds. As a consequence, the resolution No. 26/2006 has been rescinded. This resolution reflects the change in the currency and the new terms and conditions on which the bonds are to be issued.

The proceeds of the bond issue are to be used for the purchase of 70 new buses for the Board's fleet, including buses fitted with mechanisms to facilitate access by persons using wheelchairs.

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 redemption of the issue of the said bonds by the Transport Board.