

**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 15<sup>th</sup> 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 \$22 million 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 \$22 million.

**APPROVED** by the House of Assembly this                  day of  
                    , 2006.

**Speaker**

**APPROVED** by the Senate this            day of            ,  
2006.

**President**

## SCHEDULE

**TERMS AND CONDITIONS**

Issuer:	Transport Board
Amount:	BDS \$22 000 000.00
Arranger:	RBTT Merchant Bank Limited
Instrument:	Fixed rate non-callable bond issue
Tenor:	10 years
Interest Rate:	Not to exceed 7.25%
Interest Payments:	Interest will be calculated on an annual 365 day basis.
Principal Repayment:	There will be a moratorium of principal payments for the first year. Thereafter, the principal will be liquidated by 18 equal semi-annual payments until maturity.
Early Repayment:	Not permitted.
Security:	Guarantee of the Government of Barbados for 100% of the principal and interest.
Drawn down Schedule:	One payment.
Arrangement fee:	0.35% of the facility amount payable on the signing of the Bond Agreement, the Trust Deed and the subscription Agreements.

Coupon:	The Coupon is to be fixed two (2) weeks prior to the date of disbursement of the facility and must be mutually agreed. The Coupon is to be set based on the Pricing Formula.
Pricing Formula:	<p>The Coupon on the Facility is to be set at the current yield on the Government of Barbados Securities in the currency of Barbados currently existing in the Barbados Market, such as Debentures and Treasury Bonds, during the Pricing Period.</p> <p>If there are no current Government of Barbados Securities in the currency of Barbados being issued in the market or about to be issued in the market with a similar term of ten (10) years, then a weighted average term will be used given the available benchmark of the Government of Barbados Securities in the currency of Barbados in the Market, to arrive at the effective coupon rate on the Facility.</p> <p>The Coupon on the Facility is being priced in this manner, given the increase of over 200 basis points in the Government of Barbados Securities in the currency of Barbados in recent months. As such, the Coupon will be adjusted to match that of the Government of Barbados Securities in the currency of Barbados.</p> <p>No additional Coupon Margin will be added to the Coupon on the Facility to reflect the difference between direct Government of Barbados Securities and this Facility, which is on the basis of a Government of Barbados Guarantee only.</p>
Pricing period:	Two (2) weeks prior to disbursement.
Eligibility:	The Bond will qualify for investment by Pension Plans and Insurance Companies in Barbados.

General Covenants:	The Issuer will provide the Arranger with audited financial statements on an ongoing basis within one hundred and fifty (150) days of the financial year end.
Understanding:	All payments of principal, interest and all other amounts shall be made in Barbados Dollars (or as drawn), and will be paid without withholding or deductions for, or on account of any taxes imposed by any government including the Government of Barbados.
Special Conditions:	<ol style="list-style-type: none"> <li>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.</li> <li>2. All legal fees on the delinquent account will be charged to the Issuer.</li> <li>3. The Bond will contain, but not be limited to the usual Events of Default as is standard for a Bond 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 Bond).</li> </ol>
Governing Law:	Laws of Barbados.
Expenses:	For the account of the Issuer.

Clear Market/  
Market Disruption:

During syndication of the Facility for a maximum of three (3) months from the Facility issue date, the Issuer shall refrain from launching any loan or other capital raising exercise in the international syndicated loan or capital markets before the signing of the legal documentation without the prior written approval of the Arranger.

Increased costs:

Pricing of the Facility will be increased to the extent that laws or regulations or directives of regulatory authorities (whether or not having the force of law) with respect to solvency requirements, provision requirements, mandatory deposits, mandatory conversion or measures having similar effects are officially introduced or changed or to the extent that taxes, levies, imposts or duties specific to the Facility are officially introduced or changed, in all cases to the effect that the costs for the participating financial institutions of making the Facility available or maintaining the commitment to make the Facility available or maintain their exposure thereunder are increased or their return on solvency is decreased.

Market conditions/  
Material Adverse  
Changes:

All terms and conditions mentioned herein are subject to changes in market conditions. The obligation of the Arranger to arrange and underwrite the Facility will cease if in its opinion a material adverse change occurs in the market conditions and/or in the Issuer's business or financial condition. The Arranger reserves the right to withdraw or modify the terms and conditions of this indicative offer.

**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. 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.

The proceeds of the bond issue are to be used for the purchase of 70 new buses for the Board's fleet inclusive of buses fitted with 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.