

OBJECTS AND REASONS

This Bill seeks to provide for a Guarantee by the Government with respect to aircraft maintenance, return condition obligations and repossession under the Aircraft Lease Agreements made between LIAT (1974) Limited and Bombardier Services Corporation.

Arrangement of Sections

Section

1. Short title.
2. Interpretation.
3. Guarantee.
4. Terms and conditions.

SCHEDULE

BARBADOS

A Bill entitled

An Act to make provision for a Guarantee by the Government of Barbados with respect to aircraft maintenance, return condition obligations and repossession under the Aircraft Lease Agreements made between LIAT (1974) Limited and Bombardier Services Corporation.

ENACTED by the Parliament of Barbados as follows:

Short title.

- 1. This Act may be cited as the *LIAT (1974) Limited (Guarantee) Act, 2006.***

2. In this Act,

Interpretation.

“Bombardier” means Bombardier Services Corporation a company incorporated under the Laws of Delaware;

“company” means LIAT (1974) Limited.

3. (1) Subject to this Act the Government of Barbados being a Guarantee. shareholder in the company and pursuant to the execution of the Aircraft Lease Agreements listed in Part I of the *Schedule*, shall, by a resolution of both Houses Schedule. of Parliament guarantee the performance by the company of aircraft maintenance, return condition obligations and repossession set out in the Guarantee.

(2) The Guarantee given under subsection (1) shall be signed by the Minister of Finance or any person authorised in writing by the Minister.

4. The terms and conditions of the Guarantee in respect of aircraft Terms and conditions. maintenance, return condition obligations and repossession are those set out in Part II of the *Schedule* to this Act. Schedule.

SCHEDULE

(Section 3)

PART I

Aircraft Lease Agreements

1. Aircraft Lease Agreement numbered ACL-524 dated 27 June, 2002 between LIAT (1974) Limited as Lessee, and Bombardier Services Corporation as Lessor, relating to 1 De Havilland Dash 8-311 aircraft, bearing manufacturer's serial number 305.
2. Aircraft Lease Agreement numbered ACL-536 dated 31 July, 2002 between LIAT (1974) Limited as Lessee, and Bombardier Services Corporation as Lessor, relating to 1 De Havilland Dash 8-311 aircraft, bearing manufacturer's serial number 315.

(Section 4)

PART II

TERMS AND CONDITIONS

1. The Government guarantees the timely
 - (a) performance by LIAT of all maintenance, overhauls, checks and other work and repairs required to be performed on each Aircraft in the manner and at the time required under the applicable Lease and the Maintenance Program (as such capitalized term is defined in the applicable Lease), including, without limitation, all maintenance, overhauls, checks and other work and repairs required to be performed in order to place each Aircraft in the condition required by Article 12 of each Lease at the time of return of the Aircraft to Bombardier (each, "a Repair" and collectively, "Repairs"); and
 - (b) payment by LIAT to the applicable maintenance provider and vendors performing a Repair or providing parts, materials or other services in connection with a Repair of all amounts owed in connection with such Repair.
2. The Government guarantees that LIAT will return each Aircraft to Bombardier in the condition required by Article 12 of the applicable Lease at the time return of the Aircraft to Bombardier is required.
3. The Government will honour the undertakings set out above upon a written demand by Bombardier and will promptly perform the same on the following terms:
 - (a) If LIAT fails to perform any Repairs on any of the aircraft (including, without limitation, on any of the engines or auxiliary power units leased under any of the Leases) in the manner and at the time required by the applicable Lease or the Maintenance Program (as such capitalized term is defined in the applicable Lease) (other than Repairs required to place the aircraft in the condition required by Article 12 of the applicable Lease at the time return of the aircraft to Bombardier is required), then the Government will, not later than 45 days following a written request by Bombardier, either cause LIAT to perform or cause to be performed such Repair or pay to Bombardier an amount equal to the estimated cost as determined by Bombardier or the actual cost of such Repair;

- (b) If LIAT fails to pay when due any amounts owed to
- (i) any maintenance provider performing maintenance work, checks or other Repairs on any of the Aircraft (including, without limitation, on any of the engines or auxiliary power units leased under any of the Leases); or
 - (ii) any vendor providing parts, materials or other services in connection with any Repairs,

then the Government will, not later than 45 days following a written request by Bombardier, either cause LIAT to make such payment to the maintenance provider or the vendor, as applicable, or make such payment to the maintenance provider or vendor on LIAT's behalf.

- (c) The Government will provide to Bombardier evidence that such payment has been made no later than 45 days following the written request by Bombardier described above.

4. If

- (a) LIAT fails to perform any check or any other Repairs required to place an Aircraft in the condition required by Article 12 of the applicable Lease at the time of return of such Aircraft to Bombardier is required; or
- (b) at the time of return of an Aircraft to Bombardier or the time return is required, such Aircraft is otherwise not in the condition required by Article 12 of the applicable Lease,

then the Government will, not later than 45 days following a written request by Bombardier, cause LIAT to pay to Bombardier, or will pay to Bombardier on LIAT's behalf, the actual costs incurred by Bombardier to put the Aircraft in the condition required by Article 12 of the applicable Lease and, if the aircraft was not returned to Bombardier in the condition required by Article 12 of the applicable Lease at the time required, all other amounts owned by LIAT to Bombardier pursuant to the applicable Lease as a result of the failure to return the Aircraft to Bombardier in the condition required by Article 12 of the applicable Lease at the time required.