

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 by a company incorporated under the *Companies Act* and controlled by the Government, of such sums from a lending agency as are authorised by the Government;

AND WHEREAS Caves of Barbados 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 Caves of Barbados Limited is undertaking a project to redevelop Harrison's Cave and the project is to be financed by way of a loan to Caves of Barbados Limited from the Caribbean Development Bank in the sum of \$16 866 000 in the currency of the United States of America at an interest rate of 6.25 per centum;

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

SCHEDULE

TERMS AND CONDITIONS

Purpose:	To assist the Borrower with financing the redevelopment of Harrison's Cave and associated roadworks.
Borrower:	Caves of Barbados Limited - CBL
Arranger:	Caribbean Development Bank - CDB
Amount:	US \$16 866 000
Repayment:	To be made in 56 equal and consecutive quarterly instalments commencing 3 years after the date of the first disbursement or such later date as CDB may specify in writing.
Interest:	Payable quarterly on the principal at the rate of 6.25% per annum (variable).
Commitment Charge:	Payable quarterly at the rate of 1% per annum on the unwithdrawn amount of the Loan and shall accrue from the 60th day after the date of the Loan Agreement.
Withdrawal and application of Loan:	<p>(a) Except as CDB may otherwise agree:</p> <ul style="list-style-type: none">(i) the amounts withdrawn from the Loan Account shall be applied to finance the components of the Project allocated for financing by CDB as shown in the Financing Plan up to the respective limits shown therein;(ii) withdrawals from the Loan Account shall not exceed 65 % of the cost of the Project;(iii) Portion A shall be used to finance the Caves component and Portion B to finance the Road Works Component;

**Additional Conditions
Precedent to First
Disbursement:**

In addition to the requirements of paragraph (a) of section 6.01 of the General Provisions Applicable to Loan Agreements, CBL shall by the date referred to in section 8.03(1) of the General Provisions:

(a) provide evidence acceptable to CDB that:

- (i) the Project Coordinator and the Project Manager (Civil Works) have been appointed and the Project Manager (Road Works) assigned;
- (ii) the Project Implementation Team has been established and fully constituted;
- (iii) the position of Managing Director, in respect of which an acting appointment has been made, has been filled as required by paragraph (b)(i) of section 6.04 of the Loan Agreement; and
- (iv) the position of Chairman of CBL's Board of Directors, in respect of which an acting appointment has been made, has been filled;

(b) submit to CDB:

- (i) the maintenance plan as required under paragraph (ii)(aa) of section 6.08 of the Loan Agreement;

(b) evidence acceptable to CDB that:

- (i) any additional lands required for the Project have been vested in CBL, free from encumbrances and without any covenants, stipulations or conditions which may adversely affect the project, or alternatively, that arrangements satisfactory to CDB for CBL's entry into possession of such lands for the purposes of the project have been made;
- (ii) arrangements satisfactory to CDB have been made for CBL to enter upon the relevant lands for the purpose of establishing and maintaining a vegetative buffer zone around the remote entrance to the Cave; and
- (iii) that the Environmental Special Projects Unit and the Ministry of Public Works and Transport have assigned adequate engineering, clerical and technical resources to support the Project Coordinator.

Implementation of
Project:

- (a) Except as CDB may otherwise agree, CBL shall implement the Project through a Project Implementation Team which shall be established to oversee the implementation of the Project and to carry out the following additional duties:
- (i) make decisions as are required on any issues pertaining to changes or variations during construction which affects future operations;
 - (ii) facilitate policy decisions by the relevant authorities to ensure timely fulfilment of Loan conditions; and
 - (iii) oversee the integration of the new facilities in a consistent and logical manner into the operational framework.
- (b) Except as CDB may otherwise agree, the Project Implementation Team shall comprise the Managing Director and Operations Director of CBL, the Project Coordinator and such other persons with qualifications and experience acceptable to the CDB as may be necessary, provided that the total composition of the Project Implementation Team shall not exceed 7 members;

- (b) The Project Coordinator shall report to the Managing Director of CBL and shall be responsible for the overall coordination of Project activities including the duties set out in Part I of Schedule 4 of General Provisions Applicable to Loan Agreements;
- (c) The Project Manager (Civil Works) and the Project Manager (Road Works) shall report to the Project Coordinator and shall be responsible for the coordination of matters relevant to the Caves Component and Road Works Component respectively, including the duties set out in Part 2 of Schedule 4 of the General Provisions Applicable to Loan Agreements;
- (d) No change shall be made to the appointment of Project Coordinator, Project Manager (Civil Works) or Project Manager (Road Works) without the prior approval in writing of CDB.

(iii) except as CDB may otherwise agree, at least 6 months prior to the date of completion of the Project, engage the following persons with qualifications and experience acceptable to the CDB:

(aa) an Environmental Officer who shall report to the Operations Manager of CBL and shall be responsible for the environmental monitoring programme of CBL;

(bb) a Community Outreach and Education Officer to carry out community liaison and public relations activities; and

(cc) an Information Technology Officer to provide information technology support;

such positions or positions of similar rank and responsibilities (including acting positions) shall continue to be held during the life of the Loan by persons with qualifications and experience acceptable to the CDB.

(b) CBL shall

(i) fill the vacant position of Managing Director with a person with qualification and experience acceptable to the CDB and shall thereafter ensure that the position or any position of similar rank or responsibility is held by a person with qualification and experience acceptable to the CDB; and

discuss the recommendations of the auditors and the implementation of such recommendations. CBL shall undertake to implement, according to a timetable acceptable to CDB, such recommendations of the auditors as CDB may require;

- (ii) by January 1, 2008, increase entrance fees to the Cave from an average price per person of \$21 (\$30 per adult & \$12 per child) to \$30 (\$40 per adult & \$20 per child);
- (iii) commencing May 31, 2008, provide CDB annually with a detailed environmental monitoring report in form and substance acceptable to CDB on the operations of the Cave;
- (iv) commencing with the financial year 2013, maintain a debt service coverage ratio of 1.5 times; and
- (v) by October 1 in each year, on the basis of forecast prepared by CBL and satisfactory to CDB:
 - (aa) commencing in financial year 2007 with respect to the requirement of paragraph (iii) of section 6.01 of the Loan Agreement; and

- (b) Except as the CDB may otherwise agree, CBL shall not
- (i) sell, lease, transfer or otherwise dispose of any of its assets that shall be required for the efficient carrying on of its business;
 - (ii) make any loans to any of its directors or shareholders or to any other person (with the exception of the staff of CBL) for any purpose whatsoever;
 - (iii) grant any credit (other than in the ordinary course of businesses) or give or negotiate any guarantee or indemnity to or for the benefit of CBL or any other person, or voluntarily assume any liability in respect of the obligations of any other person;
 - (iv) incur any new debt (other than for the Project) unless a debt service coverage ratio of 1.5 times its debt service is achieved; and

- (b) unless CBD shall otherwise specify in writing, the contribution which CBL is required to make the Project in accordance with paragraph (a) of this section shall be expended by CBL in a timely manner on the components of the Project designated to be financed by it as shown in the Financing Plan.

Maintenance:

- (a) CBL shall:
 - (i) provide the financial and other resources required to adequately maintain the facilities and equipment financed from the Loan and shall keep such facilities in good repair and condition; and
 - (ii) except as CDB may otherwise agree:
 - (aa) submit to the CDB a 3 year maintenance plan for the facility in a form and substance acceptable to the CDB, which shall indicate the resource allocation and provide the frequency, timing and costs per annum of identified maintenance activities; and

any indemnity thereunder to be made payable in a currency freely usable by CBL to replace or repair the property covered by such insurance, to the intent that the CDB standard condition in this regard shall not apply to the Loan.

Right of Bank to visit Borrower and to attend and speak at Meetings of the Borrower:

The CDB shall have the right to:

- (i) have one or more persons visit CBL at least once annually for consultation with CBL's executive management to discuss, *inter alia*, matters relating to the Project; and
- (ii) attend and speak at meetings of the Board of Directors of CBL, and CBL shall promptly forward to CDB all notices of Board meetings, and CDB shall notify CBL of any such appointment and in such event CBL shall promptly forward to CDB all papers to be submitted to the Board of Directors of CBL not later than the day on which such papers are sent to the members of the Board of Directors of CBL.

- (vi) with respect to the provision of adequate staff and resources in Ministry of Energy and the Environment for environmental monitoring to ensure compliance with the requirements of the Zone of Special Environmental Control and the submission to CDB annually by the Ministry of Energy and the Environment commencing March 31, 2008, or such later date as CDB may agree, of a report detailing the findings of the environmental monitoring programme of the Zone of Special Environmental Control;
- (vii) with respect to the increase in the entrance fees to the Cave referred at paragraph (a)(ii) of section 6.05 of the Loan Agreement;
- (viii) for the capitalisation of all contributions and subventions by the Government to CBL to date (approx. \$11 000 000) and the corresponding issue of shares to the Government of an equivalent value;
- (ix) for the injection by the Government by way of equity of an amount (in cash and kind as shown in the Financing Plan) of \$7 000 000 for capital works in relation to the Project and the corresponding issue of shares by CBL to the Government;

Cancellation by CDB:

- (a) The date referred to in sub-paragraph (iii) of section 8.03 of the General Provisions is November 30, 2006, or such later date as CDB may from time to time specify in writing.
- (b) In the event there is a change in the control of CBL without prior approval of CDB in writing, then at any time thereafter CDB may by notice to CBL terminate the right of CBL to make withdrawals from the Loan Account or with respect to any amount of the Loan, as the case may be, and upon the giving of such notice, the amount of the Loan specified therein shall be cancelled.

Additional event of:
default:

For the purpose of section 9.01 of the General Provisions, the following additional event is specified pursuant to paragraph (xii) thereof:

- (i) any change in control of CBL without the prior approval of CDB in writing.

ADDENDUM

The Resolution seeks the approval of Parliament of a guarantee by the Government for the repayment by Caves of Barbados Limited of the sum of \$16 866 000 million in the currency of the United States of America from the Caribbean Development Bank.

The proceeds of the loan are to be used for the redevelopment of Harrison's Cave.