

RESOLUTION NO.

PARLIAMENT

WHEREAS by virtue of section 14(2) of the *Caribbean Broadcasting Corporation Act*, Cap. 276, the Minister responsible for Finance may, with the approval of Parliament, guarantee in such manner and on such conditions as he may think fit, the payment of the principal and interest on any authorised borrowings of the Corporation;

AND WHEREAS the Corporation proposes to obtain loans totalling \$40 600 000 in the currency of Barbados from the Bank of Nova Scotia for the purpose of financing the purchase of digital MCTV equipment, consolidating debt obligations to the National Insurance Board and the Value Added Tax Department and assisting with the financing of the 2011 - 2014 capital expenditure (CAPEX) programme on the terms and conditions set out in the *Schedule* to this Resolution;

BE IT RESOLVED that Parliament approve the guarantee by the Minister responsible for Finance of the payment of the principal and interest in respect of loans in the sum of \$40 600 000 in the currency of Barbados to be borrowed by the Caribbean Broadcasting Corporation from the Bank of Nova Scotia on the terms and conditions set out in the *Schedule* to this Resolution;

SCHEDULE

TERMS AND CONDITIONS OF LOANS

The Loans are obtained from the Bank of Nova Scotia (hereinafter referred to as the "Bank") by the Caribbean Broadcasting Corporation (hereinafter referred to as the "Borrower") pursuant to a loan agreement between the parties by way of 5 credit facilities, three of which are guaranteed by the Government of Barbados as follows:

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| 1. Type: | Non-Revolving Term Loan |
| Amount: | Originally \$10,500,000; current outstanding balance. BBD\$8,925,000. |
| Purpose: | To finance the purchase of digital MCTV converter boxes and other equipment, settle accounts payable and statutory payment requirements and convert \$3 million of the then existing temporary operating facility to a term loan. |
| Availment: | Fully drawn. |
| Interest Rate: | The Bank's Base Lending Rate subject to change from time to time plus 1 ¹ / ₄ % per annum, with interest payable monthly, in arrears. The Bank's present Base Lending Rate is 8.0% per annum and is subject to change from time to time. |

Upon receipt of the Guarantee from the Government of Barbados in the form and substance satisfactory to the Bank, the interest rate for the facility shall accrue at a rate per annum during each interest period equal to the Bank's Base lending rate then applicable to such interest

period, LESS the Spread and will be subject to the Government of Barbados' Sovereign's Long-Term Local Currency Credit Rating, as indicated by Standard & Poor's and Moody's Investment Services as follows:

Spread	Standard & Poors	Moody's
Base less 2.5%	> or = A-	> or = A3
Base less 2.0%	BBB- to BBB+	Baa3 to Baa1
Base less 1.25%	BB- to BB+	Ba3 to Ba1
Base	< BB-	< Ba3

In the event the investment ratings differ, the Spread will be determined by the lower of S & P and Moody's ratings. Any changes to the Spread following an investment rating change will be effective commencing at the end of the month following the rating change.

Security:

The additional security of a loan agreement in legal contract form incorporating the Guarantee of the Government of Barbados and containing a negative pledge not to encumber the Borrower's assets during the currency of the loans without the Bank's prior written consent, in the form and substance satisfactory to the Bank.

**Term and
Repayment
Arrangement:**

To be repaid by quarterly principal payments of BBD\$175 000 each for 19 quarters, which commenced on March 23, 2009. The balance of this facility, accrued interest and all other amounts outstanding shall be paid on or before September 30, 2013.

Expiry:

September 30, 2013.

2. Type:	Non-Revolving Term Loan
Amount:	Originally \$17,000,000; current outstanding balance. BBD\$15,295,000.
Purpose:	To consolidate the Borrower's debt obligations to the National Insurance Board and the Value Added Tax Department.
Availment:	Fully drawn.
Interest Rate:	The Bank's Base Lending Rate, plus 1 ¹ / ₄ % per annum, with interest payable monthly, in arrears. The Bank's present Base Lending Rate is 8.0% per annum and is subject to change from time to time.
	Upon receipt of the Guarantee from the Government of Barbados in the form and substance satisfactory to the Bank, the interest rate shall accrue at a rate per annum during each interest period equal to the Bank's Base Lending Rate then applicable to such interest period, LESS the Spread and will be subject to the Government of Barbados' Sovereign's Long-Term Local Currency Credit Rating.
	In the event the investment ratings differ, the Spread will be determined by the lower of S & P and Moody's ratings. Any changes to the Spread following an investment rating change will be effective commencing at the end of the month following the rating change.
Security:	The additional security of a loan agreement in legal contract form incorporating the Guarantee of the Government of Barbados and containing a negative pledge not to encumber the Borrower's assets during the currency of the loans without the Bank's prior written consent, in the form and substance satisfactory to the Bank.

Term and Repayment Arrangement:	To be repaid by monthly principal payments of BBD\$95 000 each for 59 months, which commenced on December 12, 2009. The balance of this facility, accrued interest and all other amounts outstanding shall be paid on or before November 1, 2014.
Expiry:	November 1, 2014.
3. Type:	Non-Revolving Term Loan.
Amount:	BBD\$13,000,000.
Purpose:	To assist in the financing of the Borrower's 2011 - 2014 capital expenditure program to enhance its broadcasting capabilities.
Availment:	Subject to ongoing compliance with all terms and conditions, the Borrower may utilize the credit by way of direct advances evidenced by one or more promissory note(s) payable on demand. The financing will be advanced on a per project basis over the period 2011 to 2013 and subject to such further documents supporting each advance as requested by the Bank.
Interest Rate:	Interest shall accrue at a rate per annum during each interest period equal to the Bank's Base Lending Rate then applicable to such interest period, LESS the Spread and will be subject to the Government of Barbados' Sovereign Long-Term Local Currency Credit Rating. In the event the investment ratings differ, the Spread will be determined by the lower of the S & P and Moody's ratings. Any changes to the Spread following an investment rating change will be effective commencing at the end of the month following the rating change. In any event, interest shall be paid monthly in arrears.

Security:	The additional security of a loan agreement in legal contract form incorporating the Guarantee of the Government of Barbados and containing a negative pledge not to encumber the Borrower's assets during the currency of the loans without the Bank's prior written consent, in the form and substance satisfactory to the Bank.
Term and Repayment Arrangement:	Commencing two (2) years after initial drawdown, the facility shall be repaid by monthly payments of BBD\$83 333.00 each. The balance of the facility accrued interest and all other amounts outstanding shall be paid on or before the date which is the 60 th month from the date of the initial advance.
Expiry:	5 years after initial drawdown.
General Conditions Precedent:	<p>The right of the Borrower to obtain any advance under this facility is subject to:</p> <ul style="list-style-type: none">(a) the performance by the Borrower of all of its obligations set out in the Commitment Letter which are to be performed prior to the disbursement; and(b) the following documents have been provided and the following conditions have been complied with each in a form and substance satisfactory to the Bank:<ul style="list-style-type: none">(i) execution and delivery of the Commitment Letter by all parties;(ii) all security listed in the Commitment Letter are in place and in full force and effect, including the Guarantee to be provided by the Government of Barbados;

- (iii) there shall not have been any material adverse change in the financial condition or the environmental condition of the Borrower or any Guarantor for the Loan;
- (iv) that each of the representations and warranties is true and correct as of the date of each Advance;
- (v) payment by the Borrower of the Commitment fees for this facility;
- (vi) a copy of the organisational documents of the Borrower;
- (vii) a certificate of good standing of the Borrower;
- (viii) evidence satisfactory to the Bank that all approvals and authorisations from the Government of Barbados have been obtained in respect of the Commitment Letter and Security Documents and the transactions contemplated thereby;
- (ix) the Bank shall have received the following documents, each in a form and substance satisfactory to the Bank, in its sole discretion:
 - (a) a certificate setting out the names of all the directors and officers of the Borrower; and

- (b) a resolution from the Borrower approving and authorising:
 - (i) the Commitment Letter and ancillary documents; and
 - (ii) a director or officer to sign all documents;
- (c) an opinion addressed to the Bank, by legal counsel in Barbados which shall include an opinion that:
 - (i) the Commitment Letter and Security Documents are valid and enforceable, including that the Borrower has validly waived any immunity in respect of the Commitment Letter and the Security Documents;
 - (ii) on the corporate status of the Borrower;
 - (iii) that the Borrower is duly authorised to enter into the Commitment Letter and the transactions contemplated thereby; and
 - (iv) that all necessary consents and approvals required in relation to the Commitment Letter and Security Documents have been obtained;

- (d) an opinion addressed to the Bank, by the Solicitor General of Barbados which shall include an opinion that:
 - (i) the Government of Barbados is duly authorised to provide the Guarantee set out in the Commitment Letter;
 - (ii) that the Government is not the subject of any litigation which could adversely affect the assets or financial condition of the Government as guarantor;
 - (iii) that the Guarantee to be provided by the Government constitute valid, enforceable, and legally binding obligations of the Government including that the Government has validly waived any immunity in relation to the Guarantee set out in the Commitment Letter; and
 - (iv) that all necessary consents and approvals required in relation to the Guarantee have been obtained;
- (e) such further and other documents as the Bank may reasonably require.

**Additional
Conditions
Precedent:**

With respect to the loan for BBD \$13,000,000 in addition to satisfying the general conditions precedent, the Borrower shall provide the Bank with the following additional documents in the form and substance satisfactory to the Bank, prior to any advance being made:

1. The Guarantee of the Government of Barbados.

2. Detailed budget of equipment and renovation costs, reflecting a maximum total of BBD\$18 923 000 (the Project Budget) is to be provided to and accepted by the Bank, along with copies of all contracts and subcontracts entered into, substantiating the budgeted expenditure, in a form and substance acceptable to the Bank.

3. Evidence of compliance with all environmental regulations to be provided to the Bank.

**General
Conditions:**

Until all debts and liabilities have been discharged in full, the following conditions will apply in respect of the credits:

1. The Borrower covenants that it shall:

- (a) maintain its corporate existence, continue to conduct and operate its business and keep complete and accurate books and records of its transactions in accordance with sound accounting practices;
- (b) preserve all of its assets and properties and keep the same in good repair, working order and condition;

- (c) use all the proceeds of the credit facilities solely for the purposes set out in the Commitment Letter;
- (d) duly and punctually pay all taxes, license fees and utilities, and at all times, comply with applicable laws.
- (e) provide to the Bank
 - (i) prompt notice within ten (10) days of any material litigation, proceeding or dispute threatened in writing or commenced against the Borrower; and
 - (ii) all reasonable information requested by the Bank concerning the status of any litigation, proceeding or dispute.

2. Without the Bank's prior written consent, it shall not:

- (a) create or permit any encumbrance over its assets;
- (b) incur any additional indebtedness or raise additional loans;
- (c) permit a change in ownership of the Borrower; and
- (d) pay, make or declare any dividends.

3. Interest Rate Spreads are subject to revision.

4. Any cost overruns or other costs are to be covered by the Borrower, when first identified.

5. The facilities will be subject to review from time to time but no less than annually and a renewable fee is payable.

6. Audited annual financial statements are to be provided by the Borrower within 120 days after the Borrower's fiscal year-end, duly signed by any two of the directors of the Borrower.

7. An Overdue Report Fee of BBD\$200 is payable monthly by the Borrower for each month the Bank is required to follow up with the Borrower for receipt of reports that are submitted after the time frame(s) stipulated.

8. The credit facilities shall be subject to periodic or annual reviews with the next annual review scheduled to be conducted upon receipt of the reporting noted above.

The following additional conditions shall apply to the \$13,000,000 loan:

Specific
Conditions:

1. Each draw request shall include a certification that confirms that sufficient funds remain in the Project Budget for the equipment and renovation and the Project Budget will not be exceeded.

2. Supporting documentation in the form of contracts and invoices, where appropriate shall be presented to the Bank in a form and substance acceptable to the Bank against which the facility will be drawn.

3. During the capital expenditure implementation period, the Borrower's annual capital expenditure plan is to be submitted to the Bank and will be subject to its satisfactory review, such that it conforms to the original budget in all material respects.

4. Drawdowns are limited to a maximum of two (2) per month.

Fees:

A non-refundable commitment fee of BBD\$65 000, being 1/2% of BBD\$13 000 000 will apply and is payable on acceptance of the Commitment Letter.

A standby fee equal to 1/4% per annum is applicable from the date of acceptance of the Commitment Letter and will be charged on the utilized portion of the facility. This fee will be paid monthly in arrears.

Representations and Warranties:

On acceptance of the Commitment Letter and on the date of each advance hereunder, the Borrower shall be deemed to represent and warrant to the Bank that:

- (a) It is a corporation existing and in good standing under the Laws of Barbados and has the full power, authority, capacity and legal right to enter into, exercise its rights under, and to perform and comply with its obligations under the Commitment Letter, and that the execution and delivery by it of the Commitment Letter has been duly authorized by all necessary corporate action;

- (b) the obligations of the Borrower under the Commitment Letter constitute legal, valid and binding obligations of the Borrower, enforceable against it in accordance with their respective terms;
- (c) none of the execution and delivery of the Commitment Letter, the performance or observance by the Borrower of any of its obligations under the Commitment Letter and the entry into and performance of any transaction contemplated by the Commitment Letter will conflict with, or result in any breach of any of the terms, conditions or provisions of, or constitute a default or require any authorization under any applicable law or regulation by which the Borrower is bound or will violate any order, licence, permit or consent applicable to the Borrower or by which the Borrower or any of its assets is bound, or will require any consent or approval which has not been obtained;
- (d) there is no lawsuit, arbitration or administrative proceeding now current or pending or, so far as the Borrower is aware, threatened against the Borrower, which is likely to have a material adverse effect on the Borrower's ability to perform its respective obligations hereunder;
- (e) the Borrower is not in default of any of the terms and conditions of the Commitment Letter; and
- (f) in any proceedings taken in Barbados in relation to the Commitment Letter or any related documents, the Borrower will not claim for itself or any of its assets immunity from suit, execution, attachment or other legal process.

ADDENDUM

The Resolution seeks the approval of Parliament in respect of a guarantee by the Government for the borrowing by the Caribbean Broadcasting Corporation of the sum of BBD\$40 600 000 from the Bank of Nova Scotia on the terms and conditions set out in the *Schedule* for the purpose of financing the purchase of digital MCTV equipment, consolidating debt obligations to the National Insurance Board and the Value Added Tax Department and assisting with the financing of the 2011-2014 capital expenditure programme.