

**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** Barbados National Terminal Company 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** Barbados National Terminal Company Limited has undertaken a project to construct new terminal facilities and to expand and upgrade the distribution and management systems of the company and that project is to be financed by way of a loan and bond issue to the Barbados National Terminal Company Limited from the Barbados National Bank Inc. and BNB Finance & Trust Corporation in the sum of BDS\$120 million and on the terms set out in the *Schedule* hereto;

**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 BDS\$1,000,000,000, without

taking into account any amount in respect of interest, commissions and any other expenses secured by the guarantee; and the Minister of Finance has certified that the aggregate amount of all borrowings guaranteed by the Government and any further borrowings do not exceed the limit imposed by this section;

**BE IT RESOLVED** that Parliament approve the guarantee by the Minister of Finance of the payment of the principal sum of BDS\$120 million and interest thereon to be borrowed by Barbados National Terminal Company Limited from the Barbados National Bank Inc. and BNB Finance & Trust Corporation on the terms and conditions set out in the *Schedule* hereto.

**APPROVED** by the House of Assembly this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

**Speaker**

**APPROVED** by the Senate this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

**President**

## SCHEDULE

## TERMS AND CONDITIONS

The amount to be guaranteed is granted in the form of a floating rate loan and a bond issue.

**(a) Floating Rate Loan**

Purpose:	(a) To repay the balance of the Overdraft remaining after the issue of bonds; and  (b) To finance the remaining local project and construction costs regarding the set-up of a terminal facility.
Borrower:	Barbados National Terminal Company Limited.
Lender:	Barbados National Bank Inc.
Instrument:	Short term loan to be converted to a long term loan at the completion date.
Amount:	BDS \$70,000,000
Tenor:	Short term loan:  Up to 2 years or on the successful completion and commissioning of the new terminal.  Long term loan:  Up to 20 years commencing on the completion date.
Interest Rate:	Short term loan:  Floating at BNB Prime Rate of Interest less 1.00% (Current effective 8.7%)

	<p>Long term loan:</p> <p>BNB minimum savings rate (MSR) plus 3.75%. The rate will not exceed 8.75%. Current effective rate of 6.25%.</p>
Interest Payments:	<p>Short term loan:</p> <p>The interest on the short term loan shall be repaid in BDS dollars at the specified rate from the date of each advance to the completion date.</p> <p>Long term loan:</p> <p>From the completion date interest shall be repaid in BDS dollars on the outstanding principal balance commencing six (6) months after the completion date.</p> <p>Semi-annually in arrears based on outstanding principal computed on a 365 day basis.</p>
Principal Repayment:	<p>Short term loan:</p> <p>No principal payments due prior to the completion date.</p> <p>Long term loan:</p> <p>Five (5) year moratorium on payment of principal. Thereafter, principal to be amortized over remaining fifteen (15) year period in equal semi-annual payments.</p>
Early Repayment:	<p>Permitted without penalty on any part of principal due on any interest payment date with a minimum of BDS\$1.0 million and a maximum of BDS\$5.0 million, upon 30 days advance written notice.</p>
Terms and conditions:	<p>All terms and conditions shall remain the same as set out in the Loan Agreement dated June 10, 2004.</p>

**(b) Fixed Rate Bond Issue**

Issuer:	Barbados National Terminal Company Limited												
Instrument:	Fixed Rate Bond Issue												
Arranger:	BNB Finance & Trust Corporation												
Agent for Investors:	BNB Finance & Trust Corporation												
Amount:	BDS\$50,000,000.00 (to be issued in Tranches of no less than BDS\$20 million)												
Purpose:	To refinance the existing debt by way of the overdraft incurred in relation to the design and prefabrication work relating to the project.												
Tenor:	22 years.												
Interest Rate:	Interest will be on a step rate basis as follows:												
	<table border="1"> <thead> <tr> <th>Tenor</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>First 2 years</td> <td>5.75%</td> </tr> <tr> <td>Next 5 years</td> <td>6.25%</td> </tr> <tr> <td>Next 5 years</td> <td>6.75%</td> </tr> <tr> <td>Next 5 years</td> <td>7.00%</td> </tr> <tr> <td>Last 5 years</td> <td>7.25%</td> </tr> </tbody> </table>	Tenor	Rate	First 2 years	5.75%	Next 5 years	6.25%	Next 5 years	6.75%	Next 5 years	7.00%	Last 5 years	7.25%
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Last 5 years	7.25%												
Interest Payments:	Semi-annually in arrears based on outstanding principal.												
Principal Repayments:	Two (2) year moratorium on principal payments. Thereafter, principal to be amortized over remaining twenty (20) year period in equal semi-annual payments. Payments to be made on fixed dates to be agreed.												

Early Repayment: Not permitted.

Security Proposed: Guarantee of the Government of Barbados for 100% of the principal and interest.

**Terms and Conditions**  
**Common to All**

Construction Contract: The Contractor shall irrevocably guarantee a fixed price contract and assumes all associated construction risks in this regard.

Other: All payments to the lender(s) with respect to the facility inclusive of interest and finance fees shall be made free of all taxes and withholding taxes present and future or any other deductions.

The Borrower shall reimburse the lender as applicable for taxes imposed on any of them in connection with the transaction.

The Lender(s) reserve the right to participate the loan to institutional investors including pension funds.

Documentation: As required under the Laws of Barbados in order to perfect the Lender's security interest in the Project including, without limitation, the Mortgage Debenture, and any other documents, instruments or agreements.

All Exchange Control approvals where applicable.

All environmental approvals including Town Planning Approval where applicable.

All other regulatory approvals necessary to effect the financing.

All Project documents and agreements, statutory approvals, licences and permits are to be in full force and effect and lenders furnished with evidence of same.

Review of draft contracts for the construction of the oil terminal.

Evidence that the equity contribution of the Barbados National Oil Company Limited (BNOCL) has been applied to the project.

Review of copy of the agreement, which exists between the Crown and Barbados National Terminal Company Limited permitting the latter to use its terminal facilities for the supply of petroleum-based energy products.

Review of copy of a lease agreement between the Crown and Barbados National Terminal Company Limited for the designated area of land at Fairy Valley, Christ Church for siting the terminal.

Conditions Precedent to  
All Disbursements:

Requests for disbursements should be issued once monthly by the Borrower and supported by payment claim from Contractor duly certified by Architect, Quantity Surveyor or Project Manager. Such certificates to confirm the sufficiency of undrawn funds to complete Project within Budget.

(a) All changes in the scope of works and variations, which will increase the cost of the Project, are subject to the prior approval of the lenders. These conditions to be advised to and acknowledged by the Contractor.

(b) Any cost overruns in construction, FF&E, purchases and other project costs outside of the Project Budget are for the Borrower's account and must be met immediately upon identification.

General Ongoing Conditions: Environmental laws and regulations to be strictly adhered to and conformance to be confirmed by the borrower annually.

(a) The Borrower shall maintain the terminals to a level acceptable to the Lender.

(b) The Borrower shall ensure that the property is covered by adequate insurance against the usual risks.

## **ADDENDUM**

This Resolution seeks the approval of Parliament of a guarantee by the Government for the repayment by Barbados National Terminal Company Limited of BDS\$120 million which sum represents a loan and a bond issue from the Barbados National Bank Inc. and BNB Finance & Trust Corporation.

The Barbados National Terminal Company Limited is a limited liability company with the Government of Barbados as the sole shareholder to date.

The proceeds of the facilities are to be used to assist with the financing of the Project for the construction of terminal facilities and operation of the facilities.