

RESOLUTION NO.

PARLIAMENT

WHEREAS by section 5(1) of the *Queen Elizabeth Hospital Act*, Cap. 54, there is established the Queen Elizabeth Hospital Board;

AND WHEREAS by section 5 (2) of the Act it is prescribed that the Board is a body corporate to which, subject to the Act, section 21 of the *Interpretation Act*, Cap. 1 applies;

AND WHEREAS section 13 of the Act provides that

- (1) subject to subsection (2) the Board may borrow money required by it for meeting any of its obligations or performing any of its functions;
- (2) the Board shall borrow money only on the written authorisation of the Minister responsible for Finance, which authorisation shall stipulate
 - (a) the amount and source of the loan; and
 - (b) the terms and conditions on which the loan may be obtained;
- (3) the authorisation of the Minister responsible for Finance under subsection (2) may either be general or limited to a particular borrowing;

- (4) the Board shall not pledge its assets or the assets of the Hospital as security for any loan without the written approval of the Minister responsible for Finance;
- (5) the Government, may by resolution of both Houses of Parliament, guarantee the repayment of a loan authorised in accordance with subsection (2);

AND WHEREAS the Queen Elizabeth Hospital Board has entered into an agreement with the National Insurance Board, a Statutory Corporation created under the *National Insurance Act*, Cap. 47 to borrow an amount not exceeding thirty-five million Barbados dollars for the purpose of providing finance to be utilised, exclusively, to assist with the civil work component of the Capitalization Programme and in the financing of the capital requirements of the Queen Elizabeth Hospital;

AND WHEREAS the Government of Barbados has agreed to guarantee the repayment of the loan of thirty-five million Barbados dollars, together with the interest thereon, granted to the Queen Elizabeth Hospital Board, in accordance with the terms and conditions agreed between the National Insurance Board and the Queen Elizabeth Hospital Board;

SCHEDULE

CONDITION OF LOANS

Facility:	Bds \$35.0 million Loan.
Borrower:	Queen Elizabeth Hospital Board.
Lender:	National Insurance Board.
Purpose:	To assist with the civil work component of the Capitalization Programme and in financing the capital expenditure requirements of the Queen Elizabeth Hospital.
Term:	15 years; commencing 15 August 2011.
Repayment:	<p>One year moratorium on the repayment of principal, during which time quarterly payments of interest will be made.</p> <p>Thereafter principal plus interest shall be repaid over the term of the loan in monthly blended payments, commencing 15th September 2012.</p> <p>The Borrower may prepay all or part of the Loan on one month's prior written notice to the lender.</p>
Interest:	<p>7.1875% per annum.</p> <p>Interest shall be calculated on a simple interest basis and on the basis of the actual number of days elapsed in a 365 day year.</p> <p>If the Borrower fails to pay any interest payable under the loan facility, the Lender reserves the right to add such interest to the Loan at any time without notice to the Borrower.</p> <p>The Lender shall apply all payments first towards accrued interest and then towards principal.</p>

Events of
Default:

The National Insurance Board shall consider the Queen Elizabeth Hospital Board to be in default and the Loan shall become immediately repayable and all unpaid interest which has accrued and all outstanding principal of the Loan shall become immediately repayable if

- (i) the Borrower fails on the due date to repay any part of the principal sum or the interest payable pursuant to this Agreement and the Lender by notice, in writing, to the Borrower demands immediate repayment of the Loan or balance of the Loan then outstanding;
- (ii) the Borrower fails to ensure that the loan proceeds are used exclusively for the Project and in accordance with the Memorandum and Capitalization Programme Summary;
- (iii) the Borrower cross defaults in respect of other indebtedness or obligations guaranteed by the Borrower;
- (iv) an order is made or an effective resolution is passed for winding-up the Borrower;
- (v) the Borrower ceases or threatens to cease to carry on its business or substantially the whole of its business;
- (vi) the property of the Borrower or any part of it is compulsorily acquired by or by order of any local or other authority and in consequence the business of the Borrower in the opinion of the Lender is seriously affected;

- (vii) the Borrower shall make a general assignment for the benefit of its creditors or give notice of intention to make a proposal under the Bankruptcy and Insolvency legislation of Barbados, or shall become insolvent or be declared or adjudged bankrupt, or a receiving order be made against the Borrower, or if a liquidator, trustee in bankruptcy, receiver or manager shall be appointed to the borrower of the charged property or any part thereof, or if the Borrower shall propose an arrangement or reorganization under any legislation providing for the reorganization or winding-up of the corporations or business entities or providing for an agreement, composition, extension or adjustments with its creditors; or
- (viii) the Agreement is or becomes (or is alleged to be) unlawful or unenforceable in a material respect.

In the event of a default in respect of the non-payment of the Principal Sum or any part thereof or a breach of Clause 5(vi) of the Agreement, the Lender shall consider the Loan due and shall seek to rely on the Agreement or Guarantee or Letter of Comfort, respecting this loan, issued by the Government of Barbados.

Covenants:

The Borrower irrevocably and unconditionally covenants with and undertakes to the Lender, that *inter alia*, so long as any part of the Loan or any interest due in respect of the Loan is outstanding the Borrower will:

- (a) at all times, carry on and conduct its business in a proper, efficient and businesslike manner and in accordance with good business practices;
- (b) not make or permit to be made any change in the nature of business as carried on at the date of the Agreement;

- (c) not sell or otherwise dispose of the whole or any substantial part of its undertaking or of its assets, save with the prior written consent of the Lender, which consent shall not be unreasonably withheld;
- (d) not create, assume or suffer to exist any security interest on any part of its assets, ranking or purporting to rank in priority or *pari passu* with the Loan, provided that this covenant shall not apply to nor operate to prevent the giving of any security in the ordinary course of the business of the Borrower.

The Borrower further covenants with the Lender, that so long as any part of the Loan or any interest due in respect of the Loan is outstanding the Borrower will furnish the Lender with:

- (1) annual audited financial statements and until the same are prepared, management accounts of the Borrower in a form as the Lender may reasonably require not later than one hundred and twenty (120) days after each financial year-end;
- (2) detailed monthly reports including cost projections on the Queen Elizabeth Hospital Capitalization Programme, in a form as the Lender may reasonably require;
- (3) surplus and deficit projections, balance sheet forecasts, and cash flow projections of the Borrower, not later than the expiration of forty-five (45) days from the end of the quarterly period (March, June, September and December) to which that quarter relates;
- (4) details of any litigation, arbitration or administration proceedings against or involving the Borrower which are likely to have a material adverse effect on the Borrower, as soon as the same are instituted (or, to the knowledge of the Borrower, are threatened);
- (5) details of any occurrence or circumstances of which the Borrower becomes aware which would adversely affect the ability of the Borrower to perform its obligation under this Agreement.

The Borrower shall ensure that the proceeds of the Loan are used exclusively for the Project.

ADDENDUM

The Queen Elizabeth Hospital Board has entered into an agreement with the National Insurance Board, a Statutory Corporation created under the *National Insurance Act*, Cap. 47 to borrow an amount not exceeding thirty-five million Barbados dollars for the purpose of providing finance to be utilised, exclusively, to assist with the civil work component of the Capitalization Programme together with the financing of the capital requirements of the Queen Elizabeth Hospital .

Parliamentary approval for a guarantee of the loan, by Parliament, is being sought in accordance with the *Queen Elizabeth Hospital Act*, Cap. 54.