

RESOLUTION NO.

PARLIAMENT

WHEREAS by section 2 of the *Special Loans Act*, Cap. 105 the Government is authorized from time to time to borrow from any bank, corporation, company or other institution sums of money not exceeding in the aggregate BDS\$1.5 billion on such terms as may be agreed upon between the Government and the lender of any such sum of money;

AND WHEREAS by section 3 of the said Act it is provided that any money borrowed under the authority of the Act shall be appropriated and applied to such purposes as Parliament may approve by resolution and that such money and any interest payable thereon is charged upon the general revenues and assets of Barbados;

AND WHEREAS the Government deems it necessary to borrow the sum of up to US\$225 million from Credit Suisse AG Cayman Islands as lender and administrative agent for other lenders to assist with budgetary support including investment in infrastructure projects and to build the foreign reserves on the terms and conditions contained in the Agreement, the main provisions of which are set out in the *Schedule*;

AND WHEREAS the said sum of US\$225 million is within the authorized borrowing limit given to the Government under section 2 of the said Act;

RESOLVED therefore that Parliament approve the borrowing of the said sum of up to US\$225 million from Credit Suisse AG Cayman Islands as lender and administrative agent for other lenders to assist with budgetary support including investment in infrastructure projects and to build the foreign reserves on the terms and conditions contained in the Agreement, the main provisions of which are set out in the *Schedule*.

APPROVED by the House of Assembly this _____ day of _____, 2013.

Speaker

APPROVED by the Senate this _____ day of _____, 2013.

President

SCHEDULE

TERMS AND CONDITIONS

Facility:	Non-revolving term loan
Borrower:	The Crown in right of the Government of Barbados.
Lenders:	Credit Suisse AG Cayman Islands and any of its affiliates; other syndicate lenders subject to market demand.
Amount:	US\$150 million, subject to Greenshoe.
Greenshoe:	Up to 6 months after Financial Close the Lenders and the Borrower will have the option, but not the obligation to upsize the loan by an additional US\$75 million.
Purpose:	For budgetary support including investment in infrastructure projects and to build foreign reserves.
Joint Lead Arrangers and Joint Bookrunners:	First Caribbean International Bank (Barbados) Limited and Credit Suisse AG Cayman Islands.
Tenor:	5 years from the Financial Close; subject to the principal extension option.
Interest rate:	USD 6 month Libor (determined 5 business days prior to each payment date) plus the Applicable Margin. An interest rate swap option establishing a fixed rate interest payment of 7.5 to 8.5% may be provided by the Lenders subject to mutual agreement, final documentation (which may be ISDA swap documentation) and to market conditions at the time such swap is entered into which may be on or following Financial Close.

Applicable Margin:	<p>At market pricing determined on or around the Financial Close date which is expected to be 675-775 basis points (bps).</p> <p>In the event of a downgrade of the Government's foreign currency debt by any international or regional credit rating agency below BB - (by Standards and Poor's or Fitch ratings) or below Ba3 (Moody's), the Applicable Margin shall be increased by 50 basis points (bps) for every subgrade downgrade below such subgrade or decrease by 25 basis points (bps) for every subgrade upgrade, provided that the rate is not lower than the Applicable Margin established at Financial Close.</p>
Interest payment:	Semi-annual, in arrears commencing 6 months after Financial Close.
Prepayment:	<p>The Facility may be prepaid in part or in full on an interest payment date, subject to</p> <ul style="list-style-type: none">(i) the Borrower gives 30 days' notice; and(ii) payment of an amount equal to the present value (discounted at the prevailing Libor rate) of the interest that would otherwise be due from the prepayment date through the Maturity Date on the amount of principal being repaid. Customary break-funding provisions shall apply to any such prepayment.
Principal repayment:	8 equal semi-annual amortizations commencing 18 months after Financial Close.
Financial Close:	Upon completion of documentation and satisfaction of all Conditions Precedent to closing which is expected to be 4 weeks from the mandate for the initial funding.

Arrangement fee:	75 bps of the Facility amount (US\$1.125 million)
Participation fee:	75 to 125 bps of the Facility amount (US\$1.125 to US\$1.875 million).
	The Joint Lead Arrangers may adjust the allocation between the Applicable Margin and the upfront Participation Fee in accordance with market demand, provided that the all-in economics are not materially changed taking into consideration the indicative ranges.
Administrative Agent:	Credit Suisse AG Cayman Islands.
Administrative fee:	US\$25 000 annually.
Security:	<p>If permissible under the Government's existing debt obligations, the Facility may include, if required by the Lenders, a separate cash account (with or without set off rights, if required by the Lenders) and/or Letter of Credit Facility or other arrangement in the amount not to exceed US\$20 million, in each case at applicable market pricing, for the purpose of ensuring successful syndication of the Facility and entry into the documentation thereof by the Lenders.</p> <p>Any such arrangement may also require that in the event of an international rating agency downgrade of the Government by 2 notches or more, or an Event of Default relating to a failure to pay any amount when due, at the option of the Lenders, the monies held or drawn under such arrangement shall be applied first to the immediate past due interest and/or principal and then to the principal reduction as the case may be.</p>
Ranking:	The Facility will have a charge over the consolidated fund of Barbados or sinking fund as required by operation of Barbadian law and practice. With respect to all other assets of the Borrower, the Facility will rank equally in right of payment with all other existing and future senior unsecured debt of the Borrower.

Conditions Precedent:	Usual and customary for this type of transaction, including but not limited to: <ul style="list-style-type: none">(a) the provision by the Borrower of all governmental, ministerial and other regulatory approvals or consents as may be required;(b) the successful preparation, negotiation and execution of all necessary legal documentation to Lenders' satisfaction;(c) the absence, in the Lenders' opinion, of any material adverse change in the financial, economic and/or political environment in Barbados;(d) receipt of legal opinions in form and substance satisfactory to the Lenders, including the opinion of the Solicitor-General of Barbados;(e) affirmation of the use of the Facility proceeds for the purposes outlined;(f) due diligence by Lenders to confirm to their satisfaction that the Facility would satisfy the infrastructure development requirements of the Borrower;(g) all representations and warranties are true and correct;(h) all fees due prior to disbursement have been paid;(i) all other required approvals have been obtained.
Conditions precedent to the Greenshoe:	Usual and customary for this type of transaction, including but not limited to the conditions similar to those required on the initial funding.

Condition subsequent: Borrower to provide Lenders with a full copy of the Staff Report for the 2013 IMF Article IV Consultation on Barbados as soon as it becomes available, as well as an update on the Borrower's plans for implementation of any specific recommendations included in the report.

Affirmative covenants:

Usual and customary for a transaction of this nature including but not limited to the following:

- (a) requirement that the Central Bank of Barbados make available to the Government sufficient US Dollars for payment of sums when due;
- (b) compliance with laws;
- (c) notice of litigation;
- (d) notice of default or material adverse change;
- (e) ongoing use of proceeds consistent with the agreed upon Use of Proceeds;
- (f) waiver of sovereign immunity;
- (g) submission of annual fiscal budget;
- (h) maintenance of membership in, and eligibility to use, the general resources of the International Monetary Fund.

Negative covenants:

Usual and customary for a transaction of this nature including, *inter alia*, limitations on creation of security interests in any of the Borrower's present or future revenues or assets to secure public indebtedness of the Government, unless

- Negative covenants: -
Concl'd
- (i) the Facility is secured equally and ratably with such public indebtedness; or
 - (ii) the Facility has the benefit of such other security, guarantee, indemnity or other arrangement; subject to customary carve-outs to be agreed upon.
- Yield protection:
- Financing documentation to include customary provisions protecting the Lenders against increased costs or loss of yield resulting from changes in reserve, tax, capital adequacy and/or other requirements of law and from the imposition of or changes in withholding or other taxes.
- Market flexibility:
- Before Financial Close and with respect to any Principal Extension Option or Greenshoe amount, the Joint Lead Arrangers in consultation with the Borrower, shall be entitled to change the pricing, structure and other indicative terms and conditions of this Facility if, having regard to the then prevailing conditions in the domestic, regional and/or international financial markets, the Joint Lead Arrangers determine that such changes are required to ensure a successful distribution/syndication of the Facility.
- Representations and Warranties:
- The Borrower is deemed to give standard representations and warranties as are customary for transactions of this nature. The usual representations and warranties in connection with this type of Facility shall be included in the final transaction documentation, and shall include, but not be limited to:
- (a) the Borrower has the necessary power and authority to borrow under the Facility on the terms and conditions set out herein and to perform and observe its obligations under the transaction documents;

Representations and
Warranties: - Concl'd

- (b) there is no law, decree or similar enactment binding on the Borrower or any of its agencies and no provision in any corporate document, mortgage, indenture, trust deed, contract or agreement binding on the Borrower or any of its agencies which would conflict with or prevent the Borrower from borrowing on the terms and conditions set out in the Indicative Term Sheet, or which would prevent the Borrower from observing any of its obligations in the transaction documents;
- (c) neither the Borrower nor any of its agencies are in breach of any of the limits or restrictions or obligations imposed by any other agreement or instrument;
- (d) so far as the Borrower is aware, there are no legal or other proceedings pending or threatened before any court, tribunal, commission or other regulatory authority and involving the Borrower or any of its agencies which will adversely affect in any material respect the financial condition or operations of the Borrower and its ministries or departments or subsidiaries taken as a whole;
- (e) prior to the Facility being executed, the Borrower will provide to the Joint Lead Arrangers:
 - 1. A duplicate of the Indicative Term Sheet duly signed on the Borrower's behalf as evidence of acceptance of the terms and conditions stated herein.
 - 2. A certified true copy of a resolution of the Borrower accepting the Facility on the terms and conditions stated.

Events of default:

Including but not limited to, in the event of:

- (i) failure by the Borrower to make repayment of principal, or payment of interest or other monies, in respect of the Facility on its due date;
- (ii) a breach in the performance of any other term or condition of the Facility or of any security held for the Facility;
- (iii) any act of bankruptcy being committed by the Borrower;
- (iv) the Borrower or any Government-owned entity either jointly or alone failing to discharge any material indebtedness on its due date;
- (v) a breach of representations, warranties and covenants by the Borrower;
- (vi) debt restructuring of the Borrower;
- (vii) declaration by the Government of a general moratorium with respect to any payment of any indebtedness;
- (viii) indebtedness of the Government having an aggregate principal amount in excess of US\$10 000 000 (or its equivalent in any other currency) shall have the ability to be accelerated by reason of any event of default;
- (ix) failure to make any payment in respect of any other indebtedness of the Government in an aggregate principal amount in excess of US\$10 000 000 (or its equivalent in any other currency) when due (as such date may be extended as a result of any grace period or waiver);

Events of default: -
Concl'd

(x) any writ, execution, attachment or similar process shall be levied, after the date hereof, against all or any substantial part of the assets of the Government in connection with any judgment for the payment of money exceeding US\$10 000 000 (or its equivalent in other currencies) and shall remain unsatisfied, undischarged and in effect for a period of 60 days without a stay of execution, unless such judgment is adequately bonded or is being contested in good faith by appropriate proceedings properly initiated and diligently conducted.

Anti-Money
Laundering:

With respect to the interest and principal payments under the Facility, Anti-Money Laundering legislation requires that the Lenders verify the source of funds before accepting deposits or processing transactions and must report unusual transactions to the relevant authorities. Consent is hereby deemed to be given to the Lenders to disclose the information provided by the Borrower to money laundering prevention and control officers within their organizations, for the purpose of ensuring they comply with Anti-Money Laundering legislation.

The Borrower will indemnify the Lenders for their out of pocket expenses, including reasonable legal fees and court costs for any litigation relating to breach by the Borrower of their obligations under the Anti-Money Laundering legislation. The Borrower will indemnify the Lenders in respect of any investigation under applicable anti-money laundering legislation, of the Lenders' accounts in relation to the financing hereunder, including but not limited to seeking direction from a court of competent jurisdiction on the Lenders' rights and obligations in such matters.

ADDENDUM

The Government of Barbados is desirous of borrowing up to US\$225 million from Credit Suisse AG Cayman Islands as lender and administrative agent for other lenders to assist in budgetary support including, investment in infrastructure projects and to build the foreign reserves with the main terms and conditions of which are contained in the *Schedule*.