

2013-09-30

RESOLUTION NO.

PARLIAMENT

WHEREAS by section 12(1) of the *National Petroleum Corporation Act*, Cap. 280 it is provided that the Government of Barbados may guarantee in such manner and on such conditions as Parliament thinks fit the redemption and repayment of

- (a) any interest on any debenture stock issued by or on any loan to the Corporation; and
- (b) any other charge in respect of that loan;

AND WHEREAS the National Petroleum Corporation has obtained a loan from the National Insurance Board, a body corporate established by and in accordance with the provisions of the *National Insurance and Social Security Act*, Cap. 47, in the amount of \$3,000,000.00 Barbados dollars;

AND WHEREAS the proceeds of the loan are to be applied to finance capital works projects to reduce the loss of natural gas by replacing corroded pipes and to improve the efficiency in the gas transportation network;

BE IT RESOLVED that Parliament approve the guarantee by the Government of Barbados for the repayment of the principal amount of \$3,000,000.00 Barbados dollars, and any interest or charges payable thereon, on the terms and conditions set out in the *Schedule* hereto.

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: Term Loan.
- Amount: BDS \$3,000,000.00.
- Lender: National Insurance Board.
- Borrower: National Petroleum Corporation.
- Guarantor: Government of Barbados.
- Purpose: To facilitate capital works and to improve efficiency in the gas transportation network.
- Term: 6 years
- Maturity Date: 14th day of September, 2018.
- Interest Rate: 6.325% per annum. Interest shall be calculated on a simple interest basis, on the number of days elapsed and for the purposes of calculation a year shall contain 365 days. The rate of interest is subject to reset after the 3rd year of disbursement and the minimum floor rate on the reset date is 6.325% per annum.
- Repayment: There shall be a one (1) year moratorium on principal, during which time interest shall be paid quarterly. Thereafter, the principal sum and interest shall be paid in nineteen (19) blended quarterly principal and interest payments of BDS\$176,140.00 and one (1) blended payment of principal and interest of BDS\$176,141.00. Payments shall commence on the 20th of July, 2013.

- Commitment Fees: \$15,000.00 being $\frac{1}{2}$ % of BDS\$3,000,000.00 per annum payable if the Loan Facility is to be kept open for drawdowns for a period greater than 6 months from the date of the notification of the loan approval. The Commitment Fees shall be paid for each year that the Loan Facility is kept open.
- Security: Unconditional and full Guarantee by the Government of Barbados.
- Events of Default: The Lender shall consider the Borrower to be in default and the loan (inclusive of any interest accrued and unpaid on the principal sum occurring after the execution of the Agreement and added to the principal sum) shall become immediately repayable and all unpaid interest which has accrued shall become immediately repayable:
- (i) if the Borrower fails on the due date to repay any part of the principal sum or the interest payable pursuant to the Agreement and the Lender by notice in writing to the Borrower demands immediate repayment of the loan or the balance of the loan outstanding;
 - (ii) if the Borrower commits a breach of Clause 8 of the Agreement;
 - (iii) if the borrower cross defaults in respect of other indebtedness or obligations guaranteed by the Borrower; or
 - (iv) if the Agreement is or becomes (or is alleged to be) unlawful or unenforceable in any material respect.

In the event of a default of the non-payment of the principal sum or interest or any part thereof or a breach of Clause 8 of the Agreement the Lender shall consider the Loan due and shall seek to rely on the Guarantee issued by the Government of Barbados for immediate repayment.

The condonation by the Lender of any breach or breaches by the Borrower of any or all of the stipulations and conditions contained in the Agreement shall in no way prejudice or affect or be construed as a waiver of the rights, powers and remedies of the Lender under the Agreement in respect of any breach or breaches aforesaid.

Representations
And Warranties:

The Borrower represents and warrants to the Lender the following:

- (i) the Borrower has the power and authority to execute, deliver and perform its obligations under the Agreement, that and all necessary action has been taken (and not revoked) to authorize the execution, delivery and performance of the Agreement;
- (ii) the Agreement constitutes valid and binding obligations of the Borrower enforceable in accordance with its terms;
- (iii) the Borrower is not in default under any other Agreement to which it is party or by which it is bound, which default would have material adverse effect upon the operation or condition (financial or otherwise) of the Borrower or be a material impairment on the ability of the Borrower to perform its obligations under the Agreement;
- (iv) the execution, delivery and performance of the Agreement by the Borrower are not in conflict with any law, rule, regulation, order or directive applicable to the Borrower, of which the Borrower is aware, or any agreement or undertaking to which the Borrower is a party or by which the Borrower may be bound; and

- (v) all factual information supplied to the Lender by the Borrower in contemplation of or for the purpose of the Agreement was true and accurate in all material respects as at the date of the Agreement and it did not omit anything material, no change has occurred since the date on which such information was supplied which renders the same untrue or misleading in any material respect, and in all projections and statement of belief and opinion given by it to the Lender were made honestly and in good faith after careful enquiry and remain valid as at the date of the execution of this Agreement.

Conditions
Precedent:

Usual and customary for this type of transaction including but not limited to the following conditions precedent:

- (a) the liability of the Lender to disburse the loan shall be subject to the condition that the Borrower has complied with the terms and conditions stipulated in the Agreement;
- (b) disbursement of the loan is conditional on the Borrower and the Lender receiving all necessary statutory and regulatory approvals to enter into the loan and delivery of the relevant Security and Loan Documentation;
- (c) the liability of the Lender to disburse the Loan shall be subject to the condition that the Borrower has complied with the procedure set out in the Agreement and that the Borrower has prior to the advance of the principal sum or any part thereof, arranged for the Letter of Comfort from the Government of Barbados to be delivered to the Lender;

Conditions
Precedent:
(Cont'd)

- (d) the Lender shall not be obliged to disburse the Loan until the Letter of Comfort from the Government of Barbados is duly executed by the duly designated agent of the Government of Barbados and is in full force and effect;
- (e) the Lender shall not be obliged to make a disbursement under the Agreement in the event that the Guarantee is not granted within six (6) months after the provision of the Letter of Comfort from the Government of Barbados;
- (f) receipt by the Lender of all necessary internal approvals;
- (g) receipt by the Borrower of all necessary governmental and regulatory approvals;
- (h) complete and proper execution of all documentation, including the Agreement between the parties, to the satisfaction of the Lender;
- (i) the Borrower shall provide documentary evidence to the satisfaction of the Lender that the Borrower has received due authority to enter into the Agreement;
- (j) the Borrower shall provide a certified copy of the Resolution of the Board of Directors of the Borrower authorizing, the execution, delivery and performance by the Borrower of the Agreement;
- (k) A Certificate of the Secretary of the Borrower certifying the names of the officer or officers of the Borrower authorised to sign the Agreement together with a sample of the true signature of each such officer; and
- (l) The absence of any material adverse changes in the economic financial conditions, operations or ownership of the Borrower.

ADDENDUM

In accordance with the *National Petroleum Corporation Act*, Cap. 280, this Resolution seeks the approval of Parliament of the guarantee by the Government for the borrowing by the National Petroleum Corporation of the sum of \$3,000,000,000 Barbados dollars from the National Insurance Board on the terms and conditions set out in the *Schedule* to this Resolution for the purpose of financing capital works projects and to improve the gas transportation network of the National Petroleum Corporation.