

RESOLUTION NO.

PARLIAMENT

WHEREAS by virtue of subsections (2) and (3) of section 19 of the *Barbados Water Authority Act*, Cap. 274A, the Board of the Barbados Water Authority may with the approval of the Minister borrow amounts required by it for meeting any of the obligations or performing any of the functions of the Authority;

AND WHEREAS by virtue of section 19A of the Act, the Crown may by resolution of both Houses of Parliament, guarantee in such manner and on such terms and conditions as it thinks fit, the payment of any amount borrowed by the Authority, together with the interest payable on the amount;

AND WHEREAS the Barbados Water Authority on the 31st day of March 2005, entered into an agreement with BNB Finance & Trust Corporation, a company incorporated under the *Companies Act*, Cap. 308 for the arrangement of a bond issue in the sum of \$150 million on the terms and conditions set out in the Schedule to this Resolution for the purpose of refinancing the Company's existing debt and funding the Company's capital expenditure;

BE IT RESOLVED that Parliament approve the guarantee by the Crown of the principal and interest necessary for the redemption of the bond issue in the sum of \$150 million.

SCHEDULE

TERMS AND CONDITIONS

Amount:	BDS \$150 000 000.00
Arranger:	BNB Finance & Trust Corporation
Instrument:	Fixed rate bond issue
Tenor:	25 years
Interest Rate:	Interest on a step rate basis as follows:
	4.90% First 2 years
	5.25% Next 5 years
	5.80% Next 5 years
	6.40% Next 5 years
	6.85% Next 5 years
	6.95% Last 3 years
Interest Payments:	Three year moratorium on interest payments during which time interest is to be accrued and capitalized semi-annually. Thereafter, interest is payable semi-annually in arrears based on outstanding principal.
Principal Repayment:	Five year moratorium on principal payments. Thereafter, the principal is to be amortized over the remaining twenty year period in equal semi-annual payments. Payments are to be made on fixed dates to be agreed.
Early Repayment:	Not permitted.
Security:	Guarantee of the Government of Barbados for 100% of the principal and interest.

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

In the event that the aforementioned taxes or deductions are not exempted, the interest rate would have to be appropriately adjusted to give the same yield on investment.

Investors: Syndicate of investors to include financial institutions, pension funds and insurance companies.

ADDENDUM

The Barbados Water Authority on the 31st day of March 2005, entered into an agreement with BNB Finance & Trust Corporation for the arrangement of a bond issue in the sum of \$150 million. Security was given to the arranger by way of a letter of comfort by the Government and an undertaking was given that the Government would subsequently provide security by way of guarantee.

The proceeds of the bond issue are to be used for the refinancing of the Company's existing debt and the funding of the Company's capital expenditure.

In accordance with the *Barbados Water Authority Act, Cap. 274A* the approval of Parliament is being sought for the guarantee by the Crown of the principal and interest necessary for the redemption of the issue of the said bonds by the Barbados Water Authority.