

**RESOLUTION NO.**

**PARLIAMENT**

**WHEREAS** by virtue of section 3 of the *Barbados Agricultural Management Co. Ltd. (Sugar Bonds Guarantee) Act, Cap. 255*, the Minister may, with the approval of Parliament, guarantee in such manner and on such terms and conditions as the Minister thinks fit, the payment of the principal and of interest necessary for the redemption of bonds issued by the Barbados Agricultural Management Co. Ltd. for the purpose of the financing of the sugar industry;

**AND WHEREAS** the company proposes to obtain a loan, of \$25 000 000.00 dollars in the currency of the United States of America, by way of an issue of bonds, for the purpose of financing the sugar industry and on the terms and conditions set out in the *Schedule* to this Resolution;

**BE IT RESOLVED** that Parliament approve the guarantee by the Minister responsible for Finance of the payment of the principal and interest in respect of the loan of the sum of \$25 000 000.00 in the currency of United States of America.

## SCHEDULE

**TERMS AND CONDITIONS**

Issuer:	Barbados Agricultural Management Co. Ltd. ('BAMC')
Issue:	Non-callable Fixed Rate Bond
Guarantor:	The Government of Barbados
Arranger:	RBTT Merchant Bank Limited ('RBTTMB')
Trustee:	RBTT Trust Corporation (Barbados)
Registrar and Paying Agent:	RBTT Merchant Bank Limited ('RBTTMB')
Use of Proceeds:	Facility to assist with meeting the funding needs for Financial Years 2005/2006 and 2006/2007
Issue Amount:	USD \$25 000 000.00
Currency:	United States Dollars
Issue Price:	100%
Basis of Commitment:	Fully Underwritten
Tenor:	Fifteen (15) years
Interest Rate:	Fixed upon disbursement: 10-year US Treasuries plus a spread of 255bps. There will be an interest rate floor of 7.10%.

## Security:

The Bond shall constitute general and unconditional obligations of the Issuer and the Government of Barbados as Guarantor. The Bond shall constitute a charge upon and be payable out of the Consolidated Fund of the Government of Barbados in the event that the Issuer is unable to service the facility and shall at all times rank *pari passu* with all the other present and future obligations of the Government of Barbados which constitute charges upon the Consolidated Fund.

## Conditions Precedent to Closing and Initial Disbursement of Funds:

Customary for facilities of this nature, including but not limited to:

- The successful negotiation, preparation and execution of a final definitive agreement with respect to the Issue, such agreement being satisfactory to the Arranger at its sole discretion, and the satisfaction of all conditions contained therein. The Arranger will be bound to arrange these bonds on the terms and conditions referred to in this proposal only after execution of this final agreement and to the extent of the successful syndication of the Bonds;
- Truth and correctness of all Representation and Warranties;
- Approval by RBTT Merchant Bank's Risk Management Committee;
- No Event of Default or event, which with the giving of notice or passage of time or both, would be an Event of Default, has occurred and is continuing, or would result from the issuance of the Bonds;

- Syndication:** The Arranger reserves the right to syndicate the Issue, in part or whole, and may invite other banks and financial institutions to participate accordingly. The Issuer will support the syndication to the extent required by the Arranger. In any syndication, the Arranger will be the Issuer's sole point of contact with the Syndicate and the Arranger will retain control and veto, such that no majority voting will be permissible within the Syndicate.
- Clear Market/Market Disruption:** During syndication of the facility, the Issuer shall refrain from launching any loan or other capital raising exercise in the international syndicated loan or capital markets without the prior written approval of the Arranger.
- Expenses:** All reasonable expenses of the Arranger until Financial Close, including, marketing, stamp duty and disbursement costs, shall be for the Issuer's account. Such expenses shall be capped at a figure to be mutually agreed.
- Legal Expenses:** Capped at US\$25,000.00
- Material Adverse Changes:** All terms and conditions mentioned herein are subject to changes in market conditions. The obligation of the Arranger to arrange the Facility will cease if, in the opinion of the Arranger, a material adverse change in the market conditions and/or in the Issuer's financial condition occurs. The Arranger reserves the right to withdraw or modify the terms and conditions of this indicative offer.

**ADDENDUM**

The Barbados Agricultural Management Co. Ltd. entered into an agreement with RBTT Merchant Bank Limited for the arrangement of a fixed rate non-callable bond issue in the sum of \$25 000 000 in the currency of the United States of America. Security was given to the Arranger by way of a letter of comfort provided by the Government as well as by an undertaking that the Government would provide security by way of a guarantee authorised by *the Barbados Agricultural Management Co. Ltd. (Sugar Bonds Guarantee) Act, Cap. 255*.

The proceeds of the bond issue are to be used for the financing of the sugar industry for the financial years 2005-2006 and 2006-2007.

In accordance with section 3 of the *Barbados Agricultural Management Co. Ltd. (Sugar Bonds Guarantee) Act*, the approval of Parliament is being sought for the payment by the Government of the principal and interest necessary for the redemption of the bonds by the Barbados Agricultural Management Co. Ltd.