

**RESOLUTION NO.**

**PARLIAMENT**

**WHEREAS** by virtue of section 19(1) of the *Barbados Tourism Authority Act*, Cap. 342, the Government of Barbados may guarantee in such manner and on such conditions as Parliament thinks fit, the satisfaction of any loan to the Authority and interest charges or other charges in respect of a loan to the Authority;

**AND WHEREAS** in order to provide accommodation to supplement Barbados' room requirements for the hosting of the ICC Cricket World Cup 2007 it is necessary for the Barbados Tourism Authority to enter into a lease agreement with Carnival Cruise Lines;

**AND WHEREAS** the Barbados Tourism Authority deems it necessary to borrow the sum of \$14 772 000 in the currency of the United States of America from the Bank of Nova Scotia for the purpose of leasing a cruise liner, the Carnival Destiny, to provide additional accommodation for the ICC Cricket World Cup 2007;

**BE IT RESOLVED** that Parliament approve the guarantee by the Government of the payment of the principal sum of \$14 772 000 in the currency of the United States of America in addition to the interest payable thereon and on the conditions set out in the Schedule.



## SCHEDULE

**TERMS AND CONDITIONS**

Borrower:	Barbados Tourism Authority.
Arranger:	Bank of Nova Scotia.
Credit C:	Authorised amount USD \$14 772 000.
Purpose:	To provide two financial guarantees to Carnival Cruise Lines in respect of an agreement with the Government of Barbados to lease a cruise liner, the Carnival Destiny, which will be used to provide additional accommodation for ICC Cricket World Cup 2007. The financial guarantees are to cover the charter hire cost of US \$13 968 000 and the potential loss of onboard revenue, calculated at US \$804 000.
Currency:	United States Dollars.
Availment:	The Borrower may avail the credit in compliance with the terms and conditions of the Standby Letter(s) of Credit, in accordance with the Bank's standard form of Application and Agreement for Irrevocable Standby Letter of Credit or Letter of Guarantee and Reimbursement Agreement.
Term:	The facility will expire May 31, 2007.
Fees or Commission:	A non-refundable Application fee of BBD \$50 000 is payable upon acceptance of the Commitment Letter. An issuance commission of .5% of the authorised amount of Credit C is payable upon issuance of the Standby Letters of Credit.

Conditions Precedent: To facilitate access to Credit C prior to the security being in place, the Ministry of Finance is to provide an appropriately worded Letter of Comfort pending approval of the Guarantee by Parliament.

The Ministry of Finance or the Central Bank of Barbados is to undertake to make the foreign currency available for the drawings under the Standby Letter of Credit, should the Bank's foreign exchange position not be able to accommodate on the dates the draws are made.

Calculation and  
Payment of interest:

Interest on loans or advances made in Barbados Dollars will be calculated on a daily basis and are payable monthly on the last day of each month (unless otherwise stipulated by the Bank). Interest shall be payable not in advance on the basis of a calendar year for the actual number of days elapsed both before and after demand of payment or default or judgement.

"Base Lending Rate, as used herein, is a variable per annum reference rate of interest (as announced by the Bank of Nova Scotia from time to time) for Barbados Dollar Loans made by the Bank in Barbados. No representation is made by the lender that the said rate is the lowest or most favourable rate offered by the Bank.

Interest on loans or advances made in US Dollars will be calculated on a daily basis and payable quarterly on the interest rollover dates, (unless otherwise stipulated by the Bank). Interest shall be payable not in advance on the basis of a 360 day year for the actual number of days elapsed

both before and after demand of payment or default or judgement. The rate of interest based on a 360 day year is equivalent to a rate based on a calendar year of 365 days of 365/360 times the rate of interest that applies to the US Dollar loans or advances.

"LIBOR" (London InterBank Offer Rate), as used herein, means the rate of interest per annum at which deposits of equal or like amounts in United States Dollars are offered by the principal office of the Bank of Nova Scotia in London, England to prime banks in the London InterBank market at 11:00 am. (London time) two business days before the first day of such interest period for a period equal to such interest period. The period between the day of each advance and the day of payment in full of the principal amount of each advance shall be divided into successive periods, each such period being an interest period.

Interest on  
overdue interest:

Interest on overdue interest shall be calculated at the same rate as interest on the loans or advances in respect of which interest is overdue, but shall be compounded monthly and be payable on demand, both before and after demand and judgement.

Indemnity provision:

Applicable to

- (i) revolving term credits with terms in excess of one year;
- (ii) any credit where the right to draw down or obtain advances exceeds one year;

(iii) all US Dollar Credits.

If the introduction of, or any change in, or in the interpretation of, or any change in its application to the Borrower of, any law or regulation, or compliance with any guideline from any central bank or other governmental authority (whether or not having the force of law) has the effect of increasing the cost to the Bank of performing its obligations hereunder or otherwise reducing its effective return hereunder or on its capital allocated in support of the Credit(s), then upon demand from time to time the Borrower shall compensate the Bank for such cost or reduction pursuant to a certificate reasonably prepared by the Bank.

Prepayment  
without fee:

In the event of the Borrower becoming liable for such costs, the Borrower shall have the right to cancel without fee all or any unutilized portion of the affected Credit(s) (other than any portion in respect of which the Borrower has requested utilization of the Credit(s) in which case cancellation may be effected upon indemnification of the Bank for any costs incurred by the Bank thereby), and to prepay, without fee the outstanding principal balance thereunder other than the face amount of any document or instrument issued or accepted by the Bank for the account of the Borrower, such as a Letter of Credit or a Guarantee.

Prepayment of  
fixed rate advances:

If any prepayment is made, for any reason, of an advance bearing a fixed rate of interest, the Borrower shall compensate the Bank for the cost of any early termination of its funding arrangements in accordance with its normal practices, such costs to be notified to the Borrower in a certificate reasonably prepared by the Bank.

Calculation and  
payment of  
Standby fee:

Standby fees shall be calculated daily and payable monthly in arrears, on the undrawn portion of the Credit(s) on the basis of a calendar year commencing from the date of acceptance by the Borrower of this Commitment Letter.

Environment:

The Borrower agrees:

- (a) to obey all applicable laws and requirements of any other governmental authority relating to the environment and the operation of the business activities of the Borrower;
- (b) to allow the Bank access at all times to the business premises of the Borrower to monitor and inspect all property and business activities of the Borrower;
- (c) to notify the Bank from time to time of any business activity conducted by the Borrower which involves the use or handling of hazardous materials or wastes or which increases the environmental liability of the Borrower in any material manner;
- (d) to notify the Bank of any proposed change in the use or occupation of the property of the Borrower prior to any change occurring;
- (e) to provide the Bank with immediate written notice of any environmental problem and any hazardous materials or substances which have an adverse effect on the property, equipment or business activities of the Borrower and with any other environmental information requested by the Bank from time to time;

- (f) to conduct all environmental remedial activities which a commercially reasonable person would perform in similar circumstances to meet its environmental responsibilities and if the Borrower fails to do so, the Bank may perform such activities; and
- (g) to pay for any environmental investigations, assessments or remedial activities with respect to any property of the Borrower that may be performed for or by the Bank from time to time.

If the Borrower notifies the Bank of any specified activity or change or provides the Bank with any information pursuant to subsections (c), (d) or (e), or if the Bank receives any environmental information from other sources, the Bank, in its sole discretion, may decide that an adverse change in the environmental condition of the Borrower or any of the property, equipment or business activities of the Borrower has occurred which decision will constitute, in the absence of manifest error, conclusive evidence of the adverse change. Following this decision being made by the Bank, the Bank shall notify the Borrower of the Bank's decision concerning the adverse change.

If the Bank decides or is required to incur expenses in compliance or to verify the Borrower's compliance with applicable environmental or other regulations, the Borrower shall indemnify the Bank in respect of such expenses, which will constitute further advances by the Bank to the Borrower under this Agreement.

Notice of Drawdown or payments:	The Borrower shall give the Bank two bank business days prior notice of a drawdown or payment of any loan or advance.
Initial drawdown:	The right of the Borrower to obtain the initial drawdown under the Credit(s) is subject to the condition precedent that there shall not have been any material adverse changes in financial condition or the environmental condition of the Borrower or any guarantor of the Borrower.
Waiver:	Any waiver by either party of a breach of any part of this Agreement caused by the other party will not operate as or be interpreted as a waiver of any other breach. The failure of a party to insist on strict adherence to any term of the Agreement on one or more occasions is not to be considered to be a waiver of any of their rights under this Agreement or to deprive that party of the right to insist upon strict adherence to that term or any other term in the future. No waiver shall be of any effect unless it is in writing and authenticated by the waiving party.
Evidence of indebtedness:	The Bank's accounts, books and records constitute, in the absence of manifest error, conclusive evidence of the advances made under this Credit(s), repayments on account thereof and the indebtedness of the Borrower to the Bank.

- Periodic review: The obligation of the Bank to make further advances or other accommodation available under any Credit(s) of the Borrower under which the indebtedness or liability of the Borrower is payable on demand, is subject to periodic review and to no adverse change occurring in the financial condition of the Borrower or any guarantor.
- Acceleration:
- (a) All indebtedness and liability of the Borrower to the Bank payable on demand, is repayable by the Borrower to the Bank at any time on demand.
  - (b) All indebtedness and liability of the Borrower to the Bank not payable on demand, shall, at the option of the Bank, become immediately due and payable, the security held by the Bank shall immediately become enforceable, and the obligation of the Bank to make further advances or other accommodation available under the Credit(s) shall terminate, if any one of the following Events of Default occurs:
    - (i) the Borrower or any guarantor fails to make when due, whether on demand or at a fixed payment date, by acceleration or otherwise, any payment of interest, principal, fees, commissions or other amounts payable to the Bank;
    - (ii) there is a breach by the Borrower or any guarantor of any other term or condition contained in this Commitment Letter or in any other agreement to which the Borrower and the Bank are parties;

- (iii) any default occurs under any security listed in this Commitment Letter under the headings "Specific Security" or "General Security" or under any other Credit(s), loan or security agreement to which the Borrower is a party;
- (iv) any bankruptcy, re-organization, compromise arrangement, insolvency or liquidation proceedings or other proceedings for the relief of debtors are instituted by or against the Borrower or any guarantor and, if instituted against the Borrower or any guarantor, are allowed against or consented to by the Borrower or any guarantor or are not dismissed or stayed within 60 days after such institution;
- (v) a receiver is appointed over any property of the Borrower or any guarantor or any judgment or order or any process of any court becomes enforceable against the Borrower or any guarantor or any property of the Borrower or any guarantor or any creditor takes possession of any property of the Borrower or any guarantor;
- (vi) any adverse change occurs in the financial condition of the Borrower or any guarantor;

(vii) any adverse change occurs in the environmental condition of:

(A) the Borrower or any guarantor of the Borrower;  
or

(B) any property, equipment or business activities of the Borrower or any guarantor of the Borrower.

Costs:

All costs, including legal and appraisal fees incurred by the Bank relative to security and other documentation, shall be for the account of the Borrower and may be charged to the Borrower's deposit account when submitted.

**ADDENDUM**

This Resolution seeks the approval of Parliament of a guarantee by the Government for the repayment by the Barbados Tourism Authority of the principal and interest in respect of a loan of the sum of \$14 772 000 in the currency of the United States of America from the Bank of Nova Scotia.

The proceeds of the loan are to be used to lease the cruise ship Carnival Destiny which will provide additional accommodation for the ICC Cricket World Cup 2007.