

RESOLUTION NO.

PARLIAMENT

WHEREAS by paragraph (a) of section 3(1) of the *Guarantee of Loans (Companies) Act*, Cap. 96 the Government may with the approval of Parliament guarantee the borrowing by a company incorporated under the *Companies Act* and controlled by the Government, of such sums from a lending agency as are authorised by the Government;

AND WHEREAS the Barbados National Terminal Company Limited, a company incorporated under the *Companies Act*, Cap. 308 is a company controlled by the Government within the meaning of section 2 of the *Guarantee of Loans (Companies) Act*;

AND WHEREAS Barbados National Terminal Company Limited has undertaken a project to construct new terminal facilities and to expand and upgrade the distribution and management systems of the company and that project is to be financed by way of a loan and bond issue to the Barbados National Terminal Company Limited from the Barbados National Bank Inc. and BNB Finance & Trust Corporation in the sum of \$145 million and on the terms set out in the *Schedule* hereto;

AND WHEREAS by virtue of section 4 of the *Guarantee of Loans (Companies) Act*, the aggregate amount of all borrowings by companies that are guaranteed by the Government shall not exceed \$345 000 000, without taking into account any amount in respect of interest, commissions and any

other expenses secured by the guarantee; and the Minister of Finance has certified that the aggregate amount of all borrowings guaranteed by the Government and any further borrowings do not exceed the limit imposed by this section;

BE IT RESOLVED that Parliament approve the guarantee by the Minister of Finance of the payment of the principal sum of \$145 million and interest thereon to be borrowed by the Barbados National Terminal Company Limited from the Barbados National Bank Inc. and the BNB Finance & Trust Corporation on the terms and conditions set out in the *Schedule* hereto.

APPROVED by the House of Assembly this day of
, 2006.

Speaker

APPROVED by the Senate this day of
2006.

President

SCHEDULE

TERMS AND CONDITIONS

The amount to be guaranteed is granted in the form of a floating rate loan and a bond issue.

(a) Floating Rate Loan

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| Purpose: | <p>(a) To finance the local project and construction costs regarding the set-up of a new terminal facility and to assist with associated commissioning activity.</p> <p>(b) To finance the long-term operation of the terminal and the distribution of petroleum.</p> |
| Borrower: | Barbados National Terminal Company Limited. |
| Lenders: | Barbados National Bank Inc. |
| Instrument: | Loan. |
| Amount: | BDS \$95,000,000 |
| Tenor: | <p>1. Up to 2 years or on the successful completion and commissioning of the new terminal.</p> <p>2. Up to 20 years commencing on the completion of the first tenor.</p> |
| Interest Rate: | <p>1. Floating at BNB Prime Rate of Interest less 1.00% (Current effective 8.7%)</p> <p>2. Floating at BNB Prime Rate of Interest less 0.75% (Current effective 8.95%)</p> |
| Interest Payments: | Semi-annually in arrears based on outstanding principal. |
| Principal Repayment: | 1. Principal due at maturity. To be repaid as at paragraph 2 below. |

2. Five (5) year moratorium on payment of principal. Thereafter, principal to be amortized over remaining fifteen (15) year period in equal semi-annual payments.

Early Repayment: Permitted without penalty on any interest payment date with a minimum of BDS\$1.0 million and a maximum of BDS\$5.0 Million.

Terms and conditions: All terms and conditions shall remain the same as set out in the Loan Agreement dated June 10, 2004.

(b) Fixed Rate Bond Issue

Issuer: Barbados National Terminal Company Limited

Investors: Syndicate of Investors to include Financial Institutions, Pension Funds and Insurance Companies

Instrument: Fixed Rate Bond Issue

Arranger: BNB Finance & Trust Corporation

Agent for Investors: BNB Finance & Trust Corporation

Amount: BDS\$50,000,000.00 (to be issued in Tranches of no less than BDS\$20 Million)

Purpose:

1. To finance the local project and construction costs regarding set-up of the new terminal facility.
2. Finance the long-term needs of the terminal once established.

Tenor: 22 years

Interest Rate: Interest will be on a step rate basis as follows:

Tenor	Rate
First 2 years	5.75%
Next 5 years	6.25%
Next 5 years	6.75%
Next 5 years	7.00%
Last 5 years	7.25%

Interest Payments:	Semi-annually in arrears based on outstanding principal.
Principal Repayments:	Two (2) year moratorium on principal payments. Thereafter, principal to be amortized over remaining twenty (20) year period in equal semi-annual payments. Payments to be made on fixed dates to be agreed.
Early Repayment:	Not permitted.
Security Proposed:	Guarantee of the Government of Barbados for 100% of the principal and interest.

Terms and Conditions Common to All

Construction Contract:	The Contractor shall irrevocably guarantee a fixed price contract and assumes all associated construction risks in this regard.
Other:	<p>All payments to the lender(s) with respect to the facility inclusive of interest and finance fees shall be made free of all taxes and withholding taxes present and future or any other deductions. <i>(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.)</i></p> <p>The Lender(s) reserve the right to participate the loan to institutional investors including pension funds, insurance companies and mutual funds.</p>

Documentation:

As required under the Laws of Barbados in order to perfect the Lender's security interest in the Project including, without limitation, the Mortgage Debenture, and any other documents, instruments or agreements.

All Exchange Control approvals where applicable.

All environmental approvals including Town Planning Approval where applicable.

All other regulatory approvals necessary to effect the financing.

All Project documents and agreements, statutory approvals, licences and permits are to be in full force and effect and lenders furnished with evidence of same.

Review of draft contracts for the construction of the oil terminal.

Evidence that the equity contribution of the Barbados National Oil Company Limited (BNOCL) has been applied to the project.

Review of copy of the agreement, which exists between the Crown and Barbados National Terminal Company Limited permitting the latter to use its terminal facilities for the supply of petroleum-based energy products.

Review of copy of a lease agreement between the Crown and Barbados National Terminal Company Limited and Barbados National Oil Company Limited for the designated area of land at Fairy Valley, Christ Church for citing the terminal.

Conditions Precedent to All Disbursements:

Requests for disbursements should be issued once monthly by the Borrower and supported by payment claim from Contractor duly certified by the Architect, Quantity Surveyor or Project Manager. Such certificates to confirm the sufficiency of undrawn funds to complete Project within Budget.

(a) All changes in the scope of works and variations, which will increase the cost of the Project, are subject to the prior approval of the lenders. These conditions to be advised to and acknowledged by the Contractor.

(b) Any cost overruns in construction, FF&E (Furniture, Fixtures and Equipment), purchases and other project costs outside of the Project Budget are for the Borrower's account and must be met immediately upon identification.

General Ongoing Conditions:

Environmental laws and regulations to be strictly adhered to and conformance to be confirmed by the borrower annually.

(a) The Borrower shall maintain the terminals to a level acceptable to the Lender.

(b) The Borrower shall ensure that the property is covered by adequate insurance against the usual risks.

(c) The Borrower shall supply quarterly accounts to the Lenders and annual audited figures within 90 days of the end of the financial year.

ADDENDUM

This Resolution seeks the approval of Parliament of a guarantee by the Government for the repayment by Barbados National Terminal Company Limited of \$145 million which sum represents a loan and a bond issue from the Barbados National Bank Inc. and BNB Finance & Trust Corporation.

The Barbados National Terminal Company Limited is a limited liability company with the Government of Barbados as the sole shareholder to date.

The proceeds of the loan are to be used to assist with the financing of the Project for the construction of terminal facilities and operation of the facilities.