

2021-06-17

**NEEDHAM'S POINT HOLDINGS LTD.
(EXCHANGE AND ISSUE OF BONDS) ACT, 2021**

OBJECTS AND REASONS

This Bill would make provision for the exchange of bonds issued by Needham's Point Holdings Ltd. and the issuance of Series B Bonds by the Government of Barbados to those bondholders.

NEEDHAM'S POINT HOLDINGS LTD.
(EXCHANGE AND ISSUE OF BONDS) ACT, 2021

Arrangement of Sections

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4. Exchange and Issuance of Series B Bonds
5. Amount of bond issue

SCHEDULE

BARBADOS

A Bill entitled

An Act to make provision for the exchange of bonds issued by Needham's Point Holdings Ltd. and the issuance of Series B Bonds by the Government of Barbados to those bondholders.

ENACTED by the Parliament of Barbados as follows:

Short title

1. This Act may be cited as the *Needham’s Point Holdings Ltd. (Exchange and Issue of Bonds) Act, 2021*.

Interpretation

2. In this Act,

“bondholder” means a person who has been issued a bond;

“bonds” mean the fixed rate bonds issued by Needham’s Point Holdings Ltd. under the Trust Deed dated the 7th day of January, 2011 (as amended from time to time) between Needham’s Point Holdings Ltd. and Royal Fidelity Merchant Bank & Trust (Barbados) Limited to raise \$80 million for the purpose of financing the Hilton (Barbados) Hotel;

“Natural Disaster Clause” has the meaning assigned to it in the *Schedule*;

“Needham’s Point Holdings Ltd.” means a company incorporated under the *Companies Act, Cap. 308*;

“Series B Bonds” means the bonds described in the *Schedule* issued by the Government of Barbados.

Purpose

3. The purpose of this Act is to provide for

- (a) the exchange of bonds for Series B Bonds;
- (b) the issue of Series B Bonds to a bondholder; and
- (c) the cancellation of the full outstanding amount of the bonds.

Exchange and Issuance of Series B Bonds

4.(1) The Government of Barbados shall

(a) exchange the bonds issued by Needham's Point Holdings Ltd. for Series B Bonds; and

(b) issue Series B Bonds to those bondholders,

in the amount set out in section 5 and on the terms and conditions set out in the *Schedule*.

(2) The Government of Barbados shall cancel the full outstanding amount of the bonds referred to in subsection (1)(a).

Amount of bond issue

5. The aggregate amount of the issue of Series B Bonds shall be in the sum of \$83.75 million Barbados dollars.

SCHEDULE*(Sections 2 and 4)***Series B Bonds**

Structure:	11 Series B amortising strips issued by the Government of Barbados with maturities of 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15 years.	
Interest Rate:	1.0% per annum for first 3 years 2.5% per annum for year 4 3.75% year 5 to maturity	
Interest Payments:	Quarterly with first payment on 30 th June, 2021. Interest accrued from 1 st April, 2021.	
Principal Repayment:	The principal of each strip will be repaid in four equal quarterly principal instalments commencing one year prior to the maturity date of that strip.	
Allocation of Aggregate Principal Amount Amongst Strips:	5-Year: 7.49% 6-Year: 7.78% 7-Year: 8.07% 8-Year: 8.38% 9-Year: 8.70% 10-Year: 9.03%	11-Year: 9.37% 12-Year: 9.72% 13-Year: 10.10% 14-Year: 10.48% 15-Year: 10.88%
Natural Disaster Clause:	Yes	

*Schedule - (Cont'd)***Natural Disaster Clause**

- (a) This natural disaster clause applies following the occurrence of any Caribbean Earthquake Event, Caribbean Tropical Cyclone Event or Covered Area Rainfall Event covered in the Caribbean Catastrophe Risk Insurance Facility (CCRIF) Policy, in respect of which a Policy Payment has been made to Barbados, and subject to paragraph (d) below, Barbados may elect to defer payment of the Deferred Payment Amount on a Deferral Date. Any such Deferred Payment Amount shall remain outstanding and shall continue to accrue interest in accordance with paragraph (c) below.
- (b) Beginning with the next Payment Date following a Deferral Date, each remaining principal amortization of the Affected Series will be increased by an amount equal to a pro rata portion of principal that is being deferred on the Deferral Date, taking into account the number of remaining principal amortization payments of that Affected Series.
- (c) The portion of a Deferred Payment Amount that is comprised of interest will be capitalized and added to principal as each such interest payment falls due under the terms of the Affected Series after the relevant Deferral Date. As such interest is converted into principal, the principal amount of the Affected Series shall be increased in the amount of such deferred interest.
- (d) Barbados shall be entitled to defer the Deferred Payment Amount following the occurrence of an Event only if all of the following conditions are satisfied:
 - (i) the CCRIF Policy is in full force and effect and CCRIF has issued a written report confirming that the Event is an Insured Event in respect of which a Policy Payment has been made to Barbados;
 - (ii) since the 22nd day of April, 2021, neither of the Coverage Limit or the Exhaustion Point applicable to earthquakes, tropical cyclone or excess rainfall has been reduced, unless it has been reduced by CCRIF and CCRIF has declined a request submitted by Barbados to CCRIF to maintain such Coverage Limit or Exhaustion Point, as the case may be; and

*Schedule - (Cont'd)***Natural Disaster Clause - (Cont'd)**

- (iii) the Modelled Loss (as defined below), in the case of a Caribbean Earthquake Event or Caribbean Tropical Cyclone Event, or the Rainfall Index Loss, in the case of a Covered Area Rainfall Event, to Barbados from the Event is greater than U.S.\$5 million.

Upon electing to defer the Deferred Payment Amount, Barbados shall at its own expense provide notice thereof (a "Deferral Claim") to the Holders as provided in the Notices provision of the relevant Affected Series, describing in reasonable detail the particulars of the Event giving rise to the right to make such Deferral Claim. Barbados shall be entitled to make no more than three Deferral Claims under each Affected Series.

- (e) For purposes of this clause:

"Caribbean Earthquake Event", "Caribbean Tropical Cyclone Event", "Covered Area Rainfall Event", "Coverage Limit", "Exhaustion Point", "Insured Event", "Policy Payment" and "Rainfall Index Loss" have the meanings given to those terms in the CCRIF Policy.

"Affected Series" means any series of Government of Barbados BBD-denominated debt securities that incorporates by reference this Natural Disaster Clause.

"CCRIF" means CCRIF SPC (formerly, the Caribbean Catastrophe Risk Insurance Facility), or any successor thereof, with whom the Government of Barbados has entered into the CCRIF Policy.

"CCRIF Policy" means the Parametric Insurance Contract dated 1st June, 2020 which the Government of Barbados has entered into with CCRIF to insure against risks of earthquake, tropical cyclone and excess rainfall, including any documents incorporated by reference therein and any attachments, annexes, appendices or supplements thereto (including but not limited to the applicable coverage summary and associated loss curve data spreadsheet), as such CCRIF Policy may be amended or supplemented from time to time.

*Schedule - (Concl'd)***Natural Disaster Clause - (Concl'd)**

"Deferral Claim", in respect of an Event, has the meaning given to that term in paragraph (d) of this clause.

"Deferral Date" means the Payment Date under the relevant series next following submission of a Deferral Claim.

"Deferred Payment Amount" means all principal amortizations and interest payments falling due on an Affected Series for the consecutive two-year period immediately following the Deferral Date.

"Modelled Loss" has the meaning given to that term in the CCRIF Policy, provided that if the Modelled Loss from an Event is more than 10.0% higher than the Reference Modelled Loss, "Modelled Loss" for purposes of subclause (d)(iii) and the definition of "Deferral Date" in this clause will be the Reference Modelled Loss.

"Payment Date", for any Affected Series, means the dates specified for the payments of interest and/or principal thereunder.

"Reference Modelled Loss" means the Modelled Loss in respect of an Event, calculated under the CCRIF Policy as in effect on the Closing Date, using the relevant Return Period (years) applicable to the Event. When calculating the Reference Modelled Loss, the Return Period (years) applicable to the Event, if not divisible by 5, shall be rounded down to the nearest number that is divisible by 5.

"Return Period", in relation to years, means the return period applicable to the Event as that term is used in the model and formulae detailed in the CCRIF Policy.

Read three times and passed the House of Assembly this
day of _____, 2021.

Speaker

Read three times and passed the Senate this _____ day of
_____, 2021.

President