LEGISLATIVE ASSEMBLY OF THE CAYMAN ISLANDS

GOVERNMENT MOTION NO. 10/2009-10

GOVERNMENT GUARANTEE IN RESPECT OF A CREDIT FACILITY FOR THE CAYMAN ISLANDS DEVELOPMENT BANK

WHEREAS on 18th March 2010, the Governor in Cabinet authorized that the Legislative Assembly's approval be sought for the issuance of a guarantee in the amount not to exceed US$20,000,000 to HSBC Bank (Cayman) Limited (hereafter "HSBC").

AND WHEREAS the Cayman Islands Development Bank (CIDB) is seeking to utilise these funds to redeem the US$20,000,000, 6.85% fixed rate bond currently held with The Royal Bank of Scotland PLC of 135 Bishopsgate, London, United Kingdom.

AND WHEREAS the CIDB invited proposals from local banks and HSBC has offered a credit facility (a 5-year Variable Rate Facility) to the CIDB for US$20,000,000 at a floating rate of 180-day USD LIBOR plus a margin of 235 basis points; the current effective floating rate being approximately 2.73%. Refinancing of the bond will realize savings in interest of approximately US$824,000 per annum.

AND WHEREAS the CIDB is also seeking to secure an additional credit facility of US$5,000,000 to support its onward lending program, and is currently in the process of securing an offer from a local financial institution.

AND WHEREAS section 8 of the Public Management and Finance Law (2005 Revision) provides that, as a general rule, no guarantee may be given by or on behalf of the Government unless it has been authorized by a resolution of the Legislative Assembly;

BE IT NOW THEREFORE RESOLVED THAT, in accordance with Section 8 of the Public Management and Finance Law (2005 Revision), the Legislative Assembly hereby authorizes the Minister for Finance, Tourism & Development to do the following:

- Issue a Government Guarantee to HSBC (Cayman) Limited for an amount not to exceed US$20,000,000 for the purpose of a credit facility for the Cayman Islands Development Bank; and
- Issue a Government Guarantee for an amount not to exceed US$5,000,000 for the purpose of a credit facility to support the onward lending program for the Cayman Islands Development Bank.

Moved by: Honourable W. McKeeva Bush, OBE, JP
Premier, Minister for Finance, Tourism and Development

Received in the Office of the Clerk this 19th day of March, 2010

Passed by the Legislative Assembly this 24th day of March, 2010

Clerk of the Legislative Assembly