

LEGISLATIVE ASSEMBLY OF THE CAYMAN ISLANDS

GOVERNMENT MOTION NO. 2/2010-11

GOVERNMENT GUARANTEE IN RESPECT OF A BOND HELD BY VARIOUS BONDHOLDERS FOR THE CAYMAN ISLANDS DEVELOPMENT BANK

WHEREAS on 24th June 2010, the Governor in Cabinet authorized that the Legislative Assembly's approval be sought for the issuance of a guarantee in the principal amount of US$5,800,000 to the various holders of a Bond issued by the Cayman Islands Development Bank.

The Cayman Islands Development Bank (CIDB) currently has a US$6,000,000 bond which expires on June 30, 2010. Over 95% of the bondholders have agreed to extend the final bond maturity date of the 5 year bonds from June 30, 2010 to June 30, 2015 and to increase the interest rate from US Dollar 6 month LIBOR plus 0.75% to US Dollar 6 month LIBOR plus 2.75%.

AND WHEREAS Section 17 of the Development Bank Law provides that the Governor in Cabinet shall not guarantee the borrowings of the CIDB unless a statement of the proposed guarantee has been laid before the Legislative Assembly and a resolution approving that statement has been passed by the Legislative Assembly, and 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 17 of the Development Bank Law (2004 Revision) and Section 8 of the Public Management and Finance Law (2005 Revision), the Legislative Assembly hereby approves the statement laid before the Legislative Assembly in respect of the proposed guarantee and hereby authorizes the Governor in Cabinet to issue a Government Guarantee to the various holders of the Bond in such manner and on such conditions as he thinks fit for the repayment of the principal amount of US$5,800,000.00, the payment of interest on and the discharge of any other financial obligations in connection with such principal sum in accordance with the provisions of Section 17 of the Development Bank Law (2004 Revision) for the purpose of extending the terms of the Bond for another 5 years to June 30, 2015.

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

Received in the Office of the Clerk this 24th day of June, 2010

Passed by the Legislative Assembly this 30th day of June, 2010.

Clerk of the Legislative Assembly