LEGISLATIVE ASSEMBLY OF THE CAYMAN ISLANDS

GOVERNMENT MOTION NO. 3/2010-11

GOVERNMENT GUARANTEE IN RESPECT OF A CREDIT FACILITY 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$5,000,000 to FirstCaribbean International Bank (Cayman) Limited (FCIB) for the purpose of approved loans awaiting funding and to support the CIDB's ongoing lending programme.

CIDB currently has approximately CI$2,000,000 loans in the pipeline awaiting funding. The loans in the pipeline include mortgages totaling CI$735,000, business loans totaling CI$1,100,000 and student loans totaling CI$100,000.

The CIDB has invited proposals from local banks and FCIB has offered a 5 year credit facility to the CIDB for US$5,000,000 at a floating rate of 180-day USD LIBOR plus a margin of 275 basis points. The current effective floating rate is 3.50% and the CIDB will have the option of fixing the rate for the term of the facility as provided for therein.

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 FirstCaribbean International Bank (Cayman) Limited in such manner and on such conditions as he thinks fit for the repayment of the principal sum of US$5,000,000.00, 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 funding the CIDB's approved loans and to support its ongoing lending programme.

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