

**FRAMEWORK LOAN AGREEMENT**

*between*

**COUNCIL OF EUROPE DEVELOPMENT BANK**

*and*

**HLAVNÉ MESTO SLOVENSKEJ REPUBLIKY BRATISLAVA**  
(CAPITAL CITY OF SLOVAK REPUBLIC BRATISLAVA)

**COUNCIL OF EUROPE DEVELOPMENT BANK**, International Organisation, having its headquarters at 55 avenue Kléber, 75116, Paris (hereinafter, the **CEB**), on the one hand,

*and*

**HLAVNÉ MESTO SLOVENSKEJ REPUBLIKY BRATISLAVA** (CAPITAL CITY OF SLOVAK REPUBLIC BRATISLAVA) with the city office (magistrate) located at Primaciálne námestie 1, 814 99 Bratislava 1, Slovak Republic, (hereinafter, the **Borrower**), on the other hand,

- Having regard to the application submitted by the Member Government of the Slovak Republic dated 23 July 2013,
- Having regard to the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe,
- Having regard to CEB's Overall policy framework for loan and project financing (hereinafter, the **Loan Policy**), as adopted by the CEB's Administrative Council Resolution 1555 (2013),
- Having regard to the CEB's Environmental Policy (hereinafter, the **Environmental Policy**), adopted by CEB Administrative Council's Resolution 1530 (2010),
- Having regard to CEB's Guidelines for Procurement of Supplies, Works and Services adopted by the CEB Administrative Council in September 2011 (hereinafter, the **Procurement Guidelines**),
- Having regard to CEB's Loan Regulations, as adopted by the CEB's Administrative Council Resolution 1555 (2013) (hereinafter, the **Loan Regulations**),

## HAVE AGREED UPON THE FOLLOWING:

### Definitions

“**Act**” means the Slovakian Act n° 583/2004 dated 23 September 2004 on Budgetary Rules of Local Governments and on Changes and Amendments to Certain Laws and the Slovakian Act n° 523/2004 dated 23 September 2004 on Budgetary Rules of the Public Administration and on Changes and Amendments to Certain Laws, in each case such as in force as of the date of this agreement

“**Allocation of a Tranche**” (hereinafter also “**Allocation**” or “**Allocated**”) means the commitment of a Tranche by the Borrower to the financing of eligible Sub-projects under the Project (identified by means of a standard table appended to this Agreement)

“**Business Day**” means a day on which the TARGET 2 System (Trans-European Automated Real-time Gross Settlement Express Transfer System) is operating, which is also a day (other than a Saturday or Sunday) on which CEB is open and commercial banks in the Slovak Republic are open for general business transactions (including dealings in foreign exchange and foreign currency deposits)

“**Closing Date**” means the date from which, upon notification by the CEB to the Borrower, no further disbursements can be requested by the Borrower

“**EURIBOR**” (*Euro Interbank Offered Rate*) is the percentage rate per annum at which euro interbank term deposits within the euro zone are offered by one prime bank to another prime bank. It is sponsored by the European Banking Federation, computed by Reuters and published every business day in Brussels at 11 a.m. on Reuters page EURIBOR01

“**Environmental Law**” means (i) European Union (EU) law, such as applicable from time to time in the Slovak Republic, (ii) Slovakian laws as well as (iii) applicable international treaties, in each case, the purpose of which is the preservation, protection and/or improvement of the environment

“**Finance Agreements**” means all financial documentation to which the Borrower is a party, other than this Agreement, on the basis of which the Borrower has obtained a medium or long-term financing, in the form of, in particular, loans, credit facilities, bonds or issue of any other securities or financial instruments

“**Final Beneficiaries**” are the inhabitants of Bratislava as well as inhabitants of other regions throughout Slovakia commuting to Bratislava for work

“**Long-term Financial Forecast**” means the long-term financial forecast, as defined in the Slovakian Act n° 583/2004, containing information on financial indebtedness thresholds applicable to the Borrower

“**Modified Following Business Day Convention**” means a convention whereby if a specified date would fall on a day which is not a Business Day, such date would be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date would be the first preceding day that is a Business Day

“**Project**” means the multi-project programme, consisting in the financing by the Borrower of a series of eligible investments undertaken by the Borrower or entities owned by the Borrower

(such as the Bratislava transportation company) (hereinafter, the *Sub-projects*), as further described in Appendix 1

“**Sub-Project**” has the meaning ascribed to it in the definition of “Project” above

“**Tranche**” means an amount disbursed or to be disbursed under the Loan granted by means of the Agreement

## **Article 1. Conditions**

This loan (hereinafter the *Loan*) is granted under the general conditions of the Loan Regulations and under the special conditions established by this framework loan agreement (hereinafter the *Agreement*), its Appendices and its disbursement agreements (hereinafter the *Disbursement Agreements*).

## **Article 2. The Project**

The CEB grants to the Borrower, who accepts, the Loan for the financing of the Project referenced LD 1814 (2013) approved by the CEB's Administrative Council on 20 September 2013 and concerning the partial financing of eligible Sub-projects undertaken by the Borrower under CEB's sectors of action.

Subject to the other provisions of this Agreement, the Loan can be used through either:

- a. long-term Tranches, the purpose of which shall be the partial financing of the Borrower's contributions to the Sub-projects, which are to be supported by the Borrower from its own resources (i.e., resources other than EU and/or governmental funds), it being specified, for the avoidance of doubt, that such contributions may include financing of eligible costs and expenses incurred as part of the said Sub-projects by the Bratislava local transportation company, which is wholly owned by the Borrower (hereinafter the *Long-Term Tranches*); and/or
- b. bridge short-term Tranches, the purpose of which shall be the financing of the Borrower's immediate treasury needs for the Sub-projects, pending disbursement of funds to be made available to the Borrower by the European Union for the financing of said Sub-projects (hereinafter the *Bridge Tranches*).

The Loan is granted by the CEB in consideration of the commitment that the Borrower is making to apply it solely to financing the Project, as described in Appendix 1, and to carry out such Project pursuant to the provisions of this Agreement and its Appendices.

Any change to the way the Loan is applied that has not received the CEB's approval may lead to the suspension, cancellation or early reimbursement of the Loan, under the terms of Articles 3.3, 3.5 and 3.6 of the Loan Regulations.

## **Article 3. The Loan**

### **3.1. Financial conditions**

The amount of the Loan granted is:

***EUR– 40,000,000***  
***Forty million euros***

It shall be disbursed in several Tranches in accordance with the provisions of Article 3.2 below.

For each Tranche, the amount, the interest rate, the disbursement date, the repayment period, and each party's payment accounts, shall be determined jointly by the Borrower and the CEB.

The maturity period shall not exceed (i) fifteen (15) years including up to three (3) years of grace period for the Long-Term Tranches and (ii) three (3) years with bullet repayment at maturity for the Bridge Tranches.

A Disbursement Agreement which specifies these conditions shall be drawn up at the time of disbursement substantially in the form set out in Appendix 2. In particular, the Disbursement Agreement shall specify the type of Tranche (or a sub-Tranche therein) disbursed (Long-Term Tranche or Bridge Tranche).

The total principal amount disbursed through Bridge Tranches under the Loan shall not exceed, at any time, during the life of the Loan twenty-five percent (25%) of the total principal amount of the Loan.

### **3.2. Disbursement**

The CEB shall disburse the Loan in a minimum of two (2) and a maximum of six (6) Tranches. The amount of each Tranche shall be determined according to the absorption capacity of the Project/Borrower.

The signature of the Disbursement Agreement for the first Tranche must occur within twelve (12) months following the entry into force of the present Agreement as defined under Article 16. The first Tranche shall not exceed 50% of the approved Loan amount.

Each subsequent Tranche (or sub-Tranche) for a given financing structure (term or bridge) under the Project may be disbursed only after the Borrower confirms in writing to the CEB, subject to compliance with Article 4.2.2 below, the full Allocation of the previous Tranche (or sub-Tranche) under the given financing structure.

### **3.3. Conditions for disbursement**

The signature of the Disbursement Agreement for the first Tranche shall be subject to the CEB having previously received the following:

- Evidence in English satisfactory to CEB that the execution of this Agreement by the Borrower has been duly authorised and that the person(s) signing the Agreement is/are duly authorised to do so with the specimen signature of such person(s); and
- In-house legal opinion in English issued by the Department of Legislation and Legal in form and substance satisfactory to CEB, covering the issues of capacity, power and authority of the Borrower and confirming that the Agreement is valid, binding and enforceable in accordance with its terms.

In addition, the signature of the Disbursement Agreement for each Tranche, including the first Tranche, shall be subject to the CEB having previously received the following:

- Evidence in English satisfactory to CEB that the execution of the relevant Disbursement Agreement by the Borrower has been duly authorised and that the person(s) signing the relevant Disbursement Agreement is/are duly authorised to do so with the specimen signature of such person(s);
- A certificate from the Borrower in form and substance satisfactory for the CEB, confirming that the Borrower is in compliance with the financial covenants set forth under Article 4.1.4, together with evidence of such compliance; and

- A certificate from the Borrower whereby it would confirm that no material adverse impact has occurred in its financial condition that could affect its ability to perform its obligations under this Agreement.

### **3.4. Closing Date**

The Closing Date is 30 June 2017.

### **3.5. Payment details**

All amounts due by the Borrower under this Agreement are payable to the account number communicated by the CEB to the Borrower at the time of disbursement.

The Borrower or the bank instructed by the Borrower, as the case may be, shall send a written payment notice to the CEB at least five (5) Business Days before payment of any amounts due under this Agreement.

Any payment under this Agreement shall be made on a Business Day subject to the Modified Following Business Day Convention.

## **Article 4. Monitoring the Loan and the Project**

### **4.1. Use of the Loan**

#### **4.1.1. Period**

The Tranches must be Allocated by the Borrower to the Project within eighteen (18) months after each disbursement.

The amount not Allocated to the Project within such period must be repaid to the CEB, within thirty (30) days upon expiration of the above mentioned 18-month period, at the latest.

The Borrower undertakes to bear the cost resulting from such repayment. This cost shall include that which the CEB will have to bear due to the reinvestment of the same amount on the date of repayment for the residual life of the original Loan as well as any other related cost. The reinvestment rate shall be determined by the CEB on the basis of market conditions on the repayment date and for the period in question. The cost shall therefore be calculated taking into account the difference between the original rate and the reinvestment rate.

Furthermore, if a Tranche disbursed by the CEB is not Allocated to the Project or is only partially Allocated to it within the period mentioned in the first paragraph above, this would constitute an event as listed in Article 3.3-h of Chapter 3 of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3, 3.5 and 3.6 of the Loan Regulations.

## **4.1.2. Implementation of the Project**

### **4.1.2.1. Duty of care**

The Borrower shall apply all care and diligence, and shall exercise all typically used means, in particular financial, legal, technical, social, managerial and those concerning environmental protection, which shall be necessary for the proper implementation of the Project.

### **4.1.2.2. Costs**

Project costs incurred from 1 January 2013 and subsequently twelve (12) months before disbursement of each Tranche shall be deemed eligible.

If the total costs per each Sub-project exceed EUR 5 million, the Borrower shall seek CEB's prior written approval to the said Sub-project, on a case by case basis, prior to the allocation of CEB's funds thereto. If CEB grants its approval, specific monitoring indicators, requirement for cost-breakdown or other specific information for the relevant Sub-project will be agreed with the Borrower.

Should the costs of a Sub-project financed by the CEB increase or be revised for whatever reason, the Borrower shall ensure that additional financial resources are available so that the relevant Sub-project is duly completed.

In any case, financing by the CEB shall not exceed 50 % of the total costs of the whole Project it being agreed that for certain Sub-projects which are financed only by Bratislava local funds and does not receive any financial support from the Slovak government and/or the European Union, CEB's financing can cover up to 90% of the individual total costs of such Sub-project, excluding, in each case, interest and financial charges.

### **4.1.2.3. CEB visibility**

The Borrower shall indicate to the Final Beneficiaries that the Project is partly financed by the CEB through appropriate means of communication including website, press release, brochures and/or exhibit of billboards at the relevant Sub-project's sites. In any case, information given to the media, official notices, reports, brochures, billboards or publications shall display in an appropriate way the CEB logo.

### **4.1.2.4. Further undertakings**

The Borrower shall ensure that the implementation of the Project:

- complies with the relevant rules on fraud, corruption and money laundering;
- does not lead to a violation of the European Convention on Human Rights and of the European Social Charter; and
- complies with the undertakings arising from the Environmental Policy, in particular with Environmental Law.

## **4.1.3. Procurement**

Procurement of supplies, works and services to be financed under the Project shall comply with the Procurement Guidelines.



Should the Borrower fail to comply with the undertakings arising out of the Procurement Guidelines, the CEB may (i) declare the relevant contract expenditure as ineligible for Allocation under the Project; and/or (ii) proceed with the suspension, cancellation or demand of early reimbursement of the Loan under the terms of Articles 3.3, 3.5 and 3.6 of the Loan Regulations.

#### **4.1.4. Financial Covenants**

##### **4.1.4.1. Financial limits and ratios**

The Borrower shall at all times until full discharge of its obligations under this Agreement, comply with the following financial limits and ratios in accordance with and as requested under the provisions of the Act:

- (i) its '*total debt obligations*' shall not, as at the end of any budget year, exceed 60 (sixty) per cent of its '*operating income*' for the previous financial year, in accordance with and as requested under the provisions of the Act; and
- (ii) its amount of annual instalments of repayable funding sources, including the payment of interest does not exceed 25 (twenty five) per cent of its '*operating income*' of the previous financial year, in accordance with and as requested under the provisions of the Act,

where '*total debt obligations*' and '*operating income*' has the meaning given to them in, and shall be computed in accordance with, the provisions of the Act.

##### **4.1.4.2. Change-of-Financial-Covenants Event**

Immediately after a Change-of-Financial-Covenant Event occurs, the Borrower shall notify the CEB indicating the resulting limits and ratios (the "**Notification**").

The CEB may, at its own discretion, within 45 Business Days upon receipt of the Borrower's Notification:

- (i) grant its consent to change in full or in part the financial limits and ratios applicable under this Agreement. If the CEB grants such consent, the Borrower shall accordingly execute an amendment to this Agreement in form and substance satisfactory to the CEB in accordance with the provisions of Article 4.1.4.3 below, in order to reflect the new financial limits and ratios applicable to the Borrower; or
- (i) refuse its consent to change the financial limits and ratios applicable under this Agreement, in which case the provisions hereof shall remain applicable as of the date hereof.

For the purpose of this Agreement, "**Change-of-Financial-Covenant Event**" means any amendment to the provisions of the Act relating to the financial limits and ratios applicable to the Borrower under this Agreement, entered in force after the date hereof.

##### **4.1.4.3 Clause by inclusion**

If (i) the financial limits and ratios applicable under any Finance Agreement differ from the ones applicable from time to time under this Agreement; and/or (ii) a loss-of-rating clause is included in any Finance Agreement; and/or (iii) *pari passu* provisions that are stricter than any equivalent provision of this Agreement are included herein, the Borrower shall inform the CEB

thereof. The CEB may, at its own discretion, request the Borrower to execute an amendment to this Agreement in order to (as the case may be) (i) replace the financial limits and ratios applicable under this Agreement by the financial limits and ratios applicable under any relevant Finance Agreement; and/or (ii) include a loss-of-rating clause in this Agreement; and/or (iii) provide an equivalent *pari passu* provision in favour of the CEB.

The Borrower shall execute an amendment to this Agreement in form and substance satisfactory to CEB within 45 Business Days upon receipt of CEB's request.

Failure by the Borrower to comply with the undertakings set forth under Articles 4.1.4.1, 4.1.4.2 and 4.1.4.3 of this Agreement would constitute an event as listed in Article 3.3-h of Chapter 3 of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3, 3.5 and 3.6 of the Loan Regulations.

## **4.2. Information requirements**

### **4.2.1. Information concerning the Project**

The Borrower shall keep accounting records concerning the Project, which shall be in conformity with international standards, showing, at any point, the Project's state of progress, and which shall record all operations made, and identify the assets and services financed with the help of the Loan.

The Borrower undertakes to respond within a reasonable period to any request for information from the CEB and to provide it with any documentation that the CEB should consider necessary and may reasonably request for the proper implementation of the Agreement, particularly as concerns the monitoring of the Project and the use of the Loan.

The Borrower shall inform the CEB immediately of any legislative or regulatory change in the economic sector relevant to the Project, and, in a general sense, of any event which may have a material adverse impact on the execution of its obligations under the Agreement. Any event that may have a material adverse impact on the execution of the Borrower's obligations under the Agreement would constitute an event as listed in Article 3.3-h of Chapter 3 of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3, 3.5 and 3.6 of the Loan Regulations.

### **4.2.2. Monitoring**

#### **4.2.2.1. Identification of eligible Sub-projects**

After any disbursement by the CEB, the Borrower shall send to the CEB for approval, within the period specified in Article 4.1.1. above, a listing/summary table presenting the minimum required elements needed to identify eligible Sub-projects. Appendix 3 provides a template for the listing/summary table. Alternative formats containing the same information may be used.

#### **4.2.2.2. Monitoring reports**

For each Tranche disbursed by the CEB, until the full Allocation of the Tranche, the Borrower shall send to the CEB a monitoring report:

- either twelve (12) months after the disbursement or prior to any request for a subsequent Tranche, whichever occurs first. This report must be deemed satisfactory by the CEB in order to authorize any further disbursements; and
- at the time of the full Allocation of the Tranche within the period indicated in Article 4.1.1.

Appendix 3 provides the template specifying the minimum information required by the CEB for monitoring reports. Alternative formats containing the same information may also be used.

In any case, monitoring reports shall include:

- the state of Allocation of the disbursed Tranches;
- the measurable physical/quantitative achievements as well as the social impact of the Project (as specified in Appendix 1).

#### **4.2.3. Monitoring missions**

The Borrower undertakes to favourably receive any monitoring missions carried out by employees of the CEB or outside consultants hired by the CEB, and to provide all the necessary co-operation for their monitoring missions, by facilitating any possible visits to the site of the Project. In particular, the CEB may have an on-site audit of the Project's accounting carried out by one or more consultants of its choice at the Borrower's expense in the case of default by the Borrower in respect of any of its obligations under the Loan.

#### **4.2.4. Information concerning the Borrower**

The Borrower shall deliver to the CEB:

- (i) at the end of the first quarter of each calendar year, a summary in English of the Borrower's annual report for the ended budget year together with a certificate signed by the Borrower's treasurer or external auditors confirming the compliance by the Borrower with the financial limits and ratios set out in Article 4.1.4 including without limitation, the computations necessary to demonstrate the compliance thereof, in a form satisfactory to the CEB;
- (ii) at CEB request, a copy of the full version of the Borrower's annual report;
- (iii) the budget resolution for the next budget year, immediately after its adoption;
- (iv) any adopted Long-term Financial Forecast for the Borrower, as well as all information on any modifications to the Long-term Financial Forecast;  
the Notification as defined in Article 4.1.4.2, immediately after occurrence of the Change-of-Financial-Covenant Event;
- (v) (where applicable) all information required under Article 4.1.4.3 concerning (i) applicable financial limits and ratios under all Finance Agreements; (ii) modifications to the financial limits and ratios applicable under any Finance Agreement; (iii) inclusion of a loss-of-rating clause in any Finance Agreement; (iv) *pari passu* provisions included in any Finance Agreement that are stricter than any equivalent provision of this Agreement;

- (vi) from time to time, such further information on its general financial situation as the CEB may reasonably require.

Failure of the Borrower to comply with the undertakings set forth above under Article 4.2.4 would constitute an event as listed in Article 3.3-h of Chapter 3 of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3, 3.5 and 3.6 of the Loan Regulations.

#### **Article 5. Discharge of the Borrower's obligations**

After repayment in full of any amounts due by the Borrower under this Agreement, including all interests and other expenses resulting therefrom, and in particular any amounts which become due and payable under Articles 6 and 7 below, the Borrower shall be fully released from its obligations towards the CEB under this Agreement, with the exception of those set out in Articles 4.2.1 and 4.2.3 above for the purposes of a possible ex-post evaluation of the Project.

#### **Article 6. Interest for delay**

Notwithstanding any other recourse available to the CEB under the Agreement and the Loan Regulations or otherwise, if the Borrower does not pay all interest or any other amount payable under the Agreement at the latest on the due date specified, the Borrower must pay additional interest on the amount due and not fully paid, at the one-month EURIBOR rate as of the due date at 11 a.m. (local time in Brussels), plus 2.5% per annum, as of the due date of this amount until the date of actual payment.

The applicable one-month EURIBOR rate shall be updated every 30 days.

#### **Article 7. Associated costs**

All duties and taxes of all kinds, due and paid, and all expenses resulting either from the conclusion, execution, modification, liquidation, cancellation or suspension of this Agreement, in all or in part, or from the Loan or the granting of any security hereunder, together with all judicial or extra-judicial acts having this Loan as their origin, shall be borne by the Borrower.

However, the provisions of Article 4.7 of Chapter 4 of the Loan Regulations shall apply regarding the costs of the arbitration procedure mentioned in said Chapter 4.

#### **Article 8. Pari Passu and Negative Pledge**

The Borrower declares that no other commitment has been made or will be made in the future, which might give a third party a preferential rank, a preferential right of payment, a collateral or guarantee of any nature whatsoever which might confer enhanced rights upon third parties (hereinafter a *Security*).

If such a Security were nevertheless granted to a third party, the Borrower agrees to create or supply an identical Security in favour of the CEB or, in case the Borrower is not able to do so, an equivalent Security, and to stipulate the formation of such a Security in favour of the CEB.

Failure to comply with these provisions would represent an event of default as laid down in Article 3.3.h) of Chapter 3 of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3, 3.5 and 3.6 of the Loan Regulations.

#### **Article 9. Early-reimbursement upon cross-default**

The fact that, following any default in relation thereto, the Borrower is required or is capable of being required or will, following expiry of any applicable contractual grace period, be required or be capable of being required to prepay, discharge, close out or terminate ahead of maturity any other loan or obligation arising out of any financial transaction or any commitment for any other loan or obligation arising out of any financial transaction is cancelled or suspended which is, in each case, in an aggregate principal amount in excess of EUR 3,3 million or its equivalent in any other currency, will represent an event of default as laid down in Article 3.3. h) of Chapter 3 of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3, 3.5 and 3.6 of the Loan Regulations.

#### **Article 10. Representations and Warranties**

The Borrower represents and warrants on the date hereof and for the duration of the Agreement that:

- it is constituted and carries out its business according to the laws, decrees, regulations, articles of association, and other texts applicable to it;
- its competent corporate bodies have authorized it to enter into the Agreement and perform its obligations hereunder and have given to the signatory(ies) of this Agreement the authorization therefor, in accordance with the laws, decrees, regulations, articles of association, and other texts applicable to it;
- the utilisation of the Loan and the execution of the Agreement does not contravene the laws, decrees, regulations, articles of association, and other texts applicable to it and that all the permits, licences, and authorizations necessary therefor have been obtained and shall remain valid for the entire Loan period.

Any change in relation to the above representations and warranties must, for the entire Loan period, be notified to the CEB immediately, together with any supporting documents relating thereto.

#### **Article 11. Relations with third parties**

The Borrower may not raise any fact relating, within the scope of the use of the Loan, to its relations with third parties in order to avoid fulfilling, either totally or partially, the obligations resulting from the Agreement.

The CEB may not be involved in disputes which might arise between the Borrower and third parties and the costs, whatever their nature, incurred by the CEB due to any claims, and in particular all legal or court costs, shall be at the expense of the Borrower.

## **Article 12. Interpretation of the Agreement**

The Borrower states that it has received a copy of the Loan Regulations, and has taken note thereof.

Where there is a contradiction between any provision whatsoever of the Loan Regulations and any provision whatsoever of the Agreement, the provision of the Agreement shall prevail.

The headings of the articles, paragraphs, sections, and chapters of the Agreement shall not be used for its interpretation.

In no case shall it be presumed that the CEB has tacitly waived any right granted to it by the Agreement.

## **Article 13. Applicable law**

The Agreement, its Appendices and the Disbursement Agreements relating thereto shall be governed by the rules of the CEB as specified in the provisions of Article 1, paragraph 3, of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949) and, secondarily, if necessary, by French law.

Disputes between the parties to the Agreement shall be subject to arbitration under the conditions laid down in Chapter 4 of the Loan Regulations.

## **Article 14. Execution of an arbitration award**

The contracting parties agree not to take advantage of any privilege, immunity or legislation before any jurisdictional or other authority, whether domestic or international, in order to object to the enforcement of an award handed down under the conditions laid down in Chapter 4 of the Loan Regulations.

## **Article 15. Notices**

Any notice or other communication to be given or made under this Agreement to CEB or the Borrower shall be in writing and shall be deemed to have been duly given or made when it is delivered by hand, mail or facsimile by one party to the other at such party's address specified below.

For the Borrower:

Hlavné mesto Slovenskej republiky Bratislava  
Primaciálne námestie 1, 814 99 Bratislava 1  
Slovak Republic

Attention: Mr Boris Kotes  
Deputy director of city office  
Director of financial department

Tel.: +421 2 59 356 503

Mobile: +421 903 985 900

Email: boris.kotes@bratislava.sk

For the CEB:

Council of Europe Development Bank  
55 Avenue Kléber  
75116 Paris  
France

Attention: Directorate General for Loans and Social Development  
Fax: +33 1 47 55 37 52  
Email: jan.matuska@coebank.org

All communications to be given or made shall be in English or French or, if in another language, shall be accompanied by an English or French certified translation thereof.

**Article 16. Entry into force**

The Agreement shall enter into force upon signature by the CEB and the Borrower.

**Article 17. Originals of Agreement**

The Agreement is drawn up in two (2) originals, each of which is equally valid.

One original is kept by each of the contracting parties.

Bratislava, on 10 September 2014  
For the Borrower

.....  
The Mayor

Bratislava, on 10 September 2014  
For the CEB

.....  
The Vice-Governor

LIST OF APPENDICES

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APPENDIX 2	DISBURSEMENT AGREEMENT (TEMPLATE)
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# Appendix 1

## Project Description

I.	<b>F/P :</b> <b>Borrower:</b> <b>Approval by the Administrative Council:</b> <b>Amount approved:</b>	LD 1814 (2013) HLAVNE MESTO SLOVENSKEJ REPUBLIKY BRATISLAVA (Capital City of Slovak Republic Bratislava) 20 September 2013 EUR 40,000,000
II.	<b>Intervention areas:</b>  <b>Closing date:</b> <b>Location:</b> <b>Total cost of the Project:</b> <b>Financing plan:</b> <b>Specific conditions</b>	<p>Improving living conditions in urban and rural areas (Component A)          Protection of the environment (Component B)</p> <p>The proposed Programme aims at 1) improving living conditions in urban areas through co-financing investments in revitalization and modernization of urban public infrastructure and 2) protecting the environment by modernization and replacement of old trams and trolleybuses with new and more efficient ones.</p> <p>For the first Sector of action, sub-projects will involve mainly construction, reconstruction or modernisation of local road and public transportation infrastructure (including transfers to Bratislava public transportation company). However other sub-projects in the construction, rehabilitation or modernisation of urban infrastructure such as utilities, basic educational and medical facilities, socio-cultural or sport centres, (re)construction of retirement houses as well as sub-projects allowing better accessibility and efficiency of these services would be also eligible under this Project Component. Sub-projects could also cover construction, rehabilitation and conversion of buildings into premises intended for public service use.</p> <p>Sub-projects falling under the Sector of action “Protection of the environment” will be aimed at energy saving measures, reduction of air pollution, protection against noise and cleaner transport means and networks. The investment sub-projects financed and realised will be mainly in the sector of Bratislava’s public transportation, although also investment into rehabilitation of public building in order to save energy would be eligible.</p> <p>30 June 2017</p> <p>Bratislava Region</p> <p>Estimated EUR 189,000,000 (minimum EUR 80,000,000)</p> <ul style="list-style-type: none"> <li>- CEB sources 40 million- 50%</li> <li>- budget of the Slovak Republic, Bratislava budget, other financial institutions financing, European Union (EU) Funds: minimum 40 million - 50%</li> </ul> <p>For both Programme Components, Bratislava will be utilizing the CEB Programme Loan for the purpose of financing the local contributions for sub-projects, whether realized purely with the city of Bratislava’s own resources or co-financed by EU funds.</p> <p>In order to best match the Borrower’s needs with the appropriate financial instrument, this Programme Loan in favour of Bratislava shall consist of two different Loan structures:</p> <ul style="list-style-type: none"> <li>• a Term structure will be used to partially finance the Borrower’s contributions to the Sub-projects , which are to be supported by the Borrower from its own resources (i.e., resources other than EU and/or governmental funds), it being specified, for the avoidance of doubt, that such contributions may include the financing of eligible costs and expenses incurred as part of the said Sub-projects by the Bratislava local transportation company, which is wholly owned by the Borrower); and</li> <li>• a Bridge structure will serve as a CEB financing instrument to cover Bratislava’s immediate treasury needs on sub-projects partially funded by the EU. The Bridge structure will support Bratislava in its pre-financing of cost components within EU funded projects for which the resources from EU are reimbursed between 3 months and 3 years after the costs are incurred by the City.</li> </ul> <p>The Term structure would, according to the list of planned projects for 2013-2016, represent approximately EUR 30 million of CEB’s Programme Loan and the Bridge structure would represent EUR 10 million.</p> <p>The Bridge structure will be limited to maximum EUR 10 million. However if need be, the Term structure can be higher than EUR 30 million at the expense of the Bridge structure. The cost of sub-projects not financed by the CEB Loan will be financed by Bratislava’s own resources, Slovak government funds, local banks, other international financial institutions or EU funds.</p>

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<b>III.</b>	<b>Criteria of eligibility (by intervention area):</b>	All investments shall comply with the eligibility criteria set forth under the Loan Policy, particularly within the relevant intervention areas (Improving living conditions in urban and rural areas and Protection of the Environment)
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<b>IV.</b>	<b>Social effects (by intervention area):</b>	<p>The social effects under the “Improving living conditions in urban and rural areas” component will stem from the provision of long-term-funding with favourable conditions to beneficiary municipalities/regions in order to create better conditions for sustained economic development and better living conditions for the local populations, to diminish intra-regional disparities as well as to reduce the gap between the Slovak Republic and the more developed economies of the EU. Social impact of the proposed Project will also be reflected in the provision of higher standards and better access to services and equipment in areas such as transport and communication, water sanitation and supply, waste management, education, healthcare, culture, from strengthening solidarity among the inhabitants and from reducing disparities between urban and rural areas.</p> <p>The social effects under the “Protection of the environment” component will stem from the reduction of emissions and energy consumption of Bratislava’s public transportation.</p>
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**Appendix 2**  
**Disbursement Agreement (Template)**

**Appendix 2a**

<b>DISBURSEMENT AGREEMENT FOR A FIXED RATE LOAN (TEMPLATE)</b>
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LD [number] – [number] Tranche

**DISBURSEMENT AGREEMENT**

To the Framework Loan Agreement dated [date]

Between

THE COUNCIL OF EUROPE DEVELOPMENT BANK  
(hereinafter called “CEB”)

And

HLAVNE MESTO SLOVENSKEJ REPUBLIKY BRATISLAVA  
(Capital City of Slovak Republic Bratislava)  
(hereinafter called the “Borrower”)

The present *Disbursement Agreement* and the Framework Loan Agreement determine the terms and conditions agreed upon for the [number] Tranche in reference to article [number] of the said Framework Loan Agreement.

Tranche Amount	<b>[currency and amount]</b>
Maturity	[number] -year final maturity with a [number]-year grace period [or (number) -year bullet repayment]
Fixed Interest Rate	<b>[number percent] [net] per annum</b>
Interest Payment	Semi-annually/Annually in arrears
Day-Count-Fraction	30/360 unadjusted, Modified Following Business Day Convention
Business Day	As defined in the Framework Loan Agreement
Disbursement Date	[date]
Payment Instructions (Borrower)	Account number [number] of [name of Bank and city]. SWIFT CODE : [cipher] via [name correspondent bank and city] SWIFT CODE : [cipher]
Payment Instructions (CEB)	As per Art. 3.4 of Framework Loan Agreement

Payments for interest and principal will be made in accordance with the attached Schedule of Repayments. Whereas interest will be paid for the first time on [date], principal will be repaid for the first time on [date].

All payments shall be made to CEB's account according to the Payment Instructions (CEB) described above.

These provisions are subject to the agreement "Modified Following Business Day Convention", the definition of which is to be found in the Framework Loan Agreement, signed between CEB and the Borrower on [date].

[City, date]  
For the Council of Europe  
Development Bank

[City, date]  
For [Borrower's name]

## Appendix 2b

# DISBURSEMENT AGREEMENT FOR A FLOATING RATE LOAN (TEMPLATE)

LD [number] – [number] Tranche

### **DISBURSEMENT AGREEMENT**

To the Framework Loan Agreement dated [date]

Between

THE COUNCIL OF EUROPE DEVELOPMENT BANK  
(hereinafter called “CEB”)

And

HLAVNE MESTO SLOVENSKEJ REPUBLIKY BRATISLAVA  
(Capital City of Slovak Republic Bratislava)  
(hereinafter called the “Borrower”)

The present *Disbursement Agreement* and the Framework Loan Agreement determine the terms and conditions agreed upon for the [number] Tranche in reference to article [number] of the said Framework Loan Agreement.

Tranche Amount	<b>[currency and amount]</b>
Maturity	[number] -year final maturity with a [number] years grace period [or (number) –year bullet repayment]
Floating Interest Rate	<b>EURIBOR3 or 6 months plus or less [number] basis points [net] per annum</b>  For the avoidance of doubt, in case the determination of the interest rate results in a negative rate (due to a quoted negative floating reference rate, to the operation of a spread that is subtracted from the floating reference rate or to any other circumstances), the interest to be paid by the Borrower will be deemed to be zero.
Interest Payment	Quarterly/Semi-annually in arrears
Day-Count-Fraction	Actual/360, Modified Following Business Day Convention
Business Day	As defined in the Framework Loan Agreement
Disbursement Date	[date]
Payment Instructions (Borrower)	Account number [number] of [name of Bank and city]. SWIFT CODE : [cipher] via [name correspondent bank and city] SWIFT CODE : [cipher]

*{Text for EURIBOR base rate and amortising loan structure*

The interest rate will be calculated for each [number] month interest period, starting from the date of the disbursement date. The interest will be fixed two (2) Business Days prior to each new interest period. CEB will inform the Borrower about the interest payable every [number] months. The interest payment will take place on [day, month]<sup>1</sup> every year, and for the first time on [date]. The principal shall be repaid at the repayment dates and in the amount corresponding to each repayment date provided in the table below [***list the repayment dates and the principal amount due for each date***]

*{Text for EURIBOR base rate and bullet loan structure*

The interest rate will be calculated for each [number] month interest period, starting from the date of the disbursement date. The interest will be fixed two (2) Business Days prior to each new interest period. CEB will inform the Borrower about the interest payable every [number] months. The interest payment shall take place on [day, month]<sup>2</sup> every year, and for the first time on [date]. The principal shall be repaid in full on [date] [***insert repayment date for the principal***].

All payments shall be made to the CEB's account according to the Payment Instructions (CEB) described above.

These provisions are subject to the agreement "Modified Following Business Day Convention", the definition of which is to be found in the Framework Loan Agreement, signed between CEB and the Borrower on [date].

[City, date]  
For the Council of Europe  
Development Bank

[City, date]  
For [Borrower's name]

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<sup>1</sup> [Mention 4 dates for quarterly payments and 2 dates for semi-annual payments]

<sup>2</sup> [Mention 4 dates for quarterly payments and 2 dates for semi-annual payments]



**TABLE B**

**COSTS**

COUNTRY:

Date of the Progress Report: .....

PROJECT: F/P ( )

in EUR (net of VAT)

DESCRIPTION				DESIGN & SUPERVISION CONTRACTS					WORK CONTRACTS						TOTAL COMMITTED	INCURRED EXPENDITURE			FUTURE EXPENDITURE		TOTAL ESTIMATED COST	% SPENT on total estimated cost	COMMENTS				
N°	Name	Location	Category of Investment [1]	Signed on*	REF.	Contractor's name	Original Amount	Revised Amount	Signed on*	REF.	Contractor's name	Original Amount	Revised Amount	Period of Implementation Works			YEAR 1 **	YEAR 2 **	TOTAL SPENT	Upon to Completion				of which to be incurred in the current year	11=8+9	12=8/11	
														Start		End											Revised
														*		*											End
							1	2				3	4				5= (1or2)+(3or4)	6	7	8=6+7	9=5-8	10					
<b>TOTAL INVESTMENT</b>																											

[1] Acronyms utilised: C for Construction, E for Extension, I for Improvements, A for athletics

\* Date Format: DD/MM/YY

\*\* Please replace the column title with the referenced year and add columns during the project implementation to indicate annually incurred expenditure.