

## **FRAMEWORK LOAN AGREEMENT**

*between*

**COUNCIL OF EUROPE DEVELOPMENT BANK**

*and*

**TRNAVA SELF-GOVERNING REGION**

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**COUNCIL OF EUROPE DEVELOPMENT BANK**, international organisation with its headquarters at 55, Avenue Kléber, F-75116 Paris (France) (hereinafter, the “**CEB**” or the “**Bank**”), on the one hand,

and

**TRNAVA SELF-GOVERNING REGION** (Trnavský samosprávny kraj), Starohájska 10, 917 01 Trnava, IČO: 37 836 901 (hereinafter, the “**Borrower**” and together with the CEB, the “**Parties**” and each a “**Party**”), on the other hand,

#### **WHEREAS**

- (A) Having regard to the loan application submitted by the Slovak Republic on 27 February 2017, aimed at supporting regional budget and sub-projects under 2014-2020 programming period,
- (B) Having regard to the approval of the loan application by the CEB’s Administrative Council on 16 March 2017,
- (C) Having regard to the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe dated 6 March 1959,
- (D) Having regard to the CEB’s Loan Regulations, as adopted by the CEB’s Administrative Council Resolution 1587 (2016) (hereinafter, the “**Loan Regulations**”),
- (E) Having regard to the CEB’s Loan and Project Financing Policy, as adopted by the CEB’s Administrative Council Resolution 1587 (2016) (hereinafter, the “**Loan Policy**”),
- (F) Having regard to the CEB’s Environmental and Social Safeguards Policy, as adopted by the CEB’s Administrative Council Resolution 1588 (2016) (hereinafter, the “**Environmental and Social Safeguards Policy**”),
- (G) Having regard to the CEB’s Procurement Guidelines, as adopted by the CEB’s Administrative Council in September 2011 (hereinafter, the “**Procurement Guidelines**”),

#### **HEREBY AGREE AS FOLLOWS:**

## **1. INTERPRETATION**

### **1.1 Definitions**

The following terms shall have the meaning indicated below, except as the context requires otherwise:

**“Agreement”** means this framework loan agreement, including its appendices.

**“Allocation”** means the commitment of a Tranche by the Borrower to the eligible Sub-projects even if such Tranche has not yet been paid out under the Project.

**“Allocation Period”** has the meaning specified under Sub-clause 5.2.

**“Beneficiaries”** are specified under Appendix 1 hereto as the group benefitting from the social effects of the Project.

**“Bridge Tranche”** means a short-term Tranche.

**“Business Day”** means in relation to payments in Euro, any day on which TARGET 2 (the Trans European Automated Real-time Gross Settlement Express Transfer system) is operating.

**“Closing Date”** means the date specified under Appendix 1 hereto from which no further disbursements may be requested by the Borrower.

**“Completion Report”** has the meaning specified under Sub-clause 6.1.

**“Currency”** means, for the purposes of the Agreement, Euro.

**“Day Count Convention”** means the convention for determining the number of days between two dates and the number of days in a year specified in the relevant Disbursement Notice.

**“Debt Instrument”** means (i) any loan or other form of financial indebtedness; (ii) an instrument, including any receipt or statement of account, evidencing or constituting an obligation to repay a loan, deposit, advance or similar extension of credit (including without limitation any extension of credit under a refinancing or rescheduling agreement), (iii) a bond, note, debt security, debenture or similar written evidence of financial indebtedness; or (iv) an instrument evidencing a guarantee of an obligation constituting financial indebtedness of another.

**“Default Interest Rate”** has the meaning specified under Sub-clause 4.9.

**“Disbursement Date”** means the date on which a Tranche is scheduled to be disbursed pursuant to the applicable Disbursement Notice.

**“Disbursement Notice”** has the meaning specified under Sub-clause 4.3(b).

**“Disbursement Request”** has the meaning specified under Sub-clause 4.3(a).

**“Early Reimbursement Confirmation”** has the meaning specified under Sub-clause 4.7.

**“Early Reimbursement Costs”** has the meaning specified under Sub-clause 4.7.

**“Early Reimbursement Date”** has the meaning specified under Sub-clause 4.7.

**“Early Reimbursement Notice”** has the meaning specified under Sub-clause 4.7.

**“Effective Date”** means the date of entry into force of the Agreement resulting from Clause 17.

**“EU”** means the European Union.

**“EURIBOR”** means the percentage rate *per annum* quoted on Reuters’ page EURIBOR01 (or on a successor page which replaces Reuters’ page EURIBOR01) at or about 11 a.m. Brussels time on the Interest Determination Date as the rate of the EU Banking Federation for Euro term deposits in the EU interbank market for the same period as the relevant Interest Period.

If the relevant Interest Period is not the same as a period quoted by Reuters, the applicable EURIBOR shall be the percentage rate *per annum* resulting from a linear interpolation by reference to two (2) EURIBOR rates for Euro term deposits, one of which is applicable for a period of whole months next shorter and the other for a period of whole months next longer than the length of the relevant Interest Period.

**“Euro”** and the sign **“EUR”** means the lawful currency of the Member States of the EU which from time to time adopt it as their currency in accordance with the relevant provisions of the Treaty of the EU and the Treaty on the Functioning of the EU or their succeeding treaties.

**“European Convention on Human Rights”** means the Convention for the Protection of Human Rights and Fundamental Freedoms dated 4 November 1950, CETS n° 5, as amended from time to time.

**“European Social Charter”** means the European Social Charter dated 3 May 1996, CETS n°163, as amended from time to time.

**“Fixed Interest Rate”** means the interest rate *per annum* specified in the applicable Disbursement Notice.

**“Floating Interest Rate”** means the interest rate *per annum* determined by adding or subtracting the Spread specified in the applicable Disbursement Notice to or from, as the case may be, the Reference Rate.

For the avoidance of doubt, when the determination of the Floating Interest Rate results in a negative interest rate (due to a quoted negative Reference Rate, to the operation of a Spread that is subtracted from the Reference Rate or to any other circumstances), the interest to be paid by the Borrower for the Interest Period shall be deemed to be zero.

**“Interest Determination Date”** means, for the purposes of determination of a Floating Interest Rate, the day falling two (2) Business Days prior to the first day of the Interest Period, unless otherwise specified in the relevant Disbursement Notice.

**“Interest Payment Dates”** means the dates for the payment of interest corresponding to the relevant Interest Period specified in the applicable Disbursement Notice.

**“Interest Period”** means the period commencing on an Interest Payment Date and ending on the day immediately prior to the following Interest Payment Date, provided that the first Interest Period applicable to each Tranche shall commence on the Disbursement Date and end on the day immediately prior to the next Interest Payment Date.

**“Loan”** means the loan granted to the Borrower by the CEB by means of the Agreement.

**“Loan Amount”** means the amount specified under Sub-clause 4.1.

**“Market Disruption Event”** has the meaning specified under Sub-clause 4.10.

**“Material Adverse Change”** means any event which, in CEB’s opinion, (i) materially impairs the Borrower’s ability to perform its financial obligations under the Agreement; or (ii) adversely affects any Security provided by the Borrower or a third-party to secure the due performance of the Borrower’s financial obligations under the Agreement.

**“Maturity Date”** means the last Principal Repayment Date for each Tranche specified in the applicable Disbursement Notice.

**“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.

**“Operating Income”** has the meaning specified under Sub-clause 6.5.

**“Prepayment”** has the meaning specified under Sub-clause 7.4.

**“Principal Repayment Date(s)”** means the date(s) for the repayment(s) of principal under each Tranche specified in the applicable Disbursement Notice.

**“Principal Repayment Period”** means with respect of each Tranche the period running from its Disbursement Date to its Maturity Date.

**“Prohibited Practices”** has the meaning specified under Sub-clause 5.7.

**“Project”** means the programme of eligible Sub-projects set forth under Appendix 1 to be partially financed with the Loan approved by the CEB’s Administrative Council with ref. LD 1926 (2017).

**“Reference Rate”** means EURIBOR for a Floating Interest Rate Tranche denominated in Euro.

**“Security”** means any agreement or arrangement creating a preferential rank, a preferential right of payment, a collateral or guarantee of any nature whatsoever which might confer enhanced rights upon third parties.

**“Spread”** means, in connection with a Floating Interest Rate Tranche, the fixed-spread to the Reference Rate (being either plus or minus) specified in basis points in the applicable Disbursement Notice.

**“Sub-project”** means an eligible investment to be financed under the Project.

**“Sub-project Identification Report”** has the meaning specified under Sub-clause 6.1.

**“Term Tranche”** means a long-term Tranche.

**“Total Debt Obligations”** has the meaning specified under Sub-clause 6.5.

**“Tranche”** means an amount disbursed or to be disbursed under the Loan.

## **1.2 Construction**

Unless the context otherwise requires, references to:

- (a) this Agreement shall be construed as references to this Agreement as supplemented, amended or restated from time to time;
- (b) "Clauses", "Sub-clauses" and "Recitals" shall be construed as references to clauses, sub-clauses and recitals respectively of this Agreement; and
- (c) words importing the singular shall include the plural and vice-versa.

## **1.3 Headings**

Headings in this Agreement have no legal significance and do not affect its interpretation.

## **1.4 Rounding**

For the purposes of any calculations referred to in this Agreement:

- (a) all percentages resulting from such calculations other than those determined through the use of interpolation will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (e.g. 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655));
- (b) all percentages determined through the use of linear interpolation by reference to two (2) relevant Reference Rates will be rounded, if necessary, in accordance with the method set forth in subsection (a) above, but to the same degree of accuracy as the two (2) rates used to make the determination (except that such percentages will not be rounded to a lower degree of accuracy than the nearest one thousandth of a percentage point (0.001%)); and
- (c) all currency amounts used in or resulting from the above calculations will be rounded, unless otherwise specified in the relevant Currency definition, to the nearest two decimal places in the relevant Currency (with .005 being rounded upwards (e.g. .674 being rounded down to .67 and .675 being rounded up to .68)).

## **2. CONDITIONS**

The Loan is granted under the general conditions of the Loan Regulations and under the special conditions of the Agreement.

## **3. PURPOSE**

The CEB grants the Loan to the Borrower, who accepts it, solely for the purpose of financing the Project as described under Appendix 1 hereto.

Any change to the way the Loan is applied that has not received the CEB's approval would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early*



*reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

#### **4. FINANCIAL CONDITIONS**

##### **4.1 Loan Amount**

The Loan Amount is:

Twelve million Euro  
EUR 12 000 000

##### **4.2 Disbursement Amount**

The Loan shall be disbursed in a minimum of two (2) and maximum of six (6) Tranches.

The amount of each Tranche shall be determined according to the absorption capacity of the Project. The amount of the first Tranche shall not exceed fifty per cent (50 %) of the Loan Amount.

##### **4.3 Disbursement Procedure**

The disbursement of each Tranche is determined through the following procedure:

(a) Disbursement Request

Prior to each disbursement, the Borrower shall submit to the CEB a disbursement request substantially in the form set out under Appendix 3 hereto (hereinafter, a “**Disbursement Request**”).

A Disbursement Request shall specify the proposed:

- (i) Currency(ies) and amount(s) for the Tranche;
- (ii) Disbursement Date; such Disbursement Date shall be a Business Day falling at least five (5) Business Days but not later than twenty (20) Business Days after the date of the Disbursement Request;
- (iii) Principal Repayment Date(s), including the Maturity Date, taking into account that for Bridge Tranches the Principal Repayment Period shall not exceed three (3) years and for Term Tranches the Principal Repayment Period shall not exceed twenty (20) years with a grace period not exceeding five (5) years;
- (iv) maximum Fixed Interest Rate or maximum Spread to the Reference Rate;
- (v) Interest Payment Period and Interest Payment Dates;
- (vi) Day Count Convention and Business Days; and
- (vii) Borrower’s account for payments.

Each Disbursement Request delivered to the CEB shall be irrevocable, unless otherwise agreed in writing by the CEB.

#### (b) Disbursement Notice

If the CEB receives a Disbursement Request that complies with the Disbursement Request requirements set out Sub-clause 4.3 (a) above, and if all other relevant Disbursement Conditions as defined in Sub-clause 4.5 (*Disbursement Conditions*) below have been fulfilled by the Borrower, the CEB shall deliver to the Borrower a disbursement notice substantially in the form set out under Appendix 3 hereto (hereinafter, a **"Disbursement Notice"**). Each Disbursement Notice shall be sent at least two (2) Business Days before the proposed Disbursement Date.

A Disbursement Notice shall specify:

- (i) Currency(ies) and amount(s) for the Tranche;
- (ii) Disbursement Date;
- (iii) Principal Repayment Date(s), including the Maturity Date;
- (iv) Fixed Interest Rate or Spread to the Reference Rate;
- (v) Interest Payment Period and Interest Payment Dates;
- (vi) Day Count Convention and Business Days; and
- (vii) Borrower's and CEB's accounts for payments.

If the Borrower has submitted to the CEB a Disbursement Request in which the Borrower has not proposed a Fixed Interest Rate or a Floating Interest Rate, the Borrower shall be deemed to agree in advance to the one subsequently specified by the CEB in the Disbursement Notice.

A Disbursement Notice matching the elements included in a Disbursement Request shall constitute an irrevocable and unconditional commitment on the part of the Borrower to borrow from the CEB and on the part of the CEB to disburse to the Borrower the Tranche under the terms and conditions specified in the Disbursement Notice.

Notwithstanding the above, if the CEB has not delivered a Disbursement Notice within twenty (20) Business Days following the receipt of a Disbursement Request, the relevant Disbursement Request shall be deemed cancelled.

#### **4.4 Disbursement Period**

Unless otherwise agreed in writing by the CEB, the Borrower shall not be entitled to:

- (i) the issue of a Disbursement Request for the first Tranche beyond twelve (12) months after the Effective Date;
- (ii) the issue of any further Disbursement Request beyond thirty-six (36) months after the last disbursement; or
- (iii) the issue of any further Disbursement Request beyond the Closing Date specified under Appendix 1 hereto.

#### 4.5 Disbursement Conditions

(a) Conditions precedent to every Disbursement Request:

- (i) A certificate from the Borrower in form and substance satisfactory for the CEB, signed by an authorised representative of the Borrower confirming that the Borrower is in compliance with the financial ratios set forth under Sub-clause 6.5 b) and that no Material Adverse Change has occurred.

(b) Conditions precedent to the Disbursement Request for the first Tranche:

- (i) Legal opinion in English confirming to the CEB's satisfaction, substantially in the form set out under Appendix 2 hereto, that the Agreement has been duly executed by authorised representatives of the Borrower and that the Agreement is valid, binding and enforceable in accordance with its terms in the Borrower's jurisdiction.
- (ii) Evidence in English to the CEB's satisfaction of the person(s) authorised to execute the Agreement and the Disbursement Requests on behalf of the Borrower, together with the authenticated specimen of the signature(s) of such person(s).
- (iii) Where such tranche is a long-term tranche, it shall not exceed 50% (EUR 4 million) of the authorized EUR 8 million long-term part of the loan amount, and full allocation under the previous Framework Loan Agreement between the CEB and the Borrower, with reference LD 1874 (2015), shall have taken place.

(c) Conditions precedent to any further Disbursement Request:

- (i) In the event there has been a change regarding the person(s) authorised to execute Disbursement Requests on behalf of the Borrower, the Borrower shall provide CEB with updated evidence of the person(s) authorised to execute the corresponding Disbursement Requests on behalf of the Borrower, together with the authenticated specimen of the signature(s) of such person(s).
- (ii) In the case of a Term Tranche, evidence confirming to the CEB's satisfaction the full Allocation of the previous Term Tranche.

#### 4.6 Repayment

On any Principal Repayment Date, the Borrower shall repay the principal of each Tranche due on that Principal Repayment Date in accordance with the terms set forth in the applicable Disbursement Notice.

#### 4.7 Early Reimbursement

(a) Mechanics

If in any event specified in this Agreement referring to this Sub-clause the Borrower ought to reimburse prior to maturity all or part of a Tranche, the Borrower shall give at least a one (1) month prior written notice to the CEB (hereinafter, the "**Early Reimbursement Notice**") specifying the amounts to be reimbursed, the date on which the reimbursement will take place (hereinafter, the "**Early Reimbursement Date**") and, upon prior consultation with the CEB, the maximum Early

Reimbursement Costs. The Early Reimbursement Date shall fall on an Interest Payment Date, unless otherwise agreed in writing by the CEB.

Upon receipt of the Early Reimbursement Notice, the CEB shall send a written notice to the Borrower (hereinafter, the “**Early Reimbursement Confirmation**”), not later than five (5) Business Days prior to the Reimbursement Date, indicating the accrued interest due thereon and the Early Reimbursement Costs in accordance with Sub-clause 4.7 (b).

An Early Reimbursement Confirmation matching the elements included in an Early Reimbursement Notice shall constitute an irrevocable and unconditional commitment on the part of the Borrower to reimburse the relevant amounts to the CEB under the terms and conditions specified in the Early Reimbursement Confirmation.

If the Borrower partially reimburses a Tranche, the reimbursed amount shall be applied *pro rata* to each outstanding principal repayment. In such an event, the Early Reimbursement Confirmation shall accordingly include an adjusted repayment schedule which shall be binding on the Borrower.

#### (b) Early Reimbursement Costs

The Early Reimbursement Costs resulting from early reimbursement in accordance with Sub-clause 4.7 (a) shall be determined by the CEB on the basis of the costs to it of redeploying the amount to be reimbursed from the Early Reimbursement Date to the Maturity Date, including any related costs, such as unwinding any underlying hedging arrangements. The costs of redeployment will be established on the basis of the difference between the original rate and the redeployment rate, which shall be determined by the CEB on the basis of market conditions on the date of the Early Reimbursement Notice.

### 4.8 Interest Determination

The Borrower shall pay interest on the principal of each Tranche from time to time outstanding during each Interest Period at the Fixed Interest Rate/Floating Interest Rate specified in the applicable Disbursement Notice.

Interest shall (i) accrue from and including the first day of the Interest Period to but excluding the last day of such Interest Period; and (ii) be due and payable on the Interest Payment Dates specified in the applicable Disbursement Notice. Interest shall be calculated on the basis of the Day Count Convention specified in the relevant Disbursement Notice.

In the case of Floating Interest Rate Tranches, the CEB shall determine on each Interest Determination Date the interest rate applicable during the relevant Interest Period in accordance with the Agreement and promptly give notice thereof to the Borrower. Each determination by the CEB shall be final, conclusive and binding upon the Borrower unless shown by the Borrower to the satisfaction of the CEB that any such determination has involved manifest error.

### 4.9 Default Interest Rate

In the event that the Borrower fails to pay, in full or in part, any amount under the Agreement, and notwithstanding any other recourse available to the CEB under the Agreement or otherwise, the Borrower shall pay interest on such unpaid amounts from the due date until the date of receipt of such payment by the CEB at the interest rate *per annum* equal to the one-month EURIBOR quoted on the due date plus two hundred and fifty basis points (250 bps) (hereinafter, the “**Default Interest Rate**”).

The applicable Default Interest Rate shall be updated every thirty (30) calendar days.

#### 4.10 Market Disruption Event

The CEB shall promptly, upon becoming aware of it, notify to the Borrower that a Market Disruption Event has occurred.

For the purposes of the Agreement, “**Market Disruption Event**” refers to the following circumstances:

- (a) The Reuters page referred to under the EURIBOR definition does not indicate the required details or is not accessible.

Under such a Market Disruption Event, the applicable EURIBOR shall be the percentage rate *per annum* determined by the CEB to be the arithmetic mean of the rates at which loans in Euro, in an amount identical or nearest comparable to the Loan amount in question and for a period identical or nearest comparable to the relative Interest Period, are offered on the Interest Determination Date by three (3) leading banks in the EU interbank market selected by the CEB.

If at least two (2) quotations are provided, the applicable EURIBOR for that Interest Determination Date shall be the arithmetic mean of all quotations provided.

If only one (1) or no quotation is provided, the applicable EURIBOR shall be the percentage rate *per annum* determined by the CEB to be the arithmetic mean of the rates at which loans in Euro, in an amount identical or nearest comparable to the Loan amount in question and for a period identical or nearest comparable to the relative Interest Period, are offered on the second Business Day after the beginning of the relevant Interest Period by major banks in the EU interbank market selected by the CEB.

- (b) The CEB determines that it is not possible to determine the applicable Reference Rate in accordance with paragraph (a) above.

Under such a Market Disruption Event, the applicable Floating Interest Rate shall be replaced by the rate that expresses as a percentage rate *per annum* the cost to the CEB of funding the Loan from whatever source the CEB may reasonably select.

- (c) At any time between the delivery of a Disbursement Notice and the Disbursement Date the CEB reasonably determines that there are exceptional and unexpected circumstances of an economic, financial, political or other external nature adversely affecting the CEB’s access to its sources of funding.

Under such a Market Disruption Event, the CEB shall be entitled to cancel at no cost the scheduled disbursement.

In the case of the Market Disruption Events set forth under items (a) and (b) above:

- (i) If the Borrower so requires, the Parties, acting in good faith, shall enter into negotiations for a period of not more than thirty (30) calendar days in order to agree on an alternative to the applicable EURIBOR rate. If no agreement is reached, the Borrower may proceed with early reimbursement on the next Interest Payment Date in the terms provided under Sub-clause 4.7.
- (ii) The CEB shall have the right, acting in good faith and in consultation with the Borrower to the extent reasonably practicable, to change the duration of any subsequent Interest Period to thirty (30) calendar days or less by sending to

the Borrower a notice thereof. Any such change to an Interest Period shall take effect on the date specified by the CEB in such notice.

If the CEB determines that the relevant Market Disruption Event no longer exists, then, subject to any further Market Disruption Event occurring or existing, the Floating Interest Rate and/or Interest Period applicable to any relevant Tranche shall revert, from the first day of the following Interest Period to being calculated in accordance with the Floating Interest Rate and Interest Period specified in the relevant Disbursement Notice.

#### **4.11 Payments**

All the amounts due by the Borrower under this Agreement are payable in the Currency of each Tranche to the CEB's account indicated in the applicable Disbursement Notice. Any payment under this Agreement shall be made on a Business Day subject to the Modified Following Business Day Convention. Any payment shall be deemed paid when the CEB has received the amount on its account.

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.

### **5. PROJECT IMPLEMENTATION**

The Borrower shall implement the Project in accordance with the Agreement.

Failure to comply with the Project Implementation undertakings set forth hereby under Clause 5 would constitute, irrespective of any other applicable provision of the Loan Regulations, an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to (i) the relevant Sub-project/contract expenditure declared ineligible for Allocation under the Project; and/or (ii) the early reimbursement, suspension or cancellation of the Loan, in whole or in part, under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

#### **5.1 Duty of Care**

The Borrower shall apply all care and diligence, and shall exercise all typically used means (including, but not limited to, legal, financial, managerial and technical) required for the proper implementation of the Project.

#### **5.2 Allocation Period**

The Borrower shall allocate each Tranche to the Project within the period comprised between 2017 and 2020 (the "**Allocation Period**").

If a Tranche disbursed by the CEB is not allocated to the Project or is only partially allocated to it within the Allocation Period, the Borrower shall reimburse the unallocated amounts to the CEB in accordance with Sub-clause 4.7.

#### **5.3 Project Costs**

The Tranches disbursed under the Loan shall not exceed fifty per cent (50%) of the total eligible costs of the Project, as specified under Appendix 1. If the Tranches disbursed under the Loan eventually

exceed the above fifty per cent (50%) (by reduction of the total eligible costs or otherwise), the Borrower shall reimburse the surplus to the CEB in accordance with Sub-clause 4.7.

#### **5.4 Procurement**

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

#### **5.5 Environmental and Social Safeguards**

The Borrower shall implement the Project in conformity with the requirements set forth in the Environmental and Social Safeguards Policy. In particular, the Borrower shall implement the Project in conformity with the respective generally binding regulations of the Slovak Republic and EU environmental regulations, including the EU Directive on Environmental Impact Assessment (hereinafter, “EIA”).

The Borrower shall ensure that if, in accordance with the relevant EU Directive on EIA and the Slovak EIA Act No. 24/2006 Coll. (as amended from time to time), the need for an EIA is identified for a given Sub-project, the CEB shall be informed thereof by the Borrower in the relevant report included under Appendix 4 hereof.

Allocation of Loan proceeds to the relevant Sub-project is conditional upon CEB having received an electronic copy of the Non-Technical Summary (“NTS”) of the EIA or a functioning link to the relevant Slovak authority’s official website where all information regarding the EIA process is available according to the EIA Act No. 24/2006 Coll..

The Borrower hereby authorises CEB to disclose - on its website [www.coebank.org](http://www.coebank.org) - the NTS of the relevant projects, and/or to provide a link to the Slovak authority’s official website where all information regarding the EIA process is available according to the EIA Act No. 24/2006 Coll..

The Borrower shall also ensure that if, in accordance with the applicable EU Habitats Directive (as amended from time to time), a Sub-project could have a significant impact on areas protected under the Natura 2000 network or similar falling under the EU Habitats or Birds Directives, the Borrower shall, before the Allocation of Loan proceeds to the relevant Sub-project, provide evidence to CEB’s satisfaction that an appropriate assessment has been made and that the corresponding environmental authorisation has been obtained from the competent authority.

In addition, the Borrower shall, as soon as it becomes aware, inform the CEB of any actual or potential action, protest, complaint or litigation, undertaken by third parties in connection with the Project or its environmental impact.

#### **5.6 Human Rights**

The Borrower shall ensure that the implementation of the Project will not give rise to a violation of (i) the European Convention on Human Rights; or (ii) the European Social Charter.

#### **5.7 Integrity**

The Borrower shall ensure that the implementation of the Project will not give rise to a violation of the applicable laws on fraud, corruption or any other unlawful use of funds.

#### **5.8 Visibility**

Publicity of the Project on the one side and information to the Beneficiaries on the other side shall be carried out through press releases, the Borrower’s web site or Sub-projects’ web sites, which shall



indicate that the Project benefits from the CEB's funding. The information shall display in an appropriate way the CEB's name and logo.

## **6. MONITORING**

### **6.1 Reporting**

#### **(a) Sub-project Identification Report**

The Borrower shall send to the CEB for approval a form identifying each Sub-project to which a Tranche has been allocated (hereinafter, a **"Sub-project Identification Report"**). The Borrower shall send to the CEB a Sub-project Identification Report (i) for each Tranche, at least once a year within the Allocation Period; and (ii) in the case of a Term Tranche, prior to any further Disbursement Request, whichever comes earlier.

Appendix 4 hereto provides a template specifying the minimum information required by the CEB to verify the eligibility of the Sub-project in accordance with criteria set forth under Appendix 1. Alternative formats containing the same information may also be used.

In case any Sub-project to which the Tranche has been allocated does not comply with the eligibility criteria set forth under Appendix 1, the Borrower shall timely allocate the relevant amounts to other eligible Sub-projects or otherwise reimburse the unallocated amounts to the CEB in accordance with Sub-clause 4.7.

#### **(b) Completion Report**

Upon full Allocation of the Tranches, the Borrower shall submit a completion report (hereinafter, a **"Completion Report"**) including an appraisal of the Project's social impact.

Appendix 4 hereto provides a template specifying the minimum information required by the CEB. Alternative formats containing the same information may also be used.

### **6.2 Visits**

The Borrower undertakes to favourably receive any monitoring/technical/evaluation visits, including by facilitating access to relevant Project sites/contractors, carried out by the CEB's staff members or designated third parties.

### **6.3 Audit**

Should the Borrower fail to comply with any of its undertakings under the Agreement, the Borrower undertakes to favourably receive any on-site audit, carried out by the CEB's staff members or designated third parties, which shall be at the Borrower's expense.

## **6.4 Project Information**

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

The Borrower shall deliver to the CEB in a timely manner any information or document concerning the financing or the implementation (including in particular environmental and procurement issues) of the Project as the CEB may reasonably require.

The Borrower shall inform the CEB immediately of any event that may have a material adverse impact on the implementation of the Project, including but not limited to:

- (i) any action or protest initiated or any objection raised by any third party or any genuine complaint received by the Borrower or any material litigation that is commenced or threatened against it with regard to procurement or environmental or other matters affecting the project; and
- (ii) any enactment of or any amendment to any law, rule or regulation (or in the application or official interpretation of any law, rule or regulation).

Any event that may have a material adverse impact on the implementation of the Project would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

## **6.5 Borrower Information**

The Borrower shall deliver to the CEB:

- (i) at the end of the second quarter of each calendar year at the latest, a summary in English of the Borrower's executed annual budget statement and related documents for the ended budget year together with the related report from external auditors and a certificate signed by the Borrower's treasurer or external auditors confirming the compliance by the Borrower with the financial ratios set out in Sub-clause 6.5 b), including, if signed by the treasurer, the computations necessary to demonstrate the compliance thereof in form and substance satisfactory to the CEB;
- (ii) the budget resolution for the next budget year, immediately after its adoption but not later than 31 March of the relevant financial year;
- (iii) any adopted long-term annual budget projections including capital expenditures and investment plan for each of the following three years, as well as all information on any modifications to these long-term annual budget projections; and
- (iv) upon CEB's request, a copy of the full version of the Borrower's annual report or any other information on its general financial situation as the CEB may reasonably require.

The Borrower shall inform the CEB within ten (10) Business Days of any Material Adverse Change. Any Material Adverse Change would constitute an event in the terms of Article 3.3 (h) of the Loan

Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

(a) 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, repay or terminate ahead of maturity any Debt Instrument or any commitment in connection with any other Debt Instrument is cancelled or suspended, would constitute an event in the terms of Article 3.3 (h) 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 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

(b) Financial Ratios

The Borrower shall at all times until full discharge of its obligations under this Agreement, comply with the following financial ratios:

- (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; 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 for the previous financial year,

where "**Total Debt Obligations**" and "**Operating Income**" have the meaning given to them in, and shall be computed in accordance with, the provisions of the Slovak Act n° 583/2004 dated 23 September 2004 on Budgetary Rules of Local Governments and on Changes and Amendments to Certain Laws as well as the Slovak 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 Effective Date.

Any amendment as of the Effective Date to the provisions of the above Acts relating to the financial ratios applicable to the Borrower under this Agreement shall be immediately notified to the CEB.

The CEB may, at its own discretion, within forty-five (45) Business Days upon receipt of the Borrower's notification:

- (i) grant its consent to change in full or in part the financial 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; or
- (ii) refuse its consent to change the financial ratios applicable under this Agreement, in which case the provisions hereof shall remain applicable.

Failure to comply with the provisions set forth hereby under Sub-clause 6.5 b) would constitute an event in the terms of Article 3.3(h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early*

*reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

## **7. PARI PASSU**

Failure to comply with the provisions set forth hereby under Clause 7 would constitute an event in the terms of Article 3.3(h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

### **7.1 Ranking**

The Borrower shall ensure that its payment obligations under this Agreement rank, and will rank, not less than *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations under its Debt Instruments.

### **7.2 Security**

Should a Security be granted for the performance of any Borrower's Debt Instrument, the Borrower shall timely inform the CEB of its intentions and shall, if so required by the CEB, provide to the CEB, within the deadline set forth in CEB's notice, identical or equivalent Security for the performance of its financial obligations under this Agreement.

If such a Security were nevertheless granted to a third party, the Borrower agrees to form or supply an identical Security in favour of the CEB or, where it is hindered in doing so, an equivalent Security, and to stipulate the formation of such a Security in favour of the CEB.

This provision shall not apply to a Security:

- (a) created on property at the time of purchase solely as security for the payment of the purchase price or for the payment of debt incurred for the purpose of financing the purchase of such property;
- (b) created in the ordinary course of banking transactions and securing a Debt Instrument maturing not more than one (1) year after the date on which it is originally incurred;
- (c) previously approved by the CEB.

### **7.3 Clause by Inclusion**

Should any Borrower's Debt Instrument include clauses regarding a loss-of-rating, financial ratios or *pari passu* that are stricter than any equivalent provision of this Agreement, the Borrower shall so inform the CEB and shall, at the request of the CEB by means of a written notice, execute within the period indicated in the CEB's notice, an amendment to this Agreement to provide an equivalent provision in favour of the CEB.

### **7.4 Prepayment to Third Parties**

Should the Borrower prepay in whole or in part, voluntarily or otherwise, any Debt Instrument, the Borrower shall so inform the CEB.

Should the prepayment described above be in favour of other international financial institutions, the Borrower shall, upon CEB's request, reimburse to the CEB the amounts disbursed under the Loan in accordance with Sub-clause 4.7 in such proportion as the prepaid amount bears to the corresponding Debt Instrument. The aforementioned does not concern prepayments to revolving credit facilities which remain open for drawing on the same terms after such prepayment.

For the purposes of the Agreement, "**Prepayment**" means a repayment in advance of maturity.

## **8. REPRESENTATIONS AND WARRANTIES**

The Borrower represents and warrants that:

- (a) its competent bodies have authorised it to enter into the Agreement and have given the signatory(ies) the authorisation therefor, in accordance with the laws, decrees, regulations, articles of association and other texts applicable to it;
- (b) the execution and delivery of, the performance of its obligations under and compliance with the provisions of this Agreement do not:
  - (i) contravene or conflict with any applicable law, statute, rule or regulation, or any judgement, decree or permit to which it is subject;
  - (ii) contravene or conflict with any agreement or other Debt Instrument binding upon it which might reasonably be expected to give rise to a Material Adverse Change;
- (c) no event or circumstance is outstanding that constitutes a default under any other agreement or Debt Instrument, which is binding on it or to which its assets are subject, which might reasonably be expected to give rise to a Material Adverse Change;
- (d) no Security has been granted to a third party in breach of Sub-clause 7.2;
- (e) no litigation, arbitration or administrative proceedings of or before any court, arbitral tribunal or agency which might reasonably be expected to give rise to a Material Adverse Change have (to the best of its knowledge and belief) been started or threatened against it;
- (f) it has received a copy of the Loan Regulations, the Loan Policy, the Environmental and Social Safeguards Policy and the Procurement Guidelines and has taken note thereof.

The above representations and warranties are deemed repeated on the date of signature of each Disbursement Request. Any change in relation to the above representations and warranties must, for the entire Loan period, be notified and any supporting documents provided to the CEB immediately.

If any of the above representations and warranties is or proves to have been incorrect or misleading in any respect, this would constitute an event in the terms of Article 3.3 (h) 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 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

## **9. 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.

#### **10. NON-WAIVER**

In no case, including delay or partial exercise, shall it be presumed that the CEB has tacitly waived any right granted to it by the Agreement.

#### **11. ASSIGNMENT**

The Borrower may not assign or transfer any of its rights or obligations under the Agreement without the prior written consent of the CEB.

The CEB may assign all or part of its rights and benefits or transfer all or part of its rights, benefits and obligations under the Agreement.

#### **12. GOVERNING LAW**

The Agreement 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.

#### **13. DISPUTES**

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

The 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.

In any legal action arising from this Agreement, the CEB's certificate as to any amount due or interest rate applicable under the Agreement shall, in the absence of manifest error, be *prima facie* evidence of such amount or interest rate.

#### **14. NOTICES**

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

For the Borrower:

Trnavský samosprávny kraj  
Starohájska 10  
917 01 Trnava  
Slovak Republic

Attention: Ing. Oľga Palovičová, Director of TTSK Financial Management  
Tel: +421 33 555 93 60  
Fax: +421 33 555 91 15

For the CEB:

Council of Europe Development Bank  
55 Avenue Kléber  
75116 Paris  
France

Attention: Director, Projects Department  
Tel: +33 1 47 55 71 33  
Fax: +33 1 47 55 37 52

All notices or other communications to be given or made under the Agreement shall be in English or, if in another language, shall be accompanied by an English certified translation thereof, when so required by the CEB.

Without affecting the validity of any notice delivered by facsimile according to the paragraphs above, a copy of each notice delivered by facsimile shall also be sent by registered letter to the relevant Party on the following Business Day at the latest.

Notices issued by the Borrower pursuant to any provision of this Agreement shall, where required by the CEB, be delivered to the CEB together with satisfactory evidence of the authority of the person or persons authorised to sign such notice on behalf of the Borrower and the authenticated specimen signature of such person or persons.

## **15. TAXES AND EXPENSES**

The Borrower shall pay, to the extent applicable, all taxes, duties, fees and other impositions of whatsoever nature, including stamp duty and registration fees, arising out of the execution, registration or implementation of the Agreement or any related document as well as of the creation, perfection, registration or enforcement of any Security required under the Agreement.

The Borrower shall bear all charges and expenses (including legal, professional, banking or exchange costs) incurred in connection with (i) the preparation, execution, perfection, implementation and termination of this Agreement or any related document; (ii) any amendment, supplement or waiver in respect of this Agreement or any related document; and (iii) the preparation, execution, perfection, management and enforcement of any Security required under the Loan.

Notwithstanding the above, Article 4.7 (*Cost of arbitration*) of the Loan Regulations shall apply regarding the costs of the arbitration set forth under Clause 13.

## 16. DISCHARGE

After repayment of all outstanding principal under the Loan as well as payment of all interests and other expenses resulting from the Agreement, including in particular those amounts under Sub-clause 4.9 and Clause 15, the Borrower shall be fully released from its obligations towards the CEB, with the exception of those set out in Clause 6 above for the purposes of a possible evaluation of the Project, which shall not take place later than four (4) years following the repayment of all outstanding principal under the Loan.

## 17. ENTRY INTO FORCE

The Agreement shall enter into force upon execution by the Parties.

IN WITNESS THEREOF the Parties have caused the Agreement to be executed in two (2) originals, each of which is equally valid, and have caused the signatories specified below to initial each page of this Agreement on their behalf. One (1) original is kept by each of the Parties.

Trnava, 3/11/2017  
....., on .....  
For the Borrower

signature

.....

13/11/2014  
Paris, on .....  
For the CEB

signature

.....



## APPENDIX 1

### Project Description

I.	<b>LD</b>	LD 1926 (2017)
	<b>Borrower</b>	Trnava Self-governing Region
	<b>Loan Type</b>	Programme Loan
	<b>Loan Amount</b>	EUR 12,000,000
	<b>Approval by the CEB's Administrative Council</b>	16 March 2017

II.	<b>Sector(s) of action</b>	Protection of the environment Protection and rehabilitation of historic and cultural heritage Improving living conditions in urban and rural areas
	<b>Location</b>	Trnava Self-governing Region, Slovak Republic
	<b>Beneficiaries</b>	Inhabitants of the Region and neighbouring regions.
	<b>Project Total Cost</b>	Estimated EUR 20,000,000
	<b>Financing Plan</b>	<ul style="list-style-type: none"> <li>• CEB's Term Loan: EUR 8 million</li> <li>• Region's own funds: EUR 8 million</li> <li>• CEB's Bridge Loan: EUR 4 million</li> <li>• Structural Funds and Cohesion Fund of the EU</li> </ul>
	<b>Closing Date</b>	31 March 2021

<b>Eligible budgetary actions/Eligible Costs</b>	<p>The Loan may be allocated to all investments eligible under CEB's Sectors of Action described below, including the investments eligible under all of the Operational Programmes (OPs) available to Trnava Self-governing Region.</p> <ul style="list-style-type: none"> <li>• "Improving living conditions in urban and rural areas" sector</li> </ul> <p>Sub-projects aimed at improving living conditions in urban areas must concern rundown neighbourhoods or urban areas lacking of urban infrastructure and/or social and cultural amenities.</p> <p>Sub-projects aimed at improving living conditions in rural areas must concern regions characterised by a low population density or activities in fields such as agriculture, forestry, aquaculture and fishing, as defined by national legislation.</p> <p>The CEB finances sub-projects involving the construction or rehabilitation of infrastructure aimed at urban or rural modernisation. Only those infrastructure investments included in the national, regional or municipal budget will be considered as eligible, such as:</p> <ul style="list-style-type: none"> <li>i. utilities such as water mains, electricity and gas</li> </ul>
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	<p>supplies, sewers, treatment of solid and liquid waste;</p> <ul style="list-style-type: none"> <li>ii. local road network infrastructure and maintenance;</li> <li>iii. local public transportation infrastructure, equipment and maintenance;</li> <li>iv. public lighting;</li> <li>v. district heating;</li> <li>vi. community services, educational and medical facilities;</li> <li>vii. temporary shelters and social housing;</li> <li>viii. socio-cultural or sports facilities such as playgrounds, green spaces, exhibition sites, theatres and libraries;</li> <li>ix. development of industrial estates;</li> <li>x. irrigation networks in rural areas;</li> <li>xi. administrative buildings and public housing.</li> </ul> <p>The projects can be carried out by public or private entities.</p> <p>Irrigation sub-projects involving the building of water-retaining dikes, dams and related infrastructure are eligible as long as the criteria detailed by the CEB's Environmental and Social Safeguards Policy are met.</p> <ul style="list-style-type: none"> <li>• “Protection and rehabilitation of historic and cultural heritage” sector</li> </ul> <p>Restructuring and rehabilitation of historic and cultural heritage classified as such by the member state concerned.</p> <ul style="list-style-type: none"> <li>• “Protection of the environment” sector</li> </ul> <p>The CEB finances sub-projects that contribute to protecting and improving the environment, and thus to improving living conditions. In parallel to its specific action in this sector, the CEB also systematically takes into account the environmental aspects of all the projects that it appraises, regardless of the sector concerned.</p> <p>The CEB can finance sub-projects concerned with:</p> <ul style="list-style-type: none"> <li>i. reduction and treatment of solid and liquid waste;</li> <li>ii. clean-up and protection of surface and underground water;</li> <li>iii. decontamination of soils and aquifers;</li> <li>iv. protection against noise;</li> <li>v. production of renewable energy;</li> <li>vi. energy saving measures (excluding energy production/distribution);</li> </ul>
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	<p>vii. reduction of air pollution;  viii. protection and development of biodiversity;  ix. cleaner transport means and networks.</p> <p>As regards the production of renewable energy, projects eligible for CEB financing must be strictly in line with the specifications and requirements defined by CEB during appraisal.</p> <p>Lastly, these projects must concern populations defined at local or regional level.</p> <ul style="list-style-type: none"> <li>• Exclusion List</li> </ul> <p>The following economic sectors and activities defined by the NACE nomenclature of the European Union shall be excluded from CEB financing:</p> <ul style="list-style-type: none"> <li>• Mining and quarrying (NACE B) except division 8 Other mining and quarrying (8.1 Quarrying of stone, sand and clay; 08.91 Mining of chemical and fertiliser minerals and 08.92 Extraction of peat; 08.93 Extraction of salt)</li> <li>• Distilling, rectifying and blending of spirits (NACE C11.01)</li> <li>• Manufacture of tobacco products (NACE C12)</li> <li>• Manufacture of coke and refined petroleum products (NACE C19)</li> <li>• Processing of nuclear fuel (NACE C24.46)</li> <li>• Manufacture of weapons and ammunition (NACE C25.4)</li> <li>• Manufacture of military fighting vehicles (NACE C30.4)</li> <li>• Financial and insurance activities (NACE K64-66)</li> <li>• Real Estate Activities (NACE L68)</li> <li>• Gambling and betting activities (NACE R92)</li> <li>• Activities of membership organisations (NACE S94)</li> <li>• Activities of extraterritorial organisations and bodies (NACE U99)</li> </ul> <p>Investment sub-projects linked to pornography and to products regarded by the CEB's member states regulations as harmful to the health and the environment shall also be excluded.</p> <p>The costs eligible for CEB financing include:</p> <ul style="list-style-type: none"> <li>i. The surveys or studies (technical, economic or commercial, engineering) the technical supervision of the project and other project related professional services. These costs should not exceed 5% of the total cost of the project,</li> </ul>
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	<p>unless justified;</p> <ul style="list-style-type: none"> <li>ii. The acquiring land directly linked to a project, at its purchase price, unless it has been donated or granted;</li> <li>iii. Preparation of the land;</li> <li>iv. Construction/renovation/modernization or purchase of buildings directly linked to a project;</li> <li>v. The installation of basic infrastructure such as sewerage, water supply, electricity and telecommunications networks, waste disposal and waste water treatment, roads, etc.;</li> <li>vi. The maintenance of the viability and sustainability of the public services;</li> <li>vii. The purchase of materials, equipment and machinery, including IT equipment and software, as well as the related costs linked to the training of staff;</li> <li>viii. Technical assistance as defined under the dedicated Chapter of the current Handbook.</li> </ul> <p>Contingencies for unanticipated costs (technical and/or price increases) can be financed by CEB. These represent financial coverage in respect of possible changes in the quantity of work required, or of unit prices, in the type and quantity of equipment to be purchased or in the method of carrying out the project. Depending on the sector of activity and the various components of the project, these contingencies may represent up to 10% of the total cost of the project. The percentage of contingencies may be higher if justified during appraisal.</p> <p>CEB loans cannot cover staff costs (wages/salaries and other related benefits such as pension payments), financial charges and non-cash elements such as depreciation. Such costs may however be considered eligible when they relate to project management or technical assistance required for project preparation and implementation</p> <p>Financial costs or investments (payment of debts, refinancing, interest charges, acquisition of interest in the capital of an enterprise, etc.) cannot be included in the estimated cost of the project and cannot be financed by the CEB.</p> <p>Investment expenditures in the form of transfers to contributory or budgetary organisations providing public service as well as expenditures for “soft” projects (e.g.: trainings, information system designed to provide service and information to the public and public authorities, IT hardware, etc.) will be considered as eligible.</p> <p>All investments and ESIF sub-projects eligible under all of</p>
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	<p>the OPs available to TTSK will be considered as eligible under the Programme as long as they are eligible under any CEB Sectors of Action.</p> <p>Costs related to ESIF co-financed sub-projects which cannot be financed by ESIF will be eligible for CEB financing if they meet CEB eligibility criteria.</p> <p>Non-deductible and non-refundable VAT and other tax-related costs non-deductible and non-refundable can be considered as eligible costs.</p>
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<b>IV. Social impact</b>	<p>The social effects under the “Local roads’ modernization - Transportation infrastructure” Component will stem from improved quality, reliability, safety, comfort and accessibility of road transportation infrastructure.</p> <p>The “Public services, Education and Cultural Heritage” Component will mainly support reconstruction and refurbishment of education infrastructure, social service facilities and national and historical monuments which will benefit a high number and wide variety of final beneficiaries.</p> <p>The social effects of “Investments under ESIF” Component expected under the OP QE will stem from the sustainable use of natural resources; active adaptation to climate change with particular focus on flood protection; promotion of risk management in the area of climate change; and support to energy-efficient solutions in all sectors. Under the IROP, the social value should stem from the development of regional competitiveness; the support of infrastructure, accessible and efficient public services; the support of business and jobs creation; and the support of local communities in towns and villages.</p> <p>The whole Programme will play an active role in reducing the gap between TTSK’s quality of services ranging from social services to transportation infrastructure and that of the Bratislava region or regions of the more developed economies of the EU.</p>
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## APPENDIX 2

### Form of Legal Opinion

Council of Europe Development Bank  
55, avenue Kléber  
F-75116 Paris

Attn: Projects Department  
Cc: Office of the General Counsel

[●], [INSERT DATE]

Re: ***Framework Loan Agreement between the Council of Europe Development Bank and the Trnava Self-Governing Region – EUR 12 million***

Dear Sir,

I, the undersigned [●],[INSERT TITLE], give this opinion pursuant to Article 4.5 of the Framework Loan Agreement (the “**Agreement**”) entered into on [●] 2017 between the Council of Europe Development Bank (the “**CEB**”) and the Trnava Self-Governing Region (the “**Borrower**”) for a Loan Amount of EUR 12,000,000.

Terms defined in the Agreement shall have the same meaning herein, unless otherwise specified.

For the purposes of this opinion, I have inspected the signed copy of the Agreement and have examined such laws, statutes, documents and other matters, and have made such other enquiries, as I have considered necessary or appropriate for the purpose of giving this opinion.

Based on the foregoing, I am of the opinion and state, respectively, that:

1. The Borrower has the legal capacity, power and authority to enter into the Agreement and perform its obligations thereunder;
2. All action required from the Borrower for the execution, delivery and performance of the Agreement, including any required authorisation from its competent bodies, has been duly and effectively taken. In particular, no further action is required from the Borrower, apart from execution by a duly empowered representative of the Borrower, in order to issue a Disbursement Request under the Agreement.
3. The Agreement has been duly executed and delivered by [●], [INSERT TITLE], as lawful representative of the Borrower ;
4. No authorisations, consents, licences, exemptions, filings, notarisations or registrations are required in the Slovak Republic in connection with the execution, delivery or performance of the Agreement in order to give rise to legally valid, binding and enforceable obligations for the Borrower and for the Agreement to be admissible as evidence in the Slovak Republic.

5. No provision exists in the Slovak Republic, which would make it necessary to ratify the execution, delivery, and performance of the Agreement;
6. The execution of the Agreement is not subject to any tax or stamp duties in the Slovak Republic;
7. There are no deductions or withholdings, whether on account of any taxes or charges otherwise imposed, levied or assessed by or on behalf of the Slovak Republic to be made from any payment to be made to the CEB by the Slovak Republic pursuant to the Agreement;
8. No exchange control consents are necessary to receive disbursements, to repay the same and to pay interest and all other amounts due under the Agreement;
9. The choice of the law of 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 as the law governing the Agreement is valid and enforceable against the Borrower under Slovak laws; and
10. By virtue of the provisions of the Agreement, the arbitration court established under the conditions laid down in Chapter 4 of the CEB's Loan Regulations shall have jurisdiction in relation to any claim or dispute between the Slovak Republic and the CEB arising out of the Agreement, and any judgment of such arbitration court against the Borrower in relation to the Agreement is enforceable in the Slovak Republic in accordance with the terms of Article 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).

Based on the foregoing, I have come to the conclusion that all requirements specified in the laws, regulations and legally binding decisions currently applicable to the Slovak Republic and/or governing the Agreement were complied with in order that the Agreement be legally valid and binding upon Trnava Self-Governing Region as the Borrower, and I am of the opinion that the Agreement constitutes legally valid and binding obligations of the Trnava Self-Governing Region as Borrower, and commits the Trnava Self-Governing Region irrevocably to the fulfilment of its obligations under the Agreement according to its terms.

This opinion relates only to Slovak law as currently applied by Slovak courts at the date of this legal opinion and I have made no investigation of the laws and regulations of any country or jurisdiction other than the Slovak Republic and I do not express or imply any opinion on such laws and regulations. I have assumed that there is nothing in the laws and regulations of any jurisdiction outside the Slovak Republic, which affects this legal opinion. My opinion is to be construed in accordance with and is governed by the laws and regulations of the Slovak Republic.

Yours sincerely,

.....  
[•]

### APPENDIX 3

#### DISBURSEMENT REQUEST (TEMPLATE)

LD [●] – [●] Tranche

With reference the Framework Loan Agreement dated [●] (hereinafter, the “**Agreement**”) between the Council of Europe Development Bank (hereinafter, the CEB) and [BORROWER] (hereinafter, the “**Borrower**”), [BORROWER] hereby requests the CEB, in accordance with Sub-clause 4.3(a) of the Agreement, to proceed with the disbursement of a Tranche under the specific terms and conditions set out below.

Terms defined in the Agreement shall have the same meaning herein, unless otherwise specified.

Currency/Amount	[●]		
Disbursement Date	[●]		
Principal Repayment Period	[●] years [including a grace period of [●] years]		
Principal Repayment Date(s)	[●]		
Maturity Date	[●]		
Interest Rate	Fixed	Maximum [●] <i>per annum</i>	
	Floating	Reference Rate:	[[●]-month EURIBOR/INSERT ANY OTHER REFERENCE RATE] <i>per annum</i>
		Spread	Maximum [●] basis points
Interest Period	[Quarterly] [Semi-annually] in arrears		
Interest Payment Dates	The interest payment will take place on [●] every year and for the first time on [●]		
Day Count Convention	Modified Following Business Day Convention		
Business Day	Any day on which TARGET 2 (Trans-European Automated Real-time Gross Settlement Express Transfer system) is operating		
Borrower's Account	Beneficiary's Name	[●]	
	Beneficiary's Bank	Name	[●]
		City	[●]
		SWIFT	[●]
		IBAN	[●]
		Reference	[●]
	Correspondent Bank (if applicable)	Name	[●]
		City	[●]
		SWIFT	[●]
		IBAN	[●]

[●], on [●].

For the Borrower  
[INSERT NAME(S)/TITLE(S)]



**DISBURSEMENT NOTICE (TEMPLATE)**

LD [●] – [●] Tranche

In response to your Loan Disbursement Request dated [●] with reference the Framework Loan Agreement dated [●] (hereinafter, the “**Agreement**”) between the Council of Europe Development Bank (hereinafter, the CEB) and [BORROWER] (hereinafter, the “Borrower”), the CEB hereby notifies to the Borrower, in accordance with Sub-clause 4.3(b) of the Agreement, the terms and conditions of the disbursement of the relevant Tranche.

Terms defined in the Agreement shall have the same meaning herein, unless otherwise specified.

Currency/Amount	[●]		
Disbursement Date	[●]		
Principal Repayment Period	[●] years [including a grace period of [●] years]		
Principal Repayment Date(s)	[●]		
Maturity Date	[●]		
Interest Rate	Fixed	[●] <i>per annum</i>	
	Floating	Reference Rate:	[[●]-month EURIBOR/INSERT ANY OTHER REFERENCE RATE] <i>per annum</i>
		Spread	[●] basis points
Interest Period	[Quarterly] [Semi-annually] in arrears		
Interest Payment Dates	The interest payment will take place on [●] every year and for the first time on [●]		
Day Count Convention	Modified Following Business Day Convention		
Business Day	Any day on which TARGET 2 (Trans-European Automated Real-time Gross Settlement Express Transfer system) is operating		
Borrower's Account	Beneficiary's Name	[●]	
	Beneficiary's Bank	Name	[●]
		City	[●]
		SWIT	[●]
		IBAN	[●]
		Reference	[●]
	Correspondent Bank (if applicable)	Name	[●]
		City	[●]
		SWIFT	[●]
		IBAN	[●]
CEB's account	Beneficiary's Name	Council of Europe Development Bank	
	Beneficiary's SWIFT	CEPFRPP	
	Beneficiary's Bank	Name	Deutsche Bank
		City	Frankfurt (Germany)
		SWIFT	DEUTDEFF
		IBAN	DE44 5007 0010 0928 7384 00

Paris, on [●]

For the CEB  
[INSERT NAME(S)/TITLE(S)]

## APPENDIX 4

### Reporting (Sub-project Identification Report, Completion Report)

#### Identification of Eligible Sub-Projects

LD 1926 (2017) - Tmava Self-governing Region

Date of Progress Report: DD/MM/YYYY

Ref.	Name of the Task	Brief Description of the Investment	Type of Beneficiary (Public/Private Associations/ or else)	CEB Sector of Action (1)	EU Operational Programme (2)	Location	Total Investment Cost (3)	IMPLEMENTATION PERIOD		Budget Expenditure								Expected "EU funds reception" date	Actual "EU funds reception" date	Number of Inhabitants	Number of Users	Energy Savings (Year/No)	Specific Indicators (4)	Project Subject to EIA (Yes/No) (5)			
								Start of Works MM/YY	Planned to be completed MM/YY	Budgeted YEAR 1	Budgeted YEAR 2	TOTAL	Committed YEAR 1	Committed YEAR 2	TOTAL	Incurred YEAR 1	Incurred YEAR 2								TOTAL		
1																											
2																											
3																											
4																											
5																											
6																											
7																											
8																											
9																											
10																											
11																											
12																											
13																											
TOTAL																											
Financed by:																											
Borrower's own funds (excluding CEB loan)																											
CEB Loan																											
EU Funds																											
Others																											

(1) Acronyms to be utilised: MUR for Improving living conditions in urban and rural areas; PH for Cultural Heritage; PE for Protection of Environment

(2) Identification of the Operational Programme - OP QE, ROP and INTERREG

(3) Any sub-project total costs exceeding the EUR 5 million threshold shall require a case-by-case CEB approval and project-specific monitoring indicators would apply.

(4) Please see the list of indicators in the following page. Please use the corresponding cell of the column "I" to indicate respective indicators.

(5) For EU funded projects, please indicate: NO, no EIA required; S-Q, Annex II screened out; Yes, Annex I project or Annex II screened in; If YES, provide copy of IHS or a link to a public version of IHS on a relevant public entity's official web site at allocation or as soon as available

## Reporting (Completion Report)

PM List of Indicators Improvement of living conditions in urban and rural areas		
✓ Roads		
Outputs	Indicators	Unit
	Length of roads created and/or rehabilitated	km
	Other structures (bridges, flyovers, wildlife/ecological corridors, acoustic screens, sidewalks, bicycling paths, street lightning, traffic lights)	Number and/or km
Social	Population directly serviced	Number of households
/Environmental	Average traffic flow per period ( <i>day/month/year</i> )	Vehicles/period
✓ Public Transport		
Outputs	Indicators	Unit
	Mode ( <i>tramway, trolleybus, bus, metro, train etc. )</i>	Mode
	Length of routes created or rehabilitated	km
	Rolling stock purchased	Number of vehicles
	Depot created/extended/rehabilitated	Number and/or m²
Social	Transportation density ( <i>average payload per day/year</i> )	Passengers/period
/Environmental	Service level ( <i>population within 500 m from access point</i> )	Number of persons
✓ Facilities (i.e. cultural centers, clinics, schools, kindergartens, old persons homes)		
Outputs	Indicators	Unit
	Type ( <i>cultural centre, multimedia library, medical clinic, school, kindergarten, old persons' home etc .)</i>	Type
	Area built/extended or rehabilitated	m²
Social /Environmental Impact	Design capacity ( <i>theoretical maximum output</i> )	Number of units and/or persons
	Average occupancy rate per period ( <i>month/year</i> )	%
	Energy efficiency rating targeted	A, B or C
	Expected reduction in greenhouse gases emissions orenergy consumption	t CO₂ eq
		or kWh/m²/year
✓ Water supply services		
Outputs	Indicators	Unit
	Length of new or rehabilitated network/pipes	km
	Capacity of treatment plant constructed or rehabilitated	m³/day
	Connections created or rehabilitated	Number
Social	Population benefitting from safe drinking water	Households/persons
/Environmental	Service level ( <i>customers with 24 hours supply</i> )	Households or %
✓ Sewerage and Drainage Facilities		
Outputs	Indicators	Unit
	Length of new or rehabilitated network/pipes	km
	Capacity of sewerage treatment plant constructed or rehabilitated	m³/day
	Connections created or rehabilitated	Number
Social	Population benefitting from improved sanitation	Households/persons
/environmental impact	Expected reduction in <i>greenhouse gases emissions</i> or energy consumption	t CO₂ eq or kWh/m²/year

PM List of Indicators Historic and cultural Heritage		
Outputs	Indicators	Unit
	Type (museum, palace, historic building, etc. )	Type
	Area built/extended or rehabilitated	m <sup>2</sup>
Social /Environmental Impact	Design capacity (theoretical maximum number of visitors/users )	Number of units and/or persons
	Average number of visitors/users per period (month/year)	%
	Energy efficiency rating targeted	A, B or C
	Expected reduction in greenhouse gases emissions orenergy consumption	t CO <sub>2</sub> eq
		or kWh/m <sup>2</sup> /year

PM List of Indicators Protection of the environment		
✓ Sewerage and Drainage		
Output	Indicators	Unit
	Length of new or rehabilitated network/pipes	km
	Capacity of sewerage treatment plant constructed or rehabilitated	m <sup>3</sup> /day
	Connections created or rehabilitated	Number
Social /environmental impact	Population benefitting from improved sanitation	Households/persons
	Expected reduction in <i>greenhouse gases emissions</i> or energy consumption	t CO <sub>2</sub> eq or kWh/m <sup>2</sup> /year
✓ Waste Management		
Output	Indicators	Unit
	Number of <i>waste collection vehicles</i> financed	Number of vehicles
	Number of primary/secondary collection points created/ rehabilitated	Number of collection points
	Capacity (or increase in capacity) of new landfill/ treatment plant/ incineration	Tons per year
Social /Environmental impact	Number of households/ <i>users</i> served or with improved service	Households or users
	Hazardous waste	Y/N
	Expected reduction in <i>greenhouse gases emissions</i> or consumption	t CO <sub>2</sub> eq or kWh/m <sup>2</sup> /year
✓ Energy Efficiency		
Output	Indicators	Unit
	Number of apartments/dwellings/ <i>schools/building</i> rehabilitated	Number
	Number of social housing dwellings rehabilitated (if applicable)	Number
	Average reduction in energy use targeted	%
	Reduction in greenhouse gases emissions or <i>consumption</i>	t CO <sub>2</sub> eq or kWh/m <sup>2</sup> /year
	Energy efficiency level (A,B,C) targeted	A, B, C level
Social/ Environmental Impact	Number of residents/ <i>users</i> benefitting from improvements/works	Number
	Reduction in consumption expected (in € or % or rent or % of housing charges)	€ or %