



GOVERNMENT OF BERMUDA

The Ministry of Finance

Ministry of Finance Headquarters

TO: Mr. E. David Burt, JP, MP
Shadow Minister of Finance

FROM: The Hon. E. T. Bob Richards, JP, MP
Minister of Finance

DATE: May 12, 2017

PARLIAMENTARY QUESTIONS

1. Will the Honourable Minister please inform this Honourable House the percentage of Government Contracts awarded to small business during the 2017 fiscal year?

At this time the Ministry is unable to answer this question.

2. Would the Honourable Minister please inform this Honourable House the total amount of funds paid to any contractor/consultant by the Government of Bermuda in connection with the Airport Redevelopment Project during fiscal years 2015, 2016 and 2017?

The total amount of funds paid to any contractor/consultant by the Government of Bermuda in connection with the Airport Redevelopment Project during fiscal years 2015, 2016 and 2017 was \$8,506,571.98.

3. Would the Honourable Minister please list by contractor/vendour the total amount of funds paid by the Government of Bermuda in connection with the Airport Redevelopment Project during fiscal years 2015, 2016 and 2017; and the purpose for the expenditure?

The list by contractor/vendour of the total amount of funds paid by the Government of Bermuda in connection with the Airport Redevelopment Project during fiscal years 2015, 2016 and 2017; and the purpose for the expenditure is as follows:

HNTB

Amount Paid: \$803,301.69

Scope of Services: HNTB has provided continuous oversight and support during the design and development stages of the Airport Re-development Project, through reviews of the design documents prepared by the design consultant team commissioned by the Canadian Commercial Corporation (CCC) and its primary contractor, Aecon Limited.

Additionally, the design review process included but not limited to an assessment of; Engineering and Architectural Requirements, Standards and Disciplines; Aesthetics; Building and Finishing Materials; Renderings; Project Timelines and Schedules; and Project Definition Documents. This scope of work ensured that the building specifications defined by Bermuda for the new Terminal development were realized.

Leigh Fisher

Amount Paid: \$274,408.18

Scope of Services: Provision of technical and traffic advisory services during the contract negotiations and project scope, financial modeling and design work through to Financial Close, for the proposed Airport Redevelopment Project. LeighFisher's scope of work was segmented into two deliverables. The first task involved the firm outlining a business case development that helped to address the gaps highlighted in the Deloitte Report, specifically, to demonstrate that Bermuda's chosen procurement approach met organizational needs as well as delivered value for money. The firm reviewed the business model and travel forecast prepared by AECON's financial advisor and ascertained the potential cash flows to and from the Government arising from the P3 approach. Task order 2 ensured that Bermuda had adequate assurance that the proposed P3 would address our needs and aspirations. Specifically, the firm worked with Bermuda's team of advisors in drafting and providing input on the concession agreement;

provide advice on the staffing structure of both the Quango (i.e. Airport Authority) and Project Co. (i.e. Special Purpose Company); and assist the Government in its negotiations.

KPMG

Amount Paid: \$1,329,619.83

Scope of Services: Provision of project management services during the contract negotiations and project scope, financial modeling and design work through to Financial Close, for the Airport Redevelopment Project.

KPMG provided professional project management services which supported and coordinated the setting up of governance and organizational processes which enabled Bermuda to advance the project through to Financial Close. KPMG was responsible for the day-to-day programming, scheduling, and achievement of Bermuda's commitments as defined in the ADA schedule of deliverables. This required KPMG to work closely with the DAO and its advisors reporting directly to Bermuda's Project Sponsor and the Cabinet Project Board.

KPMG were directly involved in negotiations and developed the Government review and approvals process plan and supported the execution of that plan to help ensure the successful delivery of the project. Of equal significance, the firm established the governance structure to help ensure oversight of the Project and the internal project management structure. Its coordination and support of the project management of multiple Government departments and its assistance in the development and amendment of legislation was critical to the Airport Redevelopment project.

KPMG also assisted with the development and coordination of the entrustment reports required by the FCO

CIBC

Amount Paid: \$1,303,070.30

Scope of Services: The purpose of CIBC's engagement was to provide financial advice to the Bermuda Government in connection with the L.F. Wade International Airport Redevelopment Project and to perform the financial advisory services set out below:

Scope of Work

Phase 1: Preliminary Due Diligence, Project Scoping and Airport Project Concept

- Provide general financial advice and assistance in developing feasible structuring, financing and payment options for the development, construction and operations of the Project
- Assist Bermuda in the selection and coordination of various advisors including legal counsel
- Provide preliminary views on debt and equity financing options for the Project
- Provide ongoing support to Bermuda in the review and development of the Airport and Causeway Project Concept and plan of finance including an analysis of various payment sources for the Project and the financial capacity and economic viability of the Project
- Assist Bermuda in discussions with the CCC Team on any financing related matters during the collaborative planning and design workshops; participate in the workshops as required
- Comment upon and provide advice on key financing risks associated with the Airport Project Concept and the plan of finance and the appropriate allocation of such risks between the parties
- Development of a preliminary financial model for the Project (the “Financial Model”)
 - Work with advisors to agree on pragmatic demand scenarios
 - Provide advice on the relevant financial assumptions to be incorporated into the Financial Model
 - Include functionality to run different scenarios and sensitivities for various organizational structures, capital cost estimates and sources of financing
 - Provide input on affordability of different project scope options
- Complete a preliminary risk assessment to complement the financial scenarios
- Provide recommendations and support to Bermuda in order to arrive at a “Go-No-Go” decision for the Airport Project

Phase 2: Airport Development Plan to Concession Contract

- Provide strategic advice and financial advisory support to Bermuda in the negotiation and finalization of the Airport Development Agreement
- Assist Bermuda in liaising and coordinating with its various other advisors to the extent there are finance related implications
- Participate alongside Bermuda in meetings and negotiations with the CCC Team and CCC Developer in connection with the Project, including the negotiation of the Concession Contract
- Assist Bermuda in assessing the impact of various terms and conditions of the Concession Contract on the financing capacity of the Project, including implications for lenders, underwriters and rating agencies
- Develop a proposed financing strategy for both the Airport and Causeway components of the project
- Assist Bermuda in the identification of risks associated with the Project and provide recommendations to improve the structure, marketability or value of the transaction
- Provide ongoing support to Bermuda in reviewing and evaluating the plan of finance including various debt solutions, views on pricing, structure and execution certainty and provide recommendation on a financing solution that is optimal given the needs of Bermuda
- Develop a preliminary marketing and capital raising plan, and test market interest by contacting a small number of prospective investors
- Provide advice on any financing or capital markets issues raised by prospective lenders
- Development and updating of a comprehensive Financial Model to determine the optimal financing structure and debt capacity to support a credit rating for the Project. The Financial Model will need to be sufficiently flexible to accommodate commercial and financial adjustments, various stress tests and detailed sensitivity analysis.

Phase 3: Financing Phase to Financial Close

- Provide financial advisory support to Bermuda throughout the review and negotiation of financing and project documentation including any marketing and offering documentation associated with the financing solution
- Assist Bermuda and the CCC Team in securing a credit rating for the debt financing facility(ies)
- Launch marketing effort to attract prospective investors
- Coordination with the lenders/bond underwriters on the closing and pricing process including the execution of any potential hedging strategy
- Assist Bermuda in the finalization of its financial due diligence
- Assist Bermuda with the closing process including ensuring satisfaction of CPs under the financing documentation

Bennett Jones

Amount Paid: \$4,368,464.98

Scope of Services: Provision of highly specialized legal services with regard to the Airport Redevelopment Project

MJM

Amount Paid: \$427,707.00

Scope of Services: Provision of legal services