

## **Airport Redevelopment Transaction**

### **Blue Ribbon Panel, Terms of Reference**

#### **Introduction**

The L.F. Wade International Airport (“the Airport”) has exceeded its useful life and requires major repairs and renovation to remain operational. Since the Airport Master Plan was published in 2006, there has been little doubt that issues concerning this vital piece of Bermuda’s infrastructure need to be addressed. The Government has outlined its reasons for using a Government to Government (“G2G”) approach which has involved negotiating the Project Agreement with the selected counter-party instead of using a competitive process. As a result, there has been considerable debate in the community about whether the transaction is commercially sound.

#### **Objective**

The Government is inviting the Blue Ribbon Panel to consider the Project Agreement and any other documentation related to the transaction so that it may form its independent view of whether the deal is reasonable and fair.

#### **Background**

Given fiscal constraints the Government plans to use the public-private partnership (“P3”) delivery model to finance the cost of building a new airport terminal and to secure a private partner who has the commercial acumen to assist the Government in achieving its objectives of increasing passenger volume and replacing a critical piece of Bermuda’s transportation infrastructure.

The Government is asking the Panel to provide its view as to whether the transaction, on balance, is commercially reasonable and supports the Government’s long-term strategic objectives.

#### **Scope**

The Panel will have complete access to documentation related to the transaction, the Government’s legal, financial, technical, and project management advisors, senior representatives of the Canadian Commercial Corporation (“CCC”) and Aecon Concessions (collectively the “Concessionaire”). The Panel is expected to review the documentation, ask questions and challenge the information, as it may wish to do, in order to reach a consensus view of whether the transaction, which is at a substantially complete stage, is commercially sound.

The Panel is asked to consider whether the transaction meets the following criteria:

- The Government’s strategic objectives of long-term sustainability:
  - Increasing traffic volume and revenue,
  - Addressing structural needs of the airport terminal, and
  - Improving customer experience.
- The transaction incentivizes the Concessionaire to support the Government’s long-term objectives.

- On balance, the deal is within the parameters for similar P3 airport concession transactions in the market.
- The transaction provides for the Government to share in upside benefits and mitigates downside risks.

### **Deliverable and Timing**

The Panel will provide a statement outlining its view on the commercial reasonableness of the transaction. The statement will be released to the public. The statement is required to be completed and presented to the Minister of Finance by Tuesday, January 31, 2017.