



MINISTRY OF TRANSPORT

The Hon. W. Lawrence Scott, JP MP
Minister of Transport

MINISTERIAL STATEMENT

SUBJECT

Skyport Minimum Revenue Guarantee

7 May 2021

Mr. Speaker, much has been said in the media recently about the payments being made to Skyport under the Minimum Revenue Guarantee obligations as set out in the Project Agreement. **Mr. Speaker,** this Government takes all of its contractual obligations very seriously and I would like to take this opportunity to set the record straight and to provide all of the facts relating to these contractual payments.

Mr. Speaker, I would like to clearly state from the outset that the Bermuda Airport Authority has met all of its contractual obligations to pay all amounts due and payable as part of the Government's Minimum Revenue Guarantee, which I will refer to as the MRG. The Airport Authority has been required to make three MRG payments to date since July 2020, which I will cover shortly.

Mr. Speaker, to be clear there have been no overpayments by the Bermuda Airport Authority because the Airport Authority's officers undertake extensive due diligence prior to advising me when an MRG payment is due.

Mr. Speaker, the Project Agreement contains a pre-determined payment schedule of the MRG amounts for each calendar quarter of the 30-year contract. The process is such that, at the end of each quarter, Skyport issues a report to the Airport Authority for the actual regulated revenues it has received for that particular quarter. If the actual regulated revenues received by Skyport are below the MRG

threshold, then the Airport Authority must transfer funds, in an amount equal to the difference, into the Guaranteed Revenue Reserve Account, which is an ESCROW account in Skyport's name.

Mr. Speaker, the Airport Authority made two such MRG transfers in 2020:

- in July 2020, in the sum of \$5,770,995.54;
- And in October 2020, in the sum of \$15,232,889.70.

Mr. Speaker, the intent of these payments is to support Skyport's debt servicing.

Mr. Speaker, in December 2020, as per the Project Agreement, the ESCROW account was audited by an external independent firm. The audit concluded that the account had in excess of approximately \$4.2 million. This amount was subsequently transferred by Skyport back to the Airport Authority.

Mr. Speaker, at the end of March Skyport reported that the actual regulated revenues it had received for the quarter were \$3,929,849.89 below the MRG threshold. As such, the Airport Authority was obligated to transfer that amount to the ESCROW account in April 2021. This \$3.9 million was paid for out of the 4.2 million that Skyport was obligated to return to the Airport Authority back in December.

Mr. Speaker, this is a complex matter and the Bermuda Airport Authority is doing an excellent job in managing it along with all of its other contractual obligations and oversight responsibilities. I would like to reiterate, **Mr. Speaker** that the Bermuda Airport Authority has met all of its contractual obligations relating to the MRG payments and this Government has, and continues to, provide the necessary funds to enable the Airport Authority to meet its contractual obligations. There have been no overpayments by the Bermuda Airport Authority.

Thank you, **Mr. Speaker**.