



Ministry of Tourism, Transport & Municipalities

Ministerial Statement

The Hon. Dr. Grant Gibbons, JP, MP

Spokesperson for Tourism, Transport and Municipalities

19 May 2017

**SUBJECT: Supplemental Agreement between
the Hotelco Bermuda Holdings Ltd and
Government of Bermuda**

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Mr. Speaker, two weeks ago Honorable members will recall representatives from the Bermuda Government, Marriott International, Hotelco Bermuda Holding Ltd., the Corporation of St. George's and other invited guest gathering in St George's to witness the ground-breaking of the new 122-room St. Regis Hotel.

The Government was delighted to see so many in attendance and to deliver on a long standing promise to see a hotel constructed in the east after many disappointments.

Mr. Speaker, you may recall that in addition to the 122 rooms and suites, this luxury hotel will feature the St. Regis restaurant, bar and wine vault, a casino, an 18 hole golf course designed by Mr. Robert Trent Jones and 3,000 sq. ft. of meeting space among other amenities. At full build out there will be seven (7) condominium buildings adding ninety-eight (98) St Regis Residences to the resort. As Tim Sheldon, the President, of Caribbean and Latin America, Marriott International commented on the day, *"We are delighted to be breaking ground on a new St. Regis hotel in Bermuda today, which will be a jewel in the St. Regis family"*.

Mr. Speaker, a project of this magnitude requires many public and private stakeholders working together to ensure that the initial one hundred and fifty million (\$150,000,000) investment in the east (which will increase to three hundred and twenty-five million dollars (\$325,000 000) with construction of the Residences), progresses as seamlessly as possible. From excavation to finish works, this development is expected to provide jobs in a range of areas including construction, plumbing, engineering, architecture and landscaping. And upon completion, opportunities at the entry level position to senior management will be available to those choosing a career in the hospitality industry.

Mr. Speaker, last week Members heard from my Honourable colleague, the Minister of Finance who mentioned the pending execution of a Government Guarantee on behalf of Hotelco Bermuda in relation to loans for the construction of the proposed St Regis Hotel in St. George's. The Minister stated that "Government has supported the financing of this project by committing to provide a guarantee of up to \$25 million for an estimated project cost of \$150 million for just the hotel and its

amenities, as well as the golf course improvements and casino in the first instance.

Mr. Speaker, in addition to the financing, a number of infrastructure related matters will also need to be addressed before, during and after construction. In the course of project review, a number of these matters were identified as items with which the Government could assist.

As that is the case, a Supplementary Agreement was settled between the parties – Hotelco Bermuda Holdings Ltd (HBHL) and the Bermuda Government. This Agreement encompasses those responsibilities and commitments as follows.

The Government has committed to:-

1. drill one additional water well at the site and install a back-up generator (maximum cost \$650,000);
2. provide free metered water for a period of three years following issuance of the Hotel Occupancy Certificate not to exceed \$300,000 per year;
3. construct and pave a new, realigned public road and ensure public parking spaces up to a maximum cost of \$850,000;

4. repair access roads to Fort Victoria and Fort Albert up to a maximum cost of \$300,000;and,
5. remove illegally dumped refuse items in the vicinity of the forts on the site;

Concurrently, HBHL's has committed to:-

1. be responsible for and pay all costs associated with maintenance and/or repair of the back-up generator;
2. use the water supplied in reasonable quantities and pay the Government for any water used that is in excess of \$300,000 per year;
3. for the purposes of maintenance, allow access to the well that is drilled and any other well on the site at reasonable times and, in the case of an emergency, immediately;
4. repair and maintain the non-public access roads at HBHL's cost and expense, once the work is undertaken by Government;
5. commence major excavation works within 60 days of completion of the road realignment.

Mr. Speaker, for the Bermuda Government, the cost of the obligations I have listed above totals two million seven hundred

thousand dollars (\$2,700,000), some of which is spread over three years.

Combined with the loan guarantee, this is a small figure when compared with the commitment being made by the developers in respect of the overall three hundred and twenty-five million dollar (\$325,000 000) investment in Bermuda.

Mr. Speaker, these items will provide necessary infrastructure support to the project and bring improvements to the area, for example, in the provision of better access and parking for the fort and the beach at Fort St Catherine. The Government's assistance is important in the successful completion of the new hotel. Once completed, the developers will take on responsibility for repair and maintenance of the generator and non-public roads and, most importantly, will commence building construction activities after the current site preparation activities are concluded.

Mr. Speaker, this project will greatly benefit Bermuda and particularly the people in St. Georges. The Developers are committed to partnering with Bermuda to ensure the project's success just as they have done with their other hotel developments

across the Caribbean. We are extremely pleased to be working with them.

Mr. Speaker, Bermuda is experiencing a tourism renaissance, with hotel developments at Morgan's Point, The Loren at Pink Beach, the construction of the new airport and now, The St. Regis Hotel in St George's. Investment at this level after many years reflects a confidence in Bermuda and its tourism product that is exciting and hard earned.

Mr. Speaker, truly these are exciting times for Bermuda and we look forward to the opening of the hotel in 2020.

Thank you **Mr. Speaker!**