



# IGH Credentials - Infrastructure

KPMG Islands Group

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# KPMG Islands Group

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KPMG Islands Group is a regional network of KPMG member firms providing Audit, Tax and Advisory services with more than 2,500 outstanding professionals working together to deliver value in The Bahamas, Barbados & the Eastern Caribbean, Bermuda, British Virgin Islands, Cayman Islands, Guernsey, Isle of Man, Jamaica, Jersey, Malta and Trinidad & Tobago. KIG is uniquely structured across island jurisdictions, having worked together for over 20 years, with common clients and industry sectors including financial services, tourism, healthcare, infrastructure and digital.

# John Gray High School in the Cayman Islands

## Preparation of an outline business case and final business case

### Context

The Cayman Islands Government ("CIG") engaged KPMG in the Cayman Islands to prepare an Outline Business Case ("the Project") for the:



Construction of the New John Gray High School ("JGHS" campus).



Repurposing of the George Hicks Site for use by Cayman Islands Further Education Centre ("CIFEC"), Department of Education Services ("DES"), Early Intervention, Student Services, Corners Stones, Stepping Stones, Parenting and Pregnant Teens and University College of the Cayman Islands.



Demolition of the current CIFEC campus for the completion of the new JGHS sports fields.

This project aims to create a positive learning environment for students, develop a new approach towards technical and vocational education and enhance opportunities for young people with special needs.

The project is well aligned with CIG's Strategic Policy Statements and the Cayman Islands Strategic Plan for Education.

### KPMG's role

KPMG in the Cayman Islands was appointed as the prime and financial consultant for the Project. As the prime consultant, KPMG in the Cayman Islands assembled a world class team of educational and technical specialists to deliver a solution that balanced stakeholder needs and fiscal responsibility

KPMG in the Cayman Islands has partnered with Chalmers Gibbs Associates and Jestico & Whiles to develop the architectural designs for the Project. Other advisors include Charterland Ltd (Cost Consultants), Pace Consult (Acoustic Consultants), Cayman Mechanical Company & BrittHay Electric Ltd (Mechanical, Engineering, Fire and Plumbing consultants) and Bolas Engineering (Civil and Structural Consultants).

KPMG in the Cayman Islands' role as the lead advisor included:

- Overall project management of the project including management of sub-consultants.
- Drafting the business case that includes a qualitative and quantitative analysis of the strategic context, financial implications, procurement process and management & governance processes.
- Preparing a financial model to assess affordability and value for money.
- Stakeholder management and communication support through information sessions and detailed interviews where required.

### Outcome

The Outline Business Case was approved by Cabinet in November 2018. The Final Business Case for the construction of the New John Gray High School was approved in June 2020 and construction is now underway. The remaining Final Business Cases for the repurposing and demolition stages are ongoing.

### Key Contacts

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Partner

**Sam Story**  
Principal

# Rio Cobre water treatment plant P3

## Financial advisory

### Context

Water supply to the major population centers of the Kingston Metropolitan Area ("KMA") has not met demand due to insufficient production and systemic losses.

Notwithstanding the National Water Commission's ("NWC") replacement of major water treatment plants and various other works across Jamaica, it is estimated that the KMA has a shortfall of up to 50 MIGD (Million Imperial Gallons per Day), with greater shortages during the dry season.

These shortfalls are primarily the result of 53% of the water produced being lost before it reaches the customer.

NWC determined that to increase supply in KMA over the medium to long term, the following initiatives would be implemented:

- re-activation of disused wells;
- various non-revenue water reduction projects; and
- the procurement of the Rio Cobre, 15-MIGD capacity, water treatment plant at Content, St. Catherine at an estimated cost of US\$60 million.

### KPMG's Role

KPMG in Jamaica assisted NWC management with obtaining approval from the necessary government bodies to proceed with the project, as well as assisting NWC in its negotiations with the Project Consortium, including:

- reviewing the Project Consortium's pricing model for accuracy and consistency with the Water Purchase Agreement ("WPA");
- reviewing WPA and providing assistance with the definitions and sources of data used in the agreement;
- providing tax advice related to the WPA;
- performing a high level affordability analysis of the project based on the NWC's methodology for developing a Public Sector Comparator and a Shadow Bid Model; and
- assisting with the preparation of a business case submitted to Development Bank of Jamaica and Public Investment Management Secretariat ("PIMSEC") for approval.

### Outcome

KPMG's in Jamaica's work was completed within client timelines and assisted with obtaining approval from PIMSEC to proceed with negotiations with the Project Consortium. KPMG in Jamaica also assisted NWC in negotiating the terms of the water purchase agreement with the Project Consortium.

### Key Contact

**Raymond Campbell**  
Partner

# Solid waste management in the Cayman Islands

Financial advisory and procurement assistance

## Context

The Cayman Islands primarily uses a landfill disposal system for its three islands with the Department of Environmental Health (“DEH”) being responsible for the collection of residential and commercial solid waste along with private haulers.

However, there are no franchise collection contracts or service agreements in place between DEH and the haulers. DEH’s solid waste revenue is largely generated from fees on vehicle disposals and removals, incinerations and container rentals as well as an annual allocation from the Cayman Islands Government’s (“CIG”) budget. There is limited revenue from recycling (most recently, scrap metal sales) and no tipping fees are charged for landfill disposal.

In addition to environmental concerns, Grand Cayman’s landfill is expected to reach maximum capacity in approximately five years and Cayman Brac’s landfill is already at capacity.

## The Challenge

CIG has undertaken to develop and implement a cost-neutral, environmentally responsible, 50-year integrated solid waste management strategy based on the preferred hierarchy of:

- Reduce
- Reuse
- Recycle
- Recover
- Dispose

## KPMG’s role

KPMG in the Cayman Islands was appointed as the financial advisor on the engagement supporting a team led by AMEC Foster Wheeler (now, Wood Plc) as the lead consultant. KPMG in the Cayman Islands is assisting with:

- Preparing the financial case portion of the business case issued in accordance with the UK Treasury’s Greenbook and Five Case Model format.
- Preparing and evaluating the financial sections of the tender process. The tender was executed through a competitive dialogue process for a Design-Build-Finance-Operate-Maintain contract.
- Assisting CIG with its negotiations on contract terms with the preferred bidder for the integrated solid waste management solution.

## Outcome

The Preferred Bidder was announced in 2017 and the contracts are due to be signed in 2021, with the facilities being completed and operational from 2024.

## Key Contacts

**Niko Whittaker**  
Partner

**Sam Story**  
Principal

# Bermuda water and wastewater treatment

## Financial feasibility study

### Context

The Government of Bermuda completed the development of a strategy for Sustainable Water and Wastewater Servicing for St. George's Parish. The strategy document examined the treatment and distribution of potable water, the collection and treatment of wastewater and the practical reuse of the treated wastewater.

The Bermuda Ministry of Public Works engaged a consulting engineering firm to evaluate the present state of water infrastructure and propose an integrated resource plan for a water and wastewater servicing for St. George's Parish as a pilot. This pilot is intended to be used as a roadmap to implement a similar plan for Bermuda.

### KPMG's role



Advised on the financial feasibility of the proposed plan to integrate the activities of supplying water, wastewater collection and treatment in St. George's Parish.



Assessed the financial implications of using traditional or P3 financing.



Developed an indicative rate structure to illustrate the estimated costs to consumers of the strategy.

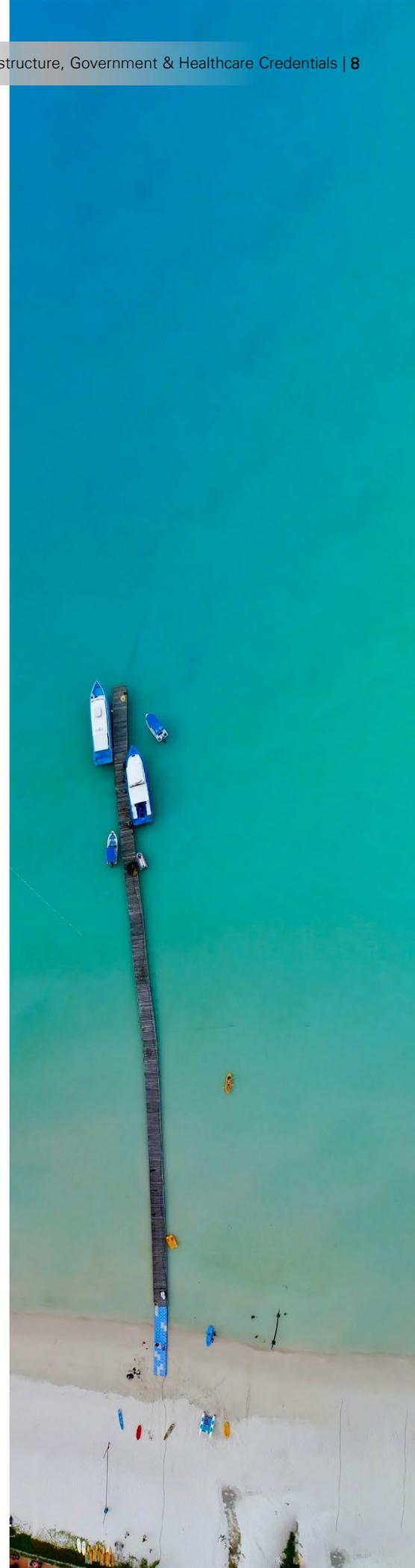
### Outcome

- Indicative consumer rates were developed using traditional and P3 financing approaches.
- The public engagement process assisted in assessing consumers' views on the indicative rate structure which will inform a future business case.
- The plan was made available for the public to view in December 2017.
- KPMG in Bermuda suggested a number of options which could be explored to reduce consumer fees and attract financing.

### Key Contacts

**Steve Woodward**  
Managing Director

**Lori Rockhead**  
Director



# Bahamas energy sector reform

## Financial advisory and regulatory services

### Context

Until a few years ago, electricity supply across The Bahamas was provided by the Bahamas Electricity Company (“BEC”), except in Grand Bahama and a few other isolated locations. Over the years, BEC had become inefficient and heavily burdened with debt, resulting in a high cost of electricity to the consumer. BEC was also completely reliant on fossil fuel generation with no renewable energy production in the energy mix.

The Government of the Commonwealth of The Bahamas embarked on a restructuring of the energy sector with the goal of dramatically reducing the cost of energy to the consumer while developing a reliable, cost effective, secure and environmentally responsible energy sector.

### KPMG’s Role

KPMG in The Bahamas acted as advisor to the Bahamian Government in the initial stage of the reform process and provided the following services:

- regulatory advice with respect to new legislation;
- advice on restructuring and related matters; and
- various financial modelling and other advisory services.

### Outcome

As part of the restructuring of the energy sector, the Bahamian Government passed new electricity legislation, appointed an independent regulator for the sector, and established a new electricity utility for The Bahamas, which continues to be owned 100% by the Government. A new financing structure is also being implemented.

A business plan was developed for the new utility, Bahamas Power and Light Company Ltd. (“BPL”), which called for a complete restructuring of the energy mix and operations of the former BEC, and includes a significant renewable energy component across the many islands in which the utility operates. BPL has responsibility for the provision of electrical supply to 25 island locations across The Bahamas, providing power to over 100,000 customers. This restructuring is ongoing, and BPL is in the process of replacing its base load plant with more efficient, multi-fuel engines.



### Key Contacts

**Simon Townend**

Partner

**Shana Lee**

Managing Director

# Bermuda hospital redevelopment P3

King Edward VII Memorial Hospital Acute Care Wing business strategy, financial advisory and procurement assistance

## Context

Based on a third party assessment that Bermuda's only acute care hospital needed approximately 50% more capacity to sustain the delivery of high quality health care and expand the range of treatment services provided locally (thus reducing the need for patients to travel overseas), the Bermuda Hospitals Board ("BHB") sponsored the King Edward VII Memorial Hospital ("KEMH") Redevelopment PPP to build the Acute Care Wing ("ACW") extension.

The five year project to develop the business case, procure a private sector partner, design and build the ACW ("the Project") was started in late 2008. BHB selected a design, build, finance and maintain delivery model to fit its

requirements. Paget Health Services was selected in December 2010 as the private partner and ground breaking started in January 2011.

## KPMG's role

KPMG in Bermuda acted as business and financial advisor including assisting with:

- developing the business strategy and business case;
- establishing the governance structure to help ensure oversight of the Project;
- developing BHB's project management team structure;
- assisting with the identification and selection of legal and technical advisors;
- establishing the development budget, schedules, communications, records management, risk management and mitigation, and project agreement with the private partner. This work included:
  - marketing of the PPP opportunity;
  - development of the business, regulatory and procurement model;
  - drafting of regulation, contractual terms and procurement documentation; and
  - support through the Request for Qualifications and Request for Proposal stages including the evaluation of qualifications.
- KPMG in Bermuda provided input on the development and amendment of legislation critical to supporting the Project; and
- KPMG in Bermuda was retained as the Fairness Monitor to advise on fairness of the procurement process and to report on compliance with fairness principles established at the outset of the Project to ensure the Project met leading international procurement practice.

## Outcome

The ACW opened for operation in September 2014. The new hospital wing includes 90 single en suite private patient beds, new emergency and diagnostic imaging departments, out-patient services for dialysis and oncology and a new utility hub to support the hospital campus.

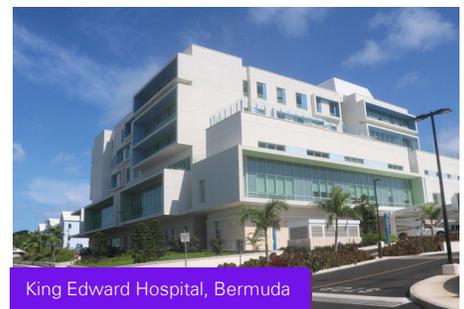
In 2015, KPMG in Bermuda advised BHB in relation to the Paget Health Services' plans to refinance senior debt. The Project Agreement ensured that BHB would share in the benefits, if the Private Partner refinanced. As a result, BHB benefited from a reduction in its annual service payment of over US\$500,000 annually for the remaining 29 years of the Agreement.



## International recognition and awards

Best Accommodation Project, Partnerships Awards 2012 (July 2012)

Press release by World Finance (January 2013)



King Edward Hospital, Bermuda

## Key Contacts

**Steve Woodward**  
Managing Director

**Lori Rockhead**  
Director

# Arawak shipping port

## Capital raising and other advisory services

### Context

Several years ago, the Government of The Commonwealth of The Bahamas (“the Bahamian Government”) decided to relocate container, bulk and break-bulk shippers that operated along the waterfront in the downtown capital of Nassau to a less congested site further west on the island of New Providence.

A coalition of shipping interests formed APD Limited (“APD”) to submit a design, build, finance and maintain proposal for a new port (“Arawak Port”). In May 2010, APD reached a Memorandum of Understanding with the Bahamian Government for the project to move ahead under a 45-year land lease and concession agreement.

As tourism is The Bahamas’ primary industry, a significant benefit of Arawak Port is that it facilitated the Nassau Downtown Revitalization plan which aims to increase tourism in the downtown core. In addition, the revitalization plans include converting downtown Nassau to a “living city” by bringing a new residential component to the area.

### KPMG’s role

KPMG in The Bahamas continues to act as financial advisor to APD, a role held since 2008, and has provided a wide range of services including assistance with:



structuring, negotiating and securing US\$90 million of capital in equity, bridge loan financing, senior bank debt and preference shares;



completing a B\$10 million initial public offering (“IPO”);



developing a financial plan inclusive of a 30-year integrated financial model;



preparing an economic impact study;



advising the commercial terms of key operator license agreements;



benchmarking equipment lease agreements and port tariffs; and



performing an annual review of its tariff structure and dividend strategy.

### Outcome

Arawak Port, an International Ship and Port Facility Security (“ISPS”) compliant facility comprising Nassau Container Port (on Arawak Cay) and Gladstone Freight Terminal (inland terminal), achieved substantial completion in May 2012.

This followed closure of APD’s IPO in January 2011, which was the most highly oversubscribed public offering in the history of The Bahamas. APD’s preference share offering in 2013 was also oversubscribed, at an interest rate margin that was comparable to sovereign domestic offerings.

For two consecutive years, Florida Shipowners Group rated Arawak Port as the Caribbean’s most productive port, beating out 24 regional rivals. APD has over 100 employees and processes more than 70,000 TEUs on an annual basis.

### Key Contacts

**Simon Townend**  
Partner

**Shana Lee**  
Managing Director

# Airport financing in Barbados

Capital raising, due diligence and valuation services

## Context

The Grantley Adams International Airport ("GAIA") is Barbados' only airport and the aviation hub of the Eastern Caribbean, handling daily flights to and from the other Caribbean islands connecting to major cities in the US, Canada, UK and Europe. GAIA is wholly owned by the Government of Barbados and handles in excess of two million commercial passengers annually.

## KPMG's role

KPMG in Barbados and the Eastern Caribbean acted as a financial advisor to GAIA, providing a wide range of services, including assistance with the following:



developing a business plan;



providing operational and financial due diligence; and



preparing a comprehensive valuation report.

## Outcome

- The business plan assisted GAIA with its efforts to expand and formed the basis for its corporatization and privatization objective.
- The operational and financial due diligence subsequently resulted in the strengthening of GAIA's operations.
- The valuation report was prepared, and its conclusion formed a part of the basis used to determine the strategic direction of the airport.

## Key Contact

**Christopher Brome**  
Partner

# L. F. Wade (Bermuda) International Airport redevelopment P3

## Project management and commercial advisory services

### Context

In 2014, the Government of Bermuda ("the Bermudian Government") entered into discussions with Aecon Concessions ("Aecon") and the Canadian Commercial Corporation ("CCC") in relation to using a P3 delivery model to build, finance, and maintain a new airport terminal and operate the Bermuda airport under the terms of a concession agreement.

The Bermudian Government selected the Government-to-Government ("G2G") procurement model which involved negotiating the Project Agreement with Aecon and CCC.

Following the execution of the Airport Development Agreement in 2015, the Bermudian Government required assistance with project management and commercial advice to fulfil its obligations and achieve financial close.

### KPMG's role

KPMG in Bermuda provided project management, commercial advice, negotiation support, and accounting advisory assistance to the Bermudian Government including:

- Developing the Cabinet level governance structure to ensure appropriate executive oversight and project enablement.
- Project managing the Bermudian Government and tri-party working groups, developing the work plan and tracking results.
- Advising on increasing Bermudian labor participation, including the internship program for construction professionals, and proposing a plan for advanced training of Bermudian trade workers which will contribute to long-term sustainable employment.
- Advising on commercial and business terms including appropriate risk transfer, scope and specification of the redevelopment, performance standards and enforcement mechanisms, allocation and mitigation of environmental risks, land and lease issues, needs and rights of Government agencies, establishment of the Bermuda Airport Authority, and stakeholder consultations.
- Supporting the Bermudian Government in negotiations with the Concessionaire on deal terms, and with ensuring the UK Government's conditions for Entrustment were met.
- Advising the Bermudian Government on the accounting treatment for the concession.
- Delivering the P3 workshop to the civil service executive and department heads to increase institutional knowledge of alternative finance for capital development.

### Outcome

The P3 transaction closed on 15 March 2017 and Bermuda Skyport Corporation Limited smoothly assumed operational

responsibilities the following day. In May 2017, the official ground breaking for the new airport

terminal took place. The new airport terminal is scheduled to open in 2020.



### International recognition and awards

Infrastructure Journal's Deal of the Year (2017) – North American Airports

Airport Service Quality (ASQ) (2018) - Most Improved Airport (category < 2 million passengers)

2021 Gold Award, Infrastructure (International), Canadian Council for Public-Private Partnerships Awards for Innovation and Excellence in P3s

### Key Contacts

**Mark Allitt**  
Managing Director

**Lori Rockhead**  
Director

# Additional infrastructure credentials:

## **Kingston dock yard project - development of a business plan**

KPMG in Jamaica assisted German Ship Repair Jamaica Limited with the preparation of the business and financing plan which included an executive summary; description of the business; projected financial information; marketing strategy; operations; management and organization of the business and the opportunities for providers of debt capital for the complete project.

## **Saint Lucia Air and Sea Ports Authority - assessing development options**

The Saint Lucia Air and Sea Ports Authority ("SLASPA"), owner of two ports on Saint Lucia, was reviewing available options for the development of its holdings and vacant, surrounding land. KPMG in Barbados and the Eastern Caribbean assisted by engaging key stakeholders, reviewing tourism data and potential new product offerings. Outputs of the process were summarized in a Concept Note which SLASPA and Invest Saint Lucia, an inward investment agency, used to plan their future strategic initiatives.

## **Pier and landside development, British Virgin Islands - valuation services and review of procurement process**

The Government of the Virgin Islands engaged KPMG in the BVI to review the procurement processes applied, and the licensing agreements executed, in respect of the pier and landside development ("the Development") in Tortola. KPMG in the BVI were also engaged to prepare a valuation report in respect of the Development. The final report was based upon extensive investigations and interviews with key stakeholders from the Port Authority and the BVI Government, and included variances in budget to actual spend, areas for further investigation, suggested improvements in the applied procurement processes and a range of estimated values. KPMG in the BVI also worked with a third party expert who undertook an independent cost estimate for the purpose for assessing the Development's Value for Money.

## **Nassau cruise port expansion, Bahamas - financial advisory**

The rapidly growing global cruise industry was recognized by the Government of the Commonwealth of The Bahamas as an opportunity to develop Nassau into a world-class cruise port. However, delivering that vision required significant upfront investment to expand capacity, upgrade facilities and enhance the overall tourist experience.

KPMG in The Bahamas acted as an advisor to Global Port Holding plc (the largest global cruise ship operator) during the competitive RFP process. KPMG in The Bahamas delivered an Economic Impact Study of Global Port's proposal, advice on Bahamian tax matters, as well overall review of the RFP submission. Global Ports was selected as the preferred bidder in February 2019 and have since signed a Heads of Agreement and begun construction on the US\$250 million project, with a 25 year operating concession.

## **Port of St. John's, Antigua - debt finance advisory on port investment**

The Port of St. John's, Antigua required capital to finance an expansion necessary to cope with increasing visitor traffic and larger cruise ships. KPMG in Barbados and the Eastern Caribbean assisted the with identifying key project risks, review of financial statements, preparation of a detailed financial model, preparation of an Investment Memorandum for investors and engagement with prospective financial institutions able to finance the plan.

### **George Town port, Cayman Islands - commercial and financial advisory on port P3**

Facing the risk of losing business due to the increasing size of cruise ships and a lack of a dedicated berthing facility, the Cayman Islands Government (“CIG”) identified the need to invest in the existing George Town port. Due to the complex nature of the project, designed to service both cruise and cargo ships, CIG appointed KPMG in the Cayman Islands as lead commercial and financial advisor for the procurement of the facility under a design, build, finance and maintain P3 model. KPMG in the Cayman Islands led a team of commercial and technical advisors to identify available financing options, evaluate financial sections of received competitive proposals and advise CIG on commercial and business terms throughout the procurement process.

### **Barbados Ports - strategy and business planning**

Barbados Ports Inc. (“BPI”) is the major port operator responsible for providing berthing facilities and exchange of passengers coming to the island on cruise ships. BPI identified a number of capital-intensive projects required to maintain competitiveness of the port and increase its capacity, requiring new sources of finance. KPMG in Barbados and the Eastern Caribbean reviewed industry trends, BPI’s internal financial and operating data as well as facilitated discussions with the Board and key stakeholders to prepare a financial model and a business case underpinning the Bridgetown Port Berth 6 expansion which is currently underway.

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