



Foreign &  
Commonwealth  
Office

King Charles Street  
London SW1A 2AB

Secretary of State

10 November 2014

Mr George Fergusson  
Governor  
Government House  
Hamilton  
Bermuda

1. I have the honour to address you on the subject of the external affairs of Bermuda and in particular the proposal that Bermuda contract with the Canadian Commercial Corporation ("CCC"), a Crown corporation of the Government of Canada, to redevelop the L.F. Wade International Airport ("the airport").

2. I must make clear at the outset that the United Kingdom retains overall responsibility for the external affairs of Bermuda, and that the special responsibility of the Governor for external affairs and defence under section 62 of the Constitution of Bermuda is in no way affected by this letter.

3. Subject to the conditions set out in paragraphs 4, 5 and 6, the United Kingdom Government delegates authority to the Bermudian Government to enter into a contract with CCC to redevelop the airport.

4. (a) The cost and financial risk of the redevelopment of the airport must be wholly borne by CCC and the selected sub-contractors. The cost and financial risk of the redevelopment of the airport must not appear on the Government of Bermuda's balance sheet as defined by the latest International Accounting Standards.

(b) The project for the redevelopment of the airport must meet value for money tests in accordance with best practice set out in Her Majesty's Treasury's Green Book

(c) Compliance with above conditions must be verified by an independent accounting firm of internationally reputable standing in advance of the conclusion of any agreement between the Government of Bermuda and CCC.

5. (a) The Government of Bermuda will inform the United Kingdom Government, through the Governor, prior to the commencement of any formal negotiation and, thereafter, will keep it informed of the progress thereof.

(b) The Government of Bermuda will consult the United Kingdom Government on the text of any proposed agreement or other instrument in a reasonable time before the agreement or other instrument is to be concluded. The Government of Bermuda will provide the United Kingdom Government with a copy of the proposed contract with CCC and the verification report provided by the independent accounting firm

referred to in paragraph 4(c) above at least one month in advance of the signing of any such contract.

(c) No agreement or other instrument will be signed by the Government of Bermuda without the prior approval of the text by the United Kingdom Government.

(d) Nothing contained in this letter authorises the Government of Bermuda to negotiate or conclude any agreement that would give rise to any financial commitment or obligation for the United Kingdom Government.

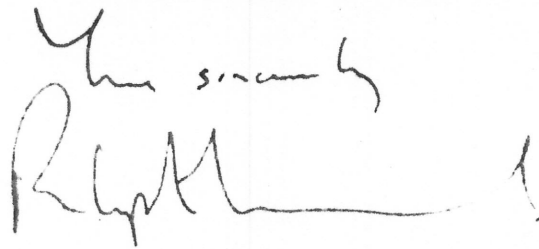
(e) All financial obligations and commitments arising from any agreement concluded by the Government of Bermuda will be the sole responsibility of the Government of Bermuda, unless agreed otherwise with the United Kingdom Government.

(f) The Government of Bermuda will supply to the United Kingdom Government a copy of any agreement or instrument it concludes within one month of the conclusion of the agreement.

6. The United Kingdom Government will inform the Government of Bermuda if it should appear that any action or proposal of the Government of Bermuda or the text of any agreement or instrument under consideration under this letter of entrustment conflicts, or is likely to conflict, with the international commitments or obligations, or any policies, of the United Kingdom Government.

In that event the United Kingdom Government will advise the Government of Bermuda as regards those commitments, obligations or policies and, so far as possible, further advise how best the intentions and proposals of the Government of Bermuda might be carried into effect. But it will be necessary for the Government of Bermuda to abide by the decision of the United Kingdom Government.

7. I should be grateful if you would acknowledge receipt of this letter and confirm that the Government of Bermuda accepts the authority delegated above, subject to the conditions set out in paragraphs 4, 5 and 6 in relation to such delegation, which will come into effect on the date of your letter confirming acceptance thereof.

A handwritten signature in dark ink, appearing to read 'Philip Hammond', with a long horizontal flourish extending to the right.

**THE RT HON PHILIP HAMMOND MP**