



GOVERNMENT OF BERMUDA

Ministry of Finance

Accountant General's Department

## Memorandum

**To:** Anthony Manders – Financial Secretary; File  
**From:** Curtis Stovell – Accountant General  
**Date:** 7<sup>th</sup> March 2016  
**Subject:** Airport Redevelopment Sole Source

This memorandum is a follow-up to my two earlier memos dated 25<sup>th</sup> September 2014 and 11<sup>th</sup> May 2015.

In my May 11 memo I indicated that I considered the selection of a contractor (Aecon) by CCC to be a sole source requiring ACG approval to waive Financial Instructions. I note the following excerpt from the CCC document outlining their selection of contractor:

**“In the case of the redevelopment of the L.F. Wade International Airport in Bermuda, CCC was introduced to the potential opportunity by Aecon, a Canadian company.”**

I was initially of the understanding that it was CCC who introduced Aecon to this transaction. My read of this is that Aecon was the intended construction partner, which was not my initial understanding when the CCC Letter Agreement (LA) was provided to me. If it is fact that Aecon was in train prior to the engagement of CCC and the intent was far more forward looking than I could appreciate at the time, I can understand the Minister's view that my sole source comments encompassed the breadth of the project. However, based on my limited awareness with respect Aecon at that time, that certainly could not have been my intent. I have reviewed the correspondence I have in hand, and did not find any mention of Aecon leading up the sole source memo I issued in 2014.

Based on my read of the above-mentioned CCC document and their indication that Aecon was the originator of the transaction, I can say that I was under the impression that the construction contractor was yet to be selected. My interpretation of CCC's selection document is that my original impression was incorrect. However, based on my understanding at that time that there was no contractor selected, I was not providing permission through the construction phase of the project. My understanding was that a contractor would be identified subsequent to my sole source permission memo and I would have requested information on Aecon at the time of the LA, had I been aware that identification had already taken place.

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Notwithstanding my comments above, it is clear that CCC thoroughly vets its counterparties using a fairly rigorous set of procedures and this testifies to the reputability and soundness of Aecon. This supports the likelihood of satisfactory execution of the project. What it does not provide clarity on is whether there were/are alternative suitable entities capable of similar execution that CCC might have worked with, and that is ordinarily one of the key elements of a sole source request. This doesn't preclude sole source permission being given, but does result in a diminished argument in my view.

With there having been measures identified to address deficiencies per the 2015 entrustment letter, I look forward to the following:

1. Agreement of the UK on the measures proposed by Government to address the key gaps;
2. The required evidence-based report from Government on the completion of the agreed-upon measures;

Once the two above items are complete, I am satisfied that the conditions to provide sole source permission for the project will have been met.

*US*  
UPDATE:  
BASED ON A COMMUNICATION FROM  
THE FCO TO THE GOVERNOR, DATED MAY 6, 2016,  
THE UK GOVT HAS NOW AGREED TO THE MEASURES  
AS OUTLINED BY THE BDA GOVT. I.E. ITEM #1 ABOVE  
IS SATISFIED *CS* 5/30/2016