



**HOUSE OF ASSEMBLY
BERMUDA**

TO: Hon. Wayne L. Furbert, JP, MP

FROM: Dr. the Hon. E. Grant Gibbons, JP, MP
Minister of Economic Development

DATE: 3rd February, 2017

PARLIAMENTARY QUESTIONS

1. Will the Honourable Minister please inform this Honourable House, the total amount of commercial sponsorship facilitated by Bermuda to date which will count against the \$25 million guarantee to the America's Cup event?

Response:

The reduction in the \$25 million Sponsorship Guarantee provided for in the agreement between the Government of Bermuda and the America's Cup Event Authority (ACEA) varies depending on the type and nature of the underlying transaction between the ACEA, Teams and the Bermuda-introduced sponsor, as follows:-

1. Cash sponsorship – 30% of Net Sponsorship Revenues*
2. Budget Relieving Non-Cash Consideration [Value-In-Kind (VIK)] – 15% of Net Sponsorship Revenues*


*Net Sponsorship Revenues equals the Gross Sponsorship Revenues (total cash or budget-relieving VIK) less the Sponsorship Delivery Costs (which include the total Hospitality Costs, plus any applicable Sponsorship Agent Commission contractually committed to any agent of ACEA – (please note that no Bermuda/ACBDA resource receives any commission whatsoever) – subject to a cap of 15% of Gross Sponsorship Revenues.

Each sponsorship deal has unique characteristics in terms of the number of hospitality passes per day and whether they are just for Bermuda events or all events globally, making it difficult at this point to generalise about expected "guarantee credit" to Bermuda/ACBDA.

To date, over \$20 million in completed sponsorship deals have been introduced by Bermuda/ACBDA to ACEA and Teams.

The sponsorship guarantee of \$25 million will also be reduced by Bermuda's share of public access ticket revenue and venue revenue. This includes performance measures such as on-going ticket sales by the ACEA for their AC35 events as well as a share of ACEA's venue rentals.

These amounts will be fully calculated at the end of July 2017. As at the end of January 2017, we anticipate that Bermuda's guarantee is below \$20 million. However, we are unable to give a precise figure for the reasons stated above. A further estimate will be provided in the budget debate on the Ministry of Economic Development.



Dr. the Hon. Grant Gibbons, JP, MP
Minister of Economic Development

Cc: Dr. Derrick Binns - Secretary to the Cabinet
Mr. William Francis - P/S - Ministry of Economic Development
Ms. Shernette Wolffe - Clerk to the Legislature