

**BERMUDA**

**PROCEEDINGS OF THE SENATE**

**SESSION OF 2018 - 2019**

**No. 15**

**WEDNESDAY, 12<sup>th</sup> JUNE 2019**

**PRESENT:**

- Senator the Hon. Mrs. J.E. DILLAS-WRIGHT,  
M.B.E., J.P. - PRESIDENT
- Senator J.S. JARDINE, J.P.  
VICE-PRESIDENT
- Senator Mrs. W.M.P. SIMMONS J.P.
- Senator the Hon. Ms. K.L. SIMMONS, J.P.
- Senator H.A. RICHARDSON, J.P.
- Senator J.P. HAYWARD, J.P.
- Senator Ms. C.C. CAESAR, J.P.
- Senator V.M.E. CAMPBELL, J.P.
- Senator T.N. KEMPE, J.P.
- Senator M.J.A. JONES
- Senator D.V. ROBINSON

-----  
**[This meeting of Senate was conducted in the Senate Chamber at the Sessions House.]**

**10:02a.m.**

On the motion of Senator J.S. Jardine, the Minutes of the meeting of Wednesday, 5<sup>th</sup> June 2019 were taken as read and confirmed.

Senator the Hon. the President acknowledged the presence of the Secretary to the Cabinet, Maj. Marc Telemaque, and Cabinet Office Summer Intern Mr. Tannock, in the Chamber.

Senator V.M.E. Campbell tabled the following Written Answers to Parliamentary Questions from Senator D.V. Robinson:-

**Parliamentary Questions**

**Q1. With respect to the Bermuda Infrastructure Fund, would the Junior Minister please inform the Senate as to whether any projects have been initiated and completed through the Fund to date, and what projects, if any, are being considered for development over the 2019/20 Fiscal Year?**

**A1.** The Fund commenced operations on April 27, 2018 and has raised approximately \$88.0 million in capital commitments from limited partners including the Government of Bermuda. Since coming into operation, the Fund has evaluated a number of investment opportunities currently under active consideration including the following:

Telecommunications infrastructure and reliability:

- The Fund has signed a term sheet to invest up to \$10.0 million with a start-up fixed wireless internet provider using industry-leading technology.

Food security and affordability; local sustainable agriculture:

- The Fund is evaluating a \$35.0 million indoor vertical agriculture facility and co-located solar development.

Transportation infrastructure for people and/or cargo:

- The Fund made a small loan to a start-up miniature electric vehicle rental business in April 2018 to help it purchase certain assets, and expects to conclude a \$1.5 million investment in that company in June.

**Q2. With respect to the Bermuda Infrastructure Fund, would the Junior Minister please inform the Senate as to the amount of Management Fees paid to the Fund Manager to date?**

**A2.** The amount of Management Fees paid by the Bermuda Government to the Fund Manager, Fortress Investment Group LLC (together with its affiliates, "Fortress"), to date is \$175,342.47.

Fortress was selected to manage the Fund professionally. Fortress is a leading, highly diversified global investment management firm. Fortress applies its deep and specialized expertise across a range of investment strategies, including private equity and credit, on behalf of over 1,600 institutional investors and private clients worldwide.

In order to manage the Fund professionally, as the Government and institutional investors in the Fund require, Fortress needed to dedicate senior investment professionals to this Fund. The mechanics of the management fee payable by the Government to Fortress are as follows:

The Government of Bermuda backstops the Fund's minimum semi-annual management fee of \$500,000, essentially paying the difference, if any, between (a) the management fee earned by Fortress based on the invested capital of the Fund's investors at that time, and (b) \$500,000. The Government's commitment to backstop the management fee is capped at a total amount of \$3,000,000. To the extent the Government's capital is not returned by the conclusion of the Fund's investment period, the Government will have pro-rata limited partner interests in the Fund.

It is important to remember that Government receives an equity stake in the Fund for the Government's management fee payments, and these rank equally with other investors. This payment potentially will provide a positive rate of return to the taxpayer on top of the facilitation of needed infrastructure.

Information on the Bermuda Infrastructure Fund has already been provided to the House and general public by way of a Ministerial Statement by the Premier in December 2017.

The Bermuda Infrastructure Fund concept was brought to the previous Government by a few key senior executives of Bermuda's reinsurance industry. These companies have consistently been committed to Bermuda, and they wanted to help ensure that Bermuda was able to return to a path of economic growth, creating prosperity for Bermudians.

The originators of the fund concept, realising that they did not have the in-house expertise in infrastructure investment necessary to manage the fund professionally, approached Fortress, who agreed to act as manager.

Fortress worked on a fund structure with Government representatives after agreeing to act as manager, but after the parties finalized a fund structure and related fee mechanism, the former Minister of Finance decided not to go forward with the project. Upon a change of the Government, however, the new Government reengaged with Fortress, and the parties negotiated a mutually acceptable fund structure and related fee mechanism, including a Government seat on the Fund's Advisory Board. The Government believes that the Fund is in the best interest of Bermuda and Bermudians, who are interested in job creation, and to have international businesses invest their funds locally to help stimulate Bermuda's economy. Given the confidence we have in the future of Bermuda and our desire to support infrastructure development, The Government has agreed to support the establishment of the Bermuda Infrastructure Fund.

Key features of the Fund are as follows:

- The Fund was formed primarily to make investments in Bermuda-based infrastructure assets and opportunities;
- The General Partner is Fortress Bermuda Infrastructure Fund GP LLC & the Manager is Fortress Bermuda Infrastructure Fund Advisors LLC;
- Management Fees are payable semi-annually in advance, in an amount equal to 0.75% (1.5% annually) of capital invested. The minimum fee is \$1 million per year;
- In the event that the Management Fee is less than \$500,000 in a semi-annual period the Government must pay the difference. The amount paid by Government will represent an interest in the Fund;
- Government will be liable to pay the initial management fee of \$500,000 and will be liable to pay some fees as long as the amount invested by the fund is below \$66.7 million;
- The General Partner established an Advisory Board composed of representatives of certain limited partners and a Government representative; and

- The Fund may borrow funds to facilitate investments or otherwise in connection with the Fund's business.

**Q3. Would the Junior Minister please inform the Senate as to how many jobs for Bermudians have been created through Bermuda Infrastructure Fund projects since the Fund's announced launch in May 2018?**

**A3.** The Fund has yet to conclude on any investments since its launch, except for the small loan mentioned earlier; however the Fund is currently in advanced discussions regarding three initial investments that would potentially add an estimated 80 new employment positions, excluding temporary construction jobs.

**Orders of the Day**

**10:05a.m.**

Senator V.M.E. Campbell moved that the Public Bill entitled the "Premier, Ministers and Opposition Leader Personal Staffs Act 2019" be now read a second time -- which was agreed to.

Senator Campbell spoke on the Bill.

10:15a.m. – Senator T.N. Kempe  
 10:19a.m. – Senator M.J.A. Jones  
 10:25a.m. – Senator Campbell replied.

The Bill was accordingly read a second time.

Senator V.M.E. Campbell moved that the Senate do now resolve itself into Committee of the Whole for further consideration of the Bill -- which was agreed to.

The Senate resolved into Committee of the Whole, Senator J.S. Jardine in the Chair.

Senator V.M.E. Campbell moved that Clauses 1 to 8 of the Bill be approved as

printed, and stand as part of the Bill -- which was agreed to.

Senator V.M.E. Campbell moved that Clause 9 be approved and stand as part of the Bill.

10:36a.m.

Senator T.N. Kempe moved that Clause 9 be amended as follows:-

- 1. By deleting the word "March" and substituting the word "May" in the first paragraph of Clause 9;**
- 2. By deleting the words "appointed to a" and substituting the words "who have served or are currently serving on any" in the first paragraph;**
- 3. By deleting the word "calendar" and substituting the word "fiscal" in the first paragraph;**
- 4. By inserting the word "gross" immediately after the word "their" in subsection 9(b); and**
- 5. By inserting the words "for the entire fiscal year" immediately after the word "remuneration" in subsection 9(b).**

**The effect of the proposed amendments being such that the Amended version of Clause 9 would read as follows:**

**"Annual report**

9. On or before 31 May, the Premier shall lay in each House of the Legislature a report listing the names of all persons who have served or are currently serving on any personal staff during the previous fiscal year, indicating—

- (a) their functions;
- (b) their gross remuneration for the entire fiscal year; and
- (c) in the case of the personal staff of a Minister, whether each person was appointed as an expert in a

specified field or as a political adviser.”

Senator Kempe spoke on the Amendment motion.

10:40a.m. – Senator the Hon. K.L. Simmons

10:42a.m. – Senator Kempe

The Amendment motion by Senator Kempe was Affirmed on Division by 6 votes to five:-

AYES:

Senator T.N. Kempe, Senator M.J.A. Jones, Senator D.V. Robinson, Senator W.M.P. Simmons, Senator the Hon. the President and Senator J.S. Jardine (in the Chair).

NOES:

Senator the Hon. K.L. Simmons, Senator H.A. Richardson, Senator J.P. Hayward, Senator C.C. Caesar and Senator V.M.E. Campbell.

Senator V.M.E. Campbell moved that Clause 9, as amended, be approved and stand as part of the Bill -- which was agreed to.

Senator V.M.E. Campbell moved that Clauses 10 and 11 of the Bill be approved as printed and stand as part of the Bill -- which was agreed to.

Senator V.M.E. Campbell moved that the Preamble be approved – which was agreed to.

Senator V.M.E. Campbell moved that the Title stand as part of the Bill – which was agreed to.

Senator V.M.E. Campbell moved that the Bill entitled The “Premier, Ministers and Opposition Leader Personal Staffs Act 2019” be adopted by the Senate, as amended – which was agreed to.

The Committee rose and the Senate resumed.

The Senate adopted the Report of the Committee.

Senator V.M.E. Campbell moved that the Bill entitled the “Premier, Ministers and Opposition Leader Personal Staffs Act 2019” be returned to the Honourable House of Assembly, together with a suitable Message requesting the concurrence of the House in the Amendments to the Bill as recommended by the Senate -- which was agreed to and ordered accordingly.

**Congratulatory &/or Obituary Speeches**

**10:48a.m.**

Senator W.M.P. Simmons offered congratulations and commendations to all fathers and father figures throughout the community in recognition of Father’s Day.

Senator T.N. Kempe congratulated Mr. Jeremy Cox on his outstanding tenure as CEO of the Bermuda Monetary Authority, his recent appointment as Executive Chairman of the BMA, and his recognition by the Insurance industry with the Fred Reiss Lifetime Achievement Award at the recent Bermuda Captive Conference.

Senator V.M.E. Campbell offered Best Wishes to the Bermuda National Football Team and especially the fathers on the Team, as they are about to travel overseas for participation in the CONCACAF Gold Cup tournament.

Senator the Hon. the President congratulated and commended the Ombudsman for Bermuda Ms. Victoria Pearman and her Office on recently hosting an international Ombudsman Conference in Bermuda, and she noted that the Conference was an excellent event.

Madam President congratulated Mrs. Merle Brock Swan Williams on her 90<sup>th</sup> Birthday Celebrations, which she noted was a very festive affair with dancing by Ms. Swan Williams in Gombey costume.

Madam President expressed condolences for the family of the late Ms. Beunice Crockwell of Duck's Puddle in Hamilton Parish, whom she noted was a former receptionist at the Cabinet Office where she was well known for always being a very bright and cheerful personality, and always offered words of encouragement.

**Adjournment**

**10:56a.m.**

Senator the Hon. K.L. Simmons moved that the Senate do now adjourn – which was agreed to.

10:56a.m. – Senator W.M.P. Simmons

10:58a.m. – Senator T.N. Kempe

11:00a.m. – Senator D.V. Robinson

11:00a.m. – Senator the Hon. K.L. Simmons.

**11:08a.m.**

Adjourned until Wednesday, 19<sup>th</sup> June, 2019.

**PRESIDENT**

**ORDERS OF THE DAY**

**Wednesday, 19<sup>th</sup> June 2019**

(1) Third Reading: The Premier, Ministers and Opposition Leader's Personal Staffs Act 2019.

[Subsequent to the meeting, the adjournment date was extended to Wednesday, 26<sup>th</sup> June 2019.]