

Statement From The Hon. George A. Smith  
Former Chairman of The Hotel Corporation on  
The Mayaguana Project

12 March 2012

I was very disappointed to have read the comments attributed to Michael Scott in this morning's Nassau Guardian National Review article "The great land giveaway". Putting aside the misleading title for the story, the quotes attributed to Mr. Scott seek to suggest that the land the subject of the PLP negotiated Heads of Agreement was a "gift" to foreigners. Nothing could be further from the truth. In fact, the terms of the deal cannot be objectively characterized as "the greatest land giveaway".

I was mostly disgusted and shocked at Mr. Scott's rather shallow characterization of the deal as capable of treating the "350 natives of Mayaguana much like Native Americans relegating to a reservation". This was utterly silly language which was also unfortunate because it completely misrepresented the intention of the original deal and it perhaps demonstrates the lack of vision and the prospect Mayaguana can have in an

economically viable Bahamas by the present leadership of the Hotel Corporation.

The Facts of the original Agreement  
are hereby laid out.

It is untrue and smacks of rather crude political mischief making that the FNM will continue to utter a clear falsity that the PLP Government conveyed 9,999 acres of Crown Land to a foreign entity known as the I Group in March 2006 in connection with a development at Mayaguana. It is being purported that the present administration has now signed a revised Heads of Agreement with the I Group, which has recovered 5,825 acres of the land.

It is so unfortunate that this deliberate lie is calculated to prey upon the emotive subject of the disposition of Crown Land to foreigners, for partisan political advantage during this "election season".

The truth is that the PLP Government led by The Rt. Hon. Perry Christie was unalterably opposed to the sale of this large acreage of crown land in Mayaguana to the I Group or any other group of foreigners for large scale development. As a result and after two years of meticulous negotiations, the Government entered into a Heads of Agreement with Mayaguana Island Developers Limited (MID), a joint venture entity owned 50/50 by the Government through The Hotel Corporation of The Bahamas (HCB) and the I Group of Boston headed by Mr. Stephen Roy, a wealthy and prominent businessman. The land was to be conveyed to the joint venture company only in stages, after certain clear milestones of development were reached. There was no agreement for

the wholesale purchase or acquisition of 9,999 acres by the I Group, as is being stated.

The specific purpose of both the Heads of Agreement and the Joint Venture Agreement, as stated therein, was to encourage and facilitate economic growth and development on Mayaguana so as to attract both Bahamians and non Bahamians as both investors and residents, leaving no doubt that the land in the development area was to be occupied and used by both Bahamians and non Bahamians, in that order.

The scale of the anchor project which was envisaged at full build out to total over an estimated \$1.7 billion, obligated the joint venture company to prepare and implement, subject to Government's approval, a comprehensive plan for the orderly development on the Island of Mayaguana of a viable community, residential, mixed-use resort, commercial, industrial, social and educational developments, associated utilities, airport, marinas, harbor and related infrastructure, nature parks, which would provide a range of new economic opportunities. It was envisaged that in addition to Mayaguana, the development would also positively and significantly impact the economy of the southeastern Bahamas including Inagua, Acklins, Crooked Island, Long Cay and Ragged Island, indeed all of The Bahamas in general.

Under the terms of the original Heads of Agreement & Joint Venture Agreement, the following key financial considerations applied:

- The Hotel Corporation and I Group each owned 50% of the shares in the capital of Mayaguana Island Developers Limited.
- In consideration of the transfer of the Crown Land to MID and the grant of the concessions to MID as contained in the Heads of Agreement, the I Group agreed to contribute the entire capital for the initial project in an amount of not less than \$14 million, inclusive of \$2 million paid by the I Group to the Government at the signing of the Heads of Agreement and Joint Venture Agreement
- In addition, MID was to establish the Mayaguana Community Fund, consisting of not less than \$1,250,000.00 by the end of the fifth year, to be augmented annually by 2 ½% of the revenues of MID thereafter
- HCB would receive from MID a fee equal to 10% of the gross sales price from the sale of residential lots, and 5% of the gross sales price received for the sale of commercial lots. Similarly, under the Management Agreement between MID and Mayaguana Management Co. Ltd. (MMC) the same amounts were to be paid to MMC
- HCB and the I Group would share 50/50 in the profits of MID
- I Group and HCB would work cooperatively to attract other investors and additional capital to implement the overall development plans for Mayaguana

- I Group met the cost of preparation of a comprehensive Regional Land Use Plan for the Island of Mayaguana, which was approved by Government and became the property of MID. The Regional Land Use Plan made provisions for and shows the following:
  - a. Permanent wet lands that should be excluded from any activity;
  - b. Seasonal marsh lands that should also not be disturbed;
  - c. Conservation areas that should also not be disturbed, but may be considered for some limited common/public use under stringent conditions;
  - d. Nature preserves that should be properly managed;
  - e. Agricultural lands;
  - f. Ranch lands;
  - g. Undeveloped lands including land for expansion of existing settlements;
  - h. Public beaches;
  - i. Areas for development by MID, including golf courses;
  - j. Areas that could be developed by other interested parties;
  - k. Commercial activity areas;
  - l. Light industrial activity area around the airport;  
and
  - m. Medical/academic campus.

- MID working in cooperation with the Government would arrange financial assistance to encourage Bahamians to acquire homes and settle in Mayaguana

The Initial Project which was to be completed within two years from the initial project commencement date was well underway when the PLP left office in May, 2007. In fact at that point, the I Group's expenditure had almost doubled the \$14 million estimated for its cost. The Initial Project included inter alia the following:

- Rehabilitation of 7000 feet of the existing 11,000 foot runway capable of accommodating international service of Boeing 737 aircraft
- Construction of adequate new terminal building, security and ancillary facilities to international standards as approved by Department of Civil Aviation and other authorities
- Construction of 19-unit boutique resort at North Beach, and layout of 100-lot single family residential subdivision
- Construction of the Mayaguana Harbour Development at Pirates Well Creek comprising a basin large enough to accommodate up to ten (10) recreational sized boat slips, a dredged channel, layout of a 50 lot residential subdivision, and a three unit villa
- Layout of North Beach East Subdivision consisting of 100 lots and construction of a three unit villa

- Provision of the necessary public utilities to support the foregoing development
- Community Projects consisting of improvements to the Mayaguana Health Clinic, construction of science laboratory at Abraham's Bay School, and a lunch, recreation room and outdoor recreational facilities at Pirate's Well School, layout and commissioning of other community recreational facilities, construction of 15 miles of roads within the Development area, and provision of potable water to local communities at rates to be agreed with Water & Sewerage Corporation
- Layout of an industrial zone in the vicinity of the airport
- Establishment of Repair, Technical Training and Materials Processing & Recovery Facilities in the Industrial Zone
- Preparation of plans and layout for one golf course and commissioning of a putting green and driving range
- Preparation and layout of an equestrian themed housing subdivision
- Rehabilitation of Nature Centre & Picnic Area at North Beach close to Curtis Creek
- Reserving an area of not less than 20 acres for a public beach in Curtis Creek area. This beach is to be in addition to traditional access enjoyed by Bahamians on all beaches in Mayaguana

- Obtaining letter of Intent from third party operator for development of 225 room resort in Mayaguana
- Progress on developing Mayaguana as a port of call for cruise lines
- Establishment of nature preserves at Curtis Creek, Blackwood Point, Booby Cay, Long Cay and Pirates Well Creek. The preserves shall come under the management of a Foundation

After the FNM came to power in May 2007, they set out to frustrate, and put road blocks in the way of the Mayaguana project, by stopping certain vital duty free concessions which stalled the project in which the I Group had already invested over \$25 million. By early 2008 the recession was setting in! As a consequence the frustrated Chairman of the I Group, Mr. Stephen Roy, wrote to the Prime Minister invoking the provisions of the Force Majeure/Unforeseen Events and Delays clause to slow down the project and revise the business plan because of "the adverse change in economic conditions in financial markets in the United States". Instead of simply agreeing to revise the business plan and extending the concessions, the Ingraham administration, because they did not wish to honour the terms of the Heads of Agreement which they found in place, seized the opportunity over three long years to exact a revised agreement out of the I Group, under the guise of getting back some 5825 acres of crown land. This revised agreement is less in the public interest in terms of the reduced scope of the project and the outright grant of some 4000 acres of crown land to a foreign owned company.



An important safeguard in ensuring that the provisions of the Heads of Agreement, Joint Venture Agreement and Management Agreement as approved by the PLP administration are fully implemented, is the provision for the Government through the Hotel Corporation to appoint directors to the Boards of both the Joint Venture Company (MID) and the Mayaguana Management Company (MMC). Under the terms of the Revised Heads of Agreement, the FNM is allowing this safeguard to fall away. Also as a result of the cancellation of the Joint Venture & Management Agreements by the FNM a foreign owned company will now be entitled to the grant of some 4000 acres of Crown land on Mayaguana, something the PLP would not have done. Regrettably the scale of the project and its economic impact have been considerably reduced under the terms of the revised Heads of Agreement.

For the record it should be pointed out that at all material times during the negotiations with the I Group as well as in the Heads of Agreement and Joint Venture Agreement, the PLP administration ensured that sufficient crown lands remained available for the expansion of existing communities together with the creation of new communities on the Island of Mayaguana. The project itself, the terms of the Heads of Agreement & Joint Venture agreement were fully discussed with and agreed upon in town meetings with the people of Mayaguana and with descendants.

The suggestion that the deal would have "people herding together in the interior" is a lie and a rather unfortunate description of the intentions of the joint venture. It is hoped that these facts dispel the misrepresentations

printed in the article and that the Bahamian people now have the full benefit of the salient facts surrounding the joint venture development in Mayaguana. It is further hoped that the Bahamian people and all the residents of Mayaguana know that it is the PLP that has always championed their cause and put them first.