



Vision 2025: Planning for a Prosperous Future



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1 Key Metrics

65 years since
HCA signed

**\$1.4 billion in GDP
representing 10.2%
of Bahamas GDP**

Total labour force of
~33 thousand
(GB, 2019)

Population of
56 thousand
(GB, 2019)

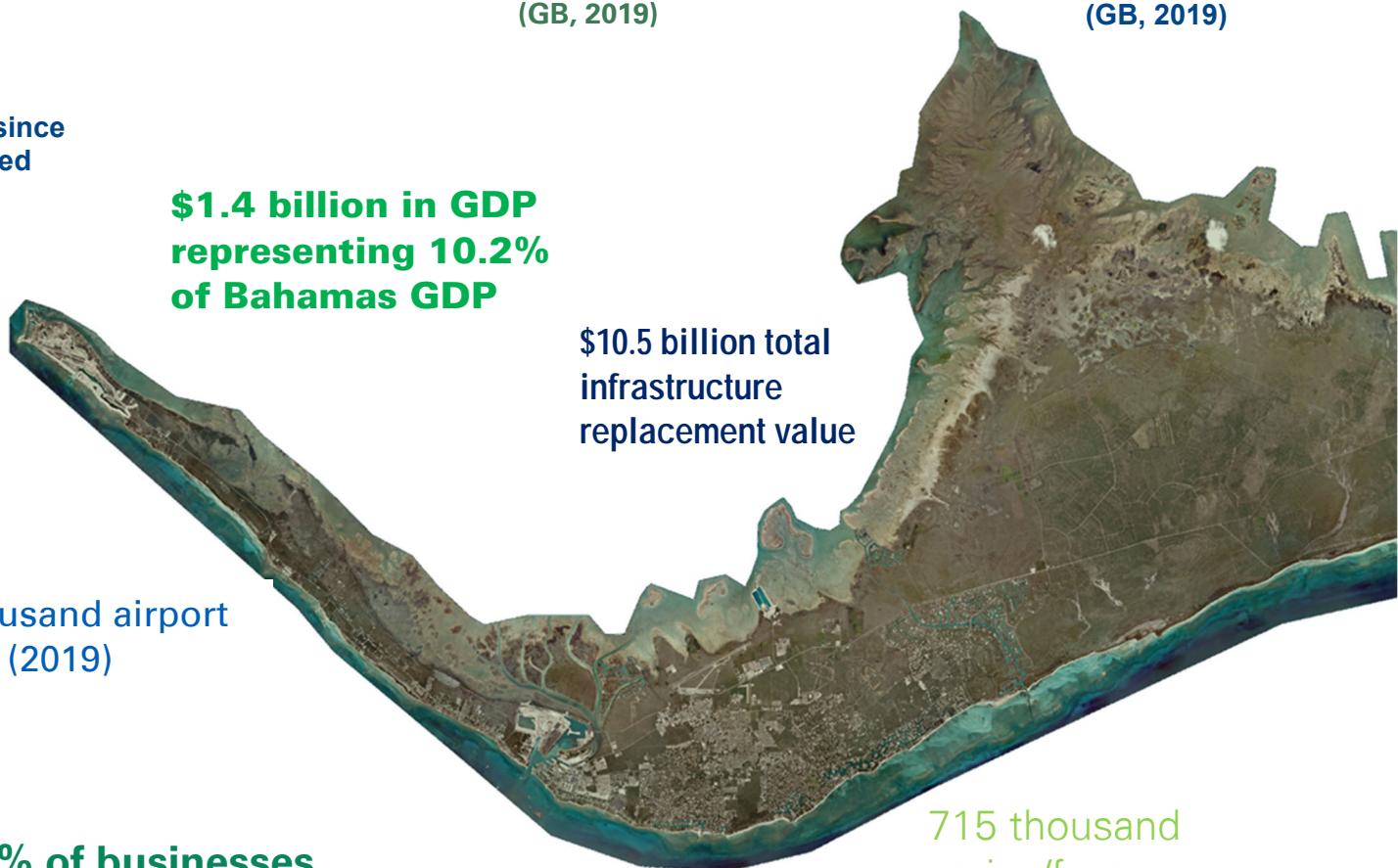
\$10.5 billion total
infrastructure
replacement value

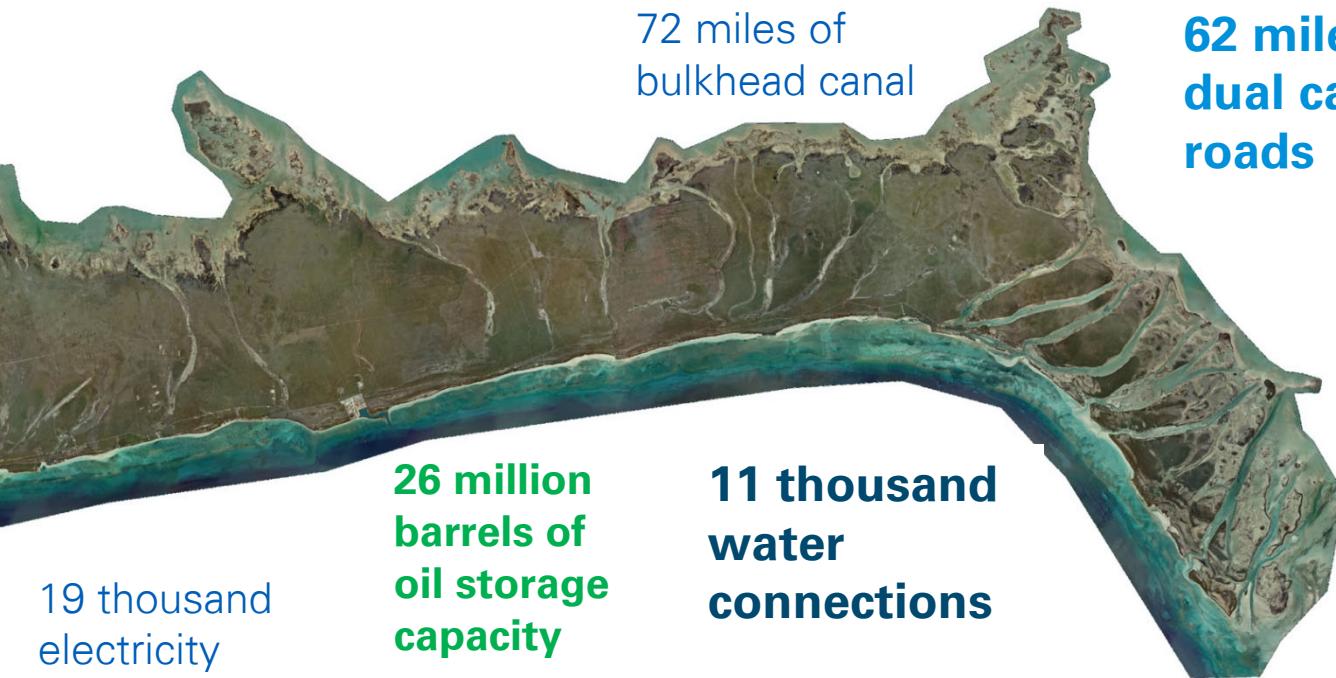
138 thousand airport
arrivals (2019)

**~90% of businesses
wholly/predominantly
Bahamian owned**

**~3 thousand
licensed businesses**

715 thousand
cruise/ferry
tourists (2019)





1.5 million TEU
container
throughput
capacity

26 schools with
8 thousand
students

**410 miles of
single road**

72 miles of
bulkhead canal

**62 miles of
dual carriage
roads**

19 thousand
electricity
connections

**26 million
barrels of
oil storage
capacity**

**11 thousand
water
connections**

4.6 million cubic
yard capacity
state-of-the-art
landfill

Executive Summary

2 Executive Summary

Established in 1955, the city of Freeport on the island of Grand Bahama is a 230 square mile economic free trade zone (the “Port Area”). The Grand Bahama Port Authority (the “GBPA” or “Port Authority”) manages and operates Freeport in line with the powers established pursuant to a 99-year development agreement called the Hawksbill Creek Agreement (“the HCA”). The HCA was enacted by The Bahamas Parliament under the Hawksbill Creek, Grand Bahama (Deep Water and Industrial Area) Act in 1955 and is an agreement between the GBPA and the Government of The Bahamas (the “Government”). Under the HCA, the GBPA agreed to develop a new port and industrial area from what was largely uninhabited and barren pine lands. Subsequent amendments to the HCA called for the area to include facilities for passenger ships, schools, hospitals, government accommodations, the necessary electrical, water, waste and communications utilities, aviation facilities, roads, bridges, and other necessary investment and maintenance. In exchange, the Government agreed to grant a number of concessions and gave the GBPA licensing and regulatory control of the Port Area.

Once a disparate collection of small settlements, 65 years into the HCA Freeport has become the second city of The Bahamas and a resilient shipping, tourism, and international business centre. Thanks to the significant investment in infrastructure, Freeport’s population has grown from 4,095 in 1853 to 56,260 in 2019. Freeport’s economy is recognised as the second largest geographic contributor to overall national gross domestic product (“GDP”), accounting for an estimated 10.2% of total Bahamian GDP in 2019.

While Freeport continues to be a significant contributor to the Bahamian economy, challenges such as the landfall of major hurricanes, tax and policy uncertainties, a series of deep economic downturns, and more recently the COVID-19 pandemic have highlighted the vulnerable state of Freeport’s economy. Recognising this, the GBPA has commenced the process to develop a robust and actionable strategy that not only aims to stabilise the economy but also enhance Freeport’s ability to address these key challenges.

Freeport Past

- Largely uninhabited
- Vacant pine barrel land with little to no infrastructure in place
- Population of 4,095
- Limited businesses
- Little to no direct foreign investment
- Immaterial contribution to Bahamian GDP

Freeport Present

- Carefully planned infrastructure already in place capable of accommodating a population of 250,000
- Population of 56,260
- Known as a regional shipping and international business centre
- Just over 3,000 GBPA licenced businesses
- Accounts for 10.2% of GDP
- Contributes approximately \$155.2 million in taxes

Freeport Future

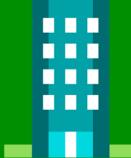
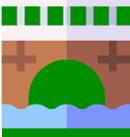
- Establishment of Freeport as the Blue Economy of The Caribbean
- Building on the strength of the free trade zone to expand industrial sector and make Freeport a competitive special economic zone
- Exploiting offshoring / nearshoring opportunities
- Expansion of onshore activities
- Development of medical tourism and agriculture industries
- Expansion of digital offering

The **Journey** begins

The **Work** completed

The **Vision** ahead

Some key 2019 figures that best describe Freeport are detailed below. Despite facing several setbacks, it is evident that the city of Freeport has and continues to make a substantial contribution to the economy of The Bahamas over the 65 years since the HCA was signed.

2019 Key figures		
	56,260 Population of Grand Bahama Island	 10.2% Freeport's economic contribution to the GDP of The Bahamas
	B\$10.5B Total replacement costs in current terms of physical, industrial, social, tourism, and other infrastructure	 250,000 Population that the infrastructure of Freeport has the capacity to accommodate
	8,900 Middle and upper income homes in Freeport (2020)	 3,181 Licenced businesses (April 2021)
	B\$155.2M Estimated average annual duties, taxes, fees, immigration, and other amounts paid to the Government by Freeport businesses and residents	 B\$44.0M Estimated annual National Insurance contributions paid for workers in Freeport
	26 Number of schools in Grand Bahama (2018)	 7,738 Number of students in the school system (2018)
	2,428 Number of hotel rooms in Freeport/Lucaya*	 852,973 Stop over and cruise to Freeport
	72 Miles of bulkhead canal systems	 410 Miles of single lane roadway 62 Miles of dual carriage roadway

*Estimate reflects post Hurricane Dorian inventory and includes total room count for Grand Lucayan Resort. Grand Lucayan Resort is presently closed and is currently for sale by the Government. Of its 1,271 total rooms, only 196 are part of the active hotel room inventory.

Introduction

3 Introduction

3.1 Freeport: The Past

Currently known as the country's second city, Freeport came into being as a result of the 1955 HCA between the GBPA and the Government. The HCA was authorised under the Hawksbill Creek, Grand Bahama (Deep Water and Industrial Area) Act of June 20, 1955.

The vision behind the HCA was to create a "free port" through the dredging of a deep water harbour and the creation of an industrial area in the vicinity of Hawksbill Creek, Grand Bahama Island, which would facilitate the construction of factories and other industrial undertakings and thereby provide significant employment and foster economic growth.

The provisions outlined in the 99 year HCA called for the development of a new port and industrial area, including facilities for passenger ships, schools, hospitals, government accommodations, the necessary electrical, water, waste and communications utilities, roads, bridges, and other necessary investment and maintenance thereof. In return, the Government granted 50,000 acres of land to the GBPA and approved a number of concessions, including but not limited to, exemption from customs duties in the bonded area for the vast majority of items, excise taxes, and for 30 years (subsequently renewed and expired in 2015) exemptions from property taxes, capital gains taxes and earnings taxes. Following the 2015 expiration, the Grand Bahama (Port Area) Investment Incentives Act, 2016 was passed providing for a 20 year extension of the exemptions related to property taxes, capital gains taxes, and earnings taxes for the GBPA and select affiliates. With the Government having been satisfied with the GBPA meeting the obligations under the 1955 HCA, subsequent agreements to extend the HCA called for the additional infrastructure developments.

The development of Freeport started with the development of the harbour and construction of a local airport and main roadways. Such infrastructure was developed almost entirely by the GBPA and other private investors such as the Port Group Limited ("PGL"), which have invested billions either directly or via joint ventures. These key infrastructural investments coupled with the tax concessions contained in the HCA were prominent factors which aided in attracting key investors and industries to the island of Grand Bahama.

3.2 Freeport: The Present

The establishment of the city of Freeport has resulted in major infrastructure and industrial investments on the island of Grand Bahama. From its origins as a fishing village with a total population of 4,095 residents in 1953, Grand Bahama Island has become a tourism and industrial hub with an estimated 56,260 residents, second only to the nation's capital. 3,181 businesses presently operate in Freeport, all of which are GBPA licencees. Such licencees are a combination of local and international businesses across a wide spectrum of industries. Of the 3,181 licencees, 90% are wholly or majority Bahamian owned.

Over the last 65 years, the GBPA and various other private investors have invested heavily in the development and maintenance of the city's infrastructure. Today, Freeport's infrastructure is capable of accommodating 250,000 – 300,000 people, 4 - 6 times the current population of Grand Bahama Island.

It is estimated that in today's monetary terms it would cost approximately \$10.5 billion to replicate the current infrastructure of Freeport. This infrastructure includes:

Physical infrastructure

- 472 miles of well-maintained roads
- 72 miles of 100 ft. wide, 10 ft. deep, fully bulk headed canal systems
- 3 bridges
- An international airport with an 11,000 ft. runway capable of accommodating the largest aircraft
- Island-wide water connections to an estimated 11,100 properties
- Island-wide electrical connections to an estimated 19,000 properties
- 98MW of electrical generation capacity
- Robust internet and communication infrastructure

Estimated replacement value: \$2.2 billion

Industrial infrastructure

- The Freeport Container Port ("FCP") with a depth of 16 metres and capable of handling 1.5 million twenty-foot equivalent units ("TEUs") per annum
- Buckeye Bahamas Hub, the largest regional crude oil and petroleum products storage facility
- The Grand Bahama Shipyard ("GBS") with a functioning floating dry dock capable of lifting over 45,000 tonnes
- PharmaChem Technologies Grand Bahama Limited ("PharmaChem") which manufactures certain HIV drug ingredients
- Polymers International, a subsidiary of Dart Corporation, which produces polystyrene beads
- Bahamian Brewery, which produces Sands Beer and other local brands

Estimated replacement value: \$4.7 billion

Tourism infrastructure

- 15 hotel and timeshare properties with a total of 2,400+ rooms
- 3 golf courses
- Port Lucaya Marketplace and Marina
- Cruise port and facilities capable of handling 3 cruise ships and over 1 million visitors annually
- Pirates Cove Waterpark
- Various national parks

Estimated replacement value: \$0.6 billion

Social infrastructure

- 26 schools
- 1 hospital and several private and public medical facilities
- 8,900 residences
- 704 commercial businesses
- Various well-maintained parks, gyms and other public facilities
- Government accommodations

Estimated replacement value: \$3.0 billion

Note: Estimates were predominantly based on 2013 values and adjusted to account for inflation and any additions or expansions. In most instances, depreciation is assumed to be offset by ongoing annual maintenance capital expenditure. Total hotel and timeshare room count include over 1,000 rooms at the Grand Lucayan Resort which is presently closed and being negotiated for sale by the Government.

This significant investment in infrastructure has proven to be instrumental in driving economic growth as it is estimated that Freeport now contributes up to \$1.4 billion, or 10.2%, to the GDP of The Bahamas annually, up from virtually nothing in 1955. This contribution level has been achieved almost entirely through private investment.

Moreover, it is estimated that Freeport is a net positive contributor to the Public Treasury on an ongoing basis as it remits approximately \$155.2 million annually in taxes, fees, duties, permits and other revenue sources to the Government. In addition, Freeport contributes an estimated \$44.0 million annually in National Insurance contributions.

The last several years of global economic uncertainty have had a negative impact on Freeport and Grand Bahama Island as a whole. In 2019, Hurricane Dorian ravished the island of Grand Bahama damaging critical infrastructure such as the Grand Bahama International Airport and leaving many individuals displaced. Additionally, several businesses were adversely impacted resulting in permanent or temporary closures of key commercial enterprises. According to an assessment conducted by Inter-American Development Bank, total damages due to Hurricane Dorian stood at an estimated \$325 million. Over the past four years the frequent occurrences of hurricanes on the island has resulted in significant economic challenges and has led to a reduction in Grand Bahama's total GDP contribution from approximately 17.0% in 2016 to approximately 13.8% in 2019. On the heels of recovery from Hurricane Dorian, a new threat swept the island, the Novel Coronavirus ("COVID-19") pandemic. Hurricane Dorian and the COVID-19 pandemic has radically changed the economic landscape in Grand Bahama. The combined negative economic impact of the COVID-19 pandemic and Hurricane Dorian recovery efforts has highlighted the need to reassess the current growth strategy and potential opportunities for Freeport.

3.3 Freeport: The Future

Grand Bahama is known to be a resilient island. Over the last several years tremendous effort have been put forward to reposition Freeport, Grand Bahama as it presents a formidable opportunity for future growth for the Bahamian economy. The two most recent economic external events, Hurricane Dorian and the COVID-19 pandemic, have caused the GBPA to rethink its view and assumptions about Freeport's economy and the path forward. In light of this, the GBPA collaborated with its key stakeholders, the people of Freeport, to develop a new vision and actionable plan for the jurisdiction. To help facilitate the development of the new strategic plan, a strategic committee was established, the Revitalisation and Expansion of the Economy of Freeport Committee (the "REEF Committee"), which is responsible for developing short-term and long-term initiatives to include in the new strategic plan.

With the goal of revitalising a thriving, inclusive, prosperous Bahamian city, it was critical that efforts focus on key areas where there are clear hurdles to growing Freeport's economy. These priority areas include the following:

 Attracting New Business	 Ease of Doing business	 Immigration	 Hospital and Healthcare	 GBIA	 Maritime and logistics
 Tourism	 Real Estate and Urban Renewal	 Small Business Sustainability	 Resilience and Emergency Preparedness	 Education and Training	 Agriculture

To date the development of the new strategic plan has benefitted from the collaborative inputs of the REEF Committee, its external advisors, and extensive consultation with the public. Such efforts have identified a number of strategic opportunities that seek to:

1. Build on existing strengths
2. Explore new opportunities to promote diversity
3. Realign Freeport to demonstrate that it is not only open for business, but it is also well-poised to compete in the global market

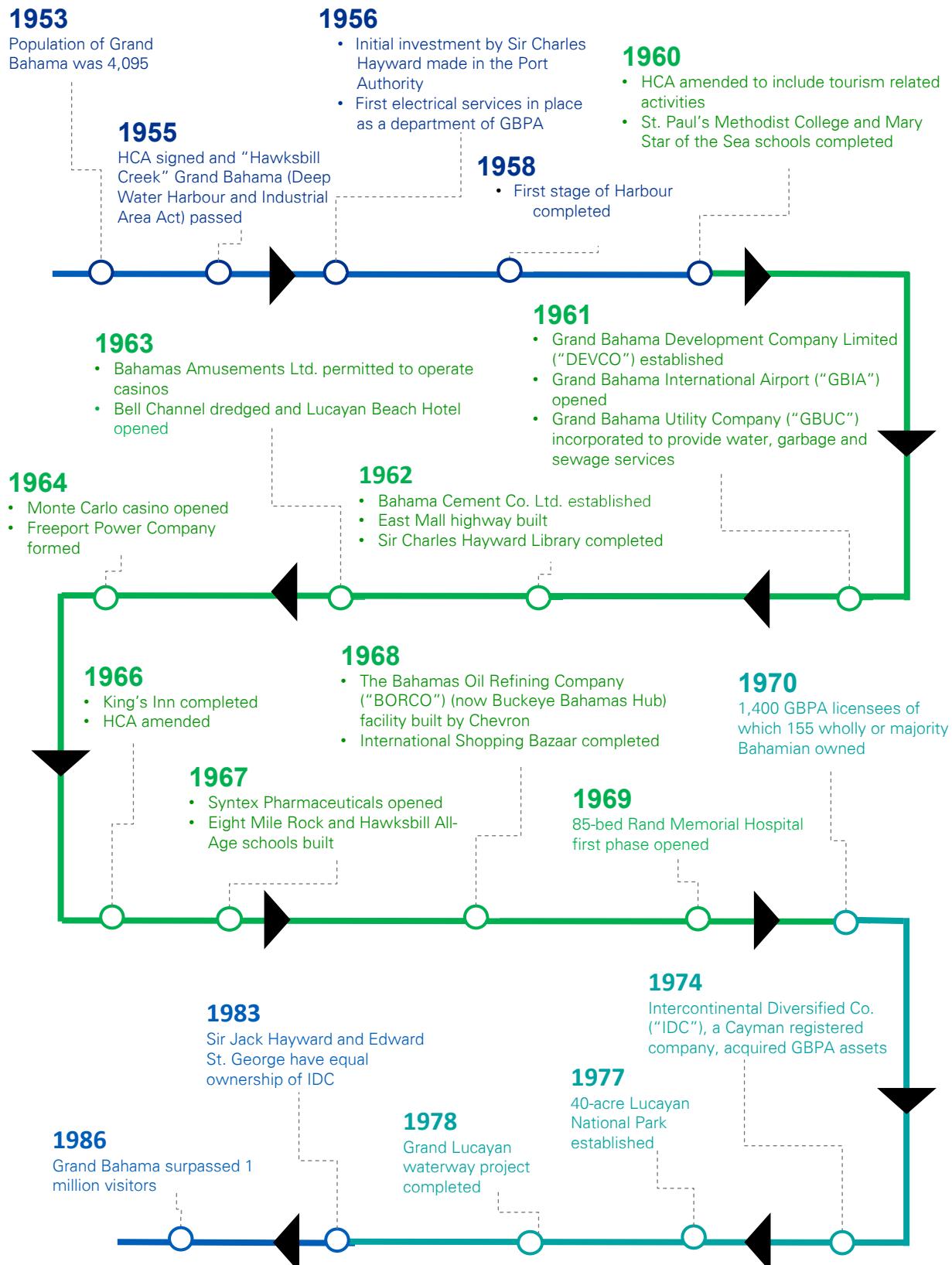
Strategic opportunities for Freeport include but are not limited to:

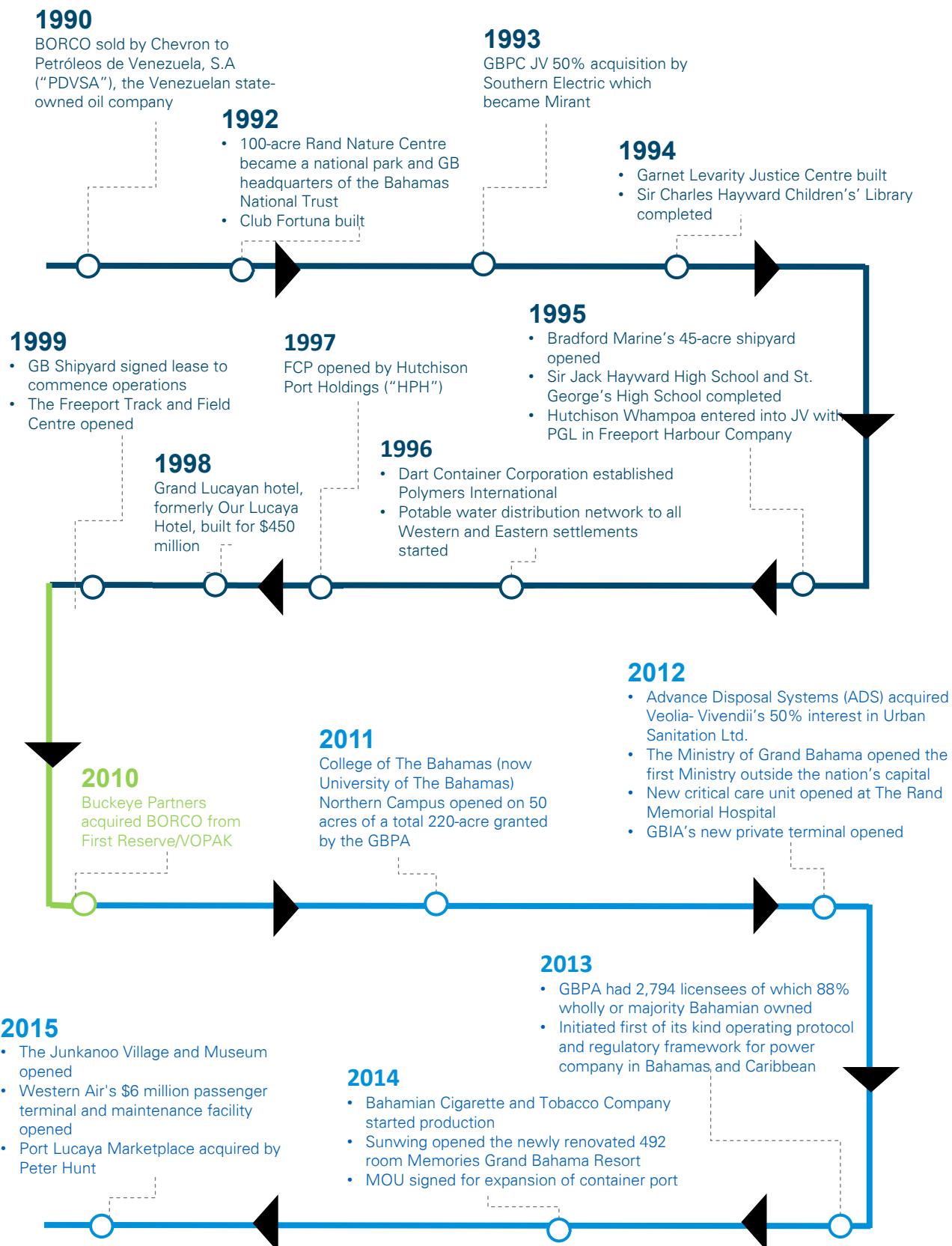
1. Positioning Freeport as the Blue Economy of The Caribbean
2. Repositioning Freeport as a competitive strategic economic zone
3. Diversifying and expanding the tourism and marine product offering
4. Developing medical tourism industry
5. Exploring agriculture opportunities
6. Expanding digital service offerings
7. Exploring nearshoring and re-shoring opportunities

While significant progress has been made, efforts with respect to the development of the new strategic plan for Freeport are ongoing.

In summary, Freeport continues to show potential to be a major source of economic growth for The Bahamas. However, such potential will not be manifested without the development and implementation of a robust strategic plan focused not only on bringing short-term relief but more importantly developing a framework to foster and create an environment of long-term sustainability for Bahamians and foreign investors.

3.4 Freeport timeline





2016

- Bahamas Agriculture and Industrial Corporation's Grand Bahama Arts and Centre in Freeport opened
- \$4.4 million Sir Jack Hayward Bridge opened
- Phase One of the Grand Bahama's \$0.5 million Potable Water Phase One is initiated



2017

- Phase Two of the Grand Bahama \$1.35 million Potable Water Project is initiated
- Commercial Enterprises Act, 2017 enacted

2018

- The Government purchases the Grand Lucayan Resort
- PGL signed HoA for site approval for new Carnival cruise port
- PGL provides access to upgrade harbour facilities to accept cruise ships from Royal Caribbean
- The Albert J. Miller Complex and Fire Station opened
- GIBC Digital launched global training headquarters
- Goombayland relaunched
- Pirate's Cove Zip Line and Water Park opened



2019

- DevDigital opened new location
- Two HoAs signed by the Government and Carnival Cruise Line for projects valued at \$180 million
- GBPA donates land for Western Atlantic University School of Medicine, a B\$64 million medical university



2020

- Economic impact assessment approved for multi-million development of the Freeport Cruise Port and the Grand Lucayan Resort; HoA signed by the Government and Royal Caribbean International and ITM Group
- The Fishing Hole Causeway opened
- Significant construction and reinvestment to address Hurricane Dorian infrastructure damage
- GBUC decided to invest in \$3 million in a reverse osmosis plant
- GBPA had 3,300 licensees of which 90% wholly or majority Bahamian owned
- Population of Grand Bahama estimated to be 56,854



HoA – Heads of Agreement

MOU – Memorandum of Understanding

Freeport: The Present

4 Freeport: The Present

4.1 Overview

Freeport has the most diversified economy in The Bahamas spanning several industries and encompassing both domestic and international companies. With a rapidly growing population, infrastructure capable of handling 250,000 people, and 3,181 GBPA licencees, the city of Freeport has grown to become one of the largest stand-alone economies in the country, second only to New Providence.

 56,260 Population of Grand Bahama Island	 32,825 Total Grand Bahama workforce	 3,181 GBPA licenced businesses (2021)	 26 Number of schools in Grand Bahama (2018)	 8,900 Dwellings in Freeport	 472 Miles of single and dual carriage way roads	 72 Miles of bulkheaded canal systems
 15 Number of hotels and timeshares in Freeport*	 2,428 Number of rooms in Freeport*	 137,520 Grand Bahama air arrivals	 715,453 Grand Bahama cruise arrivals	 1.5 million TEUs Port throughput capacity	 98MW Electrical generation capacity	 8 million Total gallons of fresh water pumped daily

*Include hotels and timeshares in Freeport and Lucaya. Total number of rooms include 1,271 rooms at Grand Lucayan Resort, of which only 196 are presently considered part of the active rooms.

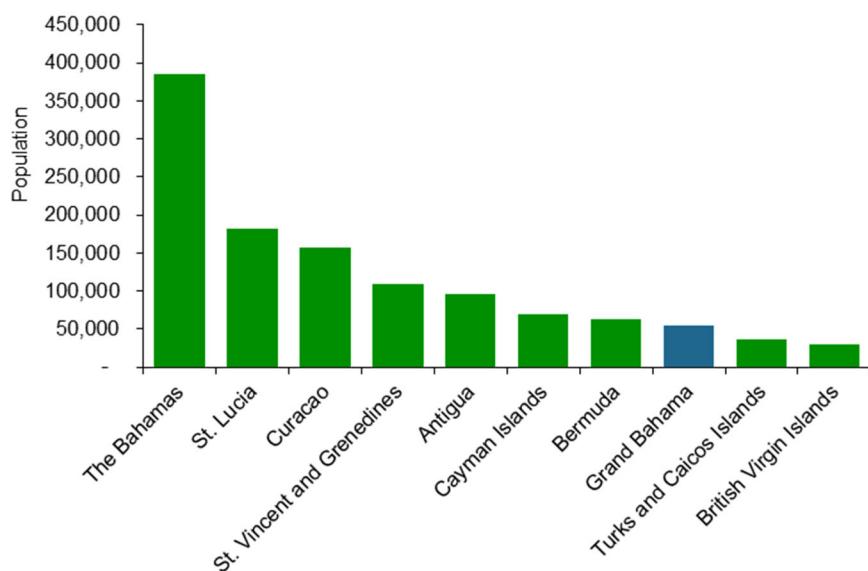
Note: Data as of 2019, unless otherwise stated.

4.2 Population

The current population of Grand Bahama has grown and diversified significantly since the early 1950s and presently stands at approximately 14 times the population prior to the signing of the HCA. When compared to other islands in The Bahamas, Grand Bahama Island has experienced one of the largest population booms on record growing from approximately 4,095 persons in 1953 to an estimated 56,260 persons in 2019.

When compared to some of its regional peers, Grand Bahama Island has a population almost equivalent to, and in some cases greater than, many small countries including the British Virgin Islands, Turks and Caicos Islands, and comparable to the Cayman Islands and Bermuda.

Population by jurisdiction

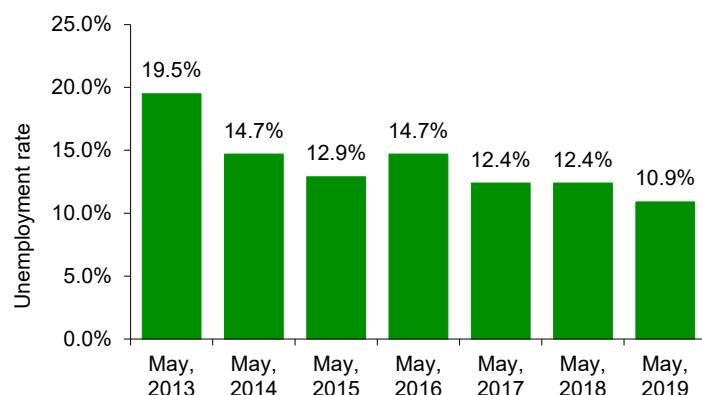


Sources: Bahamas Department of Statistics, World Bank, and Cayman Islands Economics and Statistics Office

4.3 Labour force

According to the Bahamas Department of Statistics, as of May 2019, Grand Bahama had a total labour force of 32,825 persons, 8 times the island's total population in the 1950s. In contrast to the majority of islands in The Bahamas in which the workforce is predominantly tourism centric, Grand Bahama's workforce can be characterised as diverse. From 2013 to 2019, Grand Bahama experienced drastic improvements in employment levels. Such improvements were largely as a result of the rebounding economic climate following the 2007/2008 global recession (primarily due to the city of Freeport). As displayed in the graph below, Grand Bahama's unemployment rates decreased from 19.5% as of May 2013 to 10.9% as of May 2019.

Unemployment rates in Grand Bahama



Sources: Department of Statistics Labour Force Report

While unemployment data is presently unavailable for 2020, it is anticipated that as a result of the September 2019 landfall of Hurricane Dorian coupled with impacts of the COVID-19 pandemic in 2020, the unemployment rate for Grand Bahama has increased significantly, likely exceeding 2013 levels. As the Government continues to relax COVID-19 restrictions, it is expected that there will be a marginal decrease in unemployment rates in the short-term.

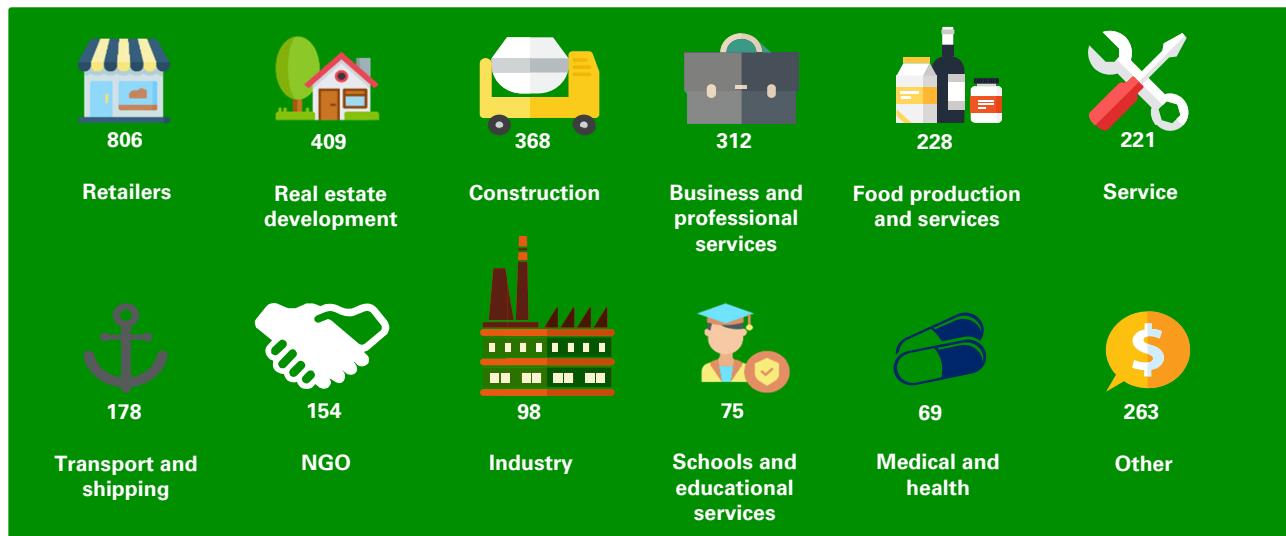
4.4 Industries and businesses in Freeport

While tourism is the predominant industry in The Bahamas, Freeport is structurally designed to support significant economic growth from a number of other industries, such as light industry, logistics, and real estate, all of which are significant contributors to Freeport's economy. In addition, development of the information & communications technology sector has become a focus for both the Government and the GBPA. Provided in the table below is an overview of the key industries in Freeport.

Major Industries													
Industry	Details												
Tourism	<p>Located just a 30-minute flight from Florida, tourism is the mainstay of the Grand Bahama economy. For the period 2016 to 2019 Grand Bahama welcomed approximately a million visitors annually either via air or sea.</p> <p>Tourist arrivals in Grand Bahama</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Number of arrivals (000)</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>1,150</td> </tr> <tr> <td>2017</td> <td>1,050</td> </tr> <tr> <td>2018</td> <td>980</td> </tr> <tr> <td>2019</td> <td>850</td> </tr> <tr> <td>2020*</td> <td>150</td> </tr> </tbody> </table> <p>*Arrival numbers historically low due to the COVID-19 pandemic Source: GBIA and Ministry of Tourism</p> <p>The 2019 reduction in number of visits was mainly due to the ramifications of Hurricane Dorian that hit the island in September 2019 and brought the economy to a temporary halt. On the heels of this, in 2020 the world was faced with the COVID-19 pandemic which resulted in restrictions in international travel for prolonged periods.</p>	Year	Number of arrivals (000)	2016	1,150	2017	1,050	2018	980	2019	850	2020*	150
Year	Number of arrivals (000)												
2016	1,150												
2017	1,050												
2018	980												
2019	850												
2020*	150												
Light manufacturing	<p>Grand Bahama is seen as the industrial and manufacturing capital of The Bahamas as it is ideally situated for such commercial activities. Dating back to the 1960s, Freeport has a long history of manufacturing cement and pharmaceuticals as well as providing the facilities for oil storage and transshipment.</p> <p>The light industry in Freeport comprises companies engaged in the manufacturing and distribution of various products. The development of the 741 acre Sea Air Business Centre which is strategically positioned between the Freeport Container Port and the GBIA coupled with concessions available in the Port Area creates a unique</p>												

	<p>incentive for those companies seeking to establish a manufacturing and distribution plant in The Bahamas.</p>
Logistics	<p>Freeport is a major transshipment centre with four complimentary facilities, all of which are privately-owned and operated and dedicated to serving many of the top centres of the world, including the United States ("US"), the Caribbean, and Europe.</p> <ol style="list-style-type: none"> 1) Freeport Container Port 2) Grand Bahama International Airport* 3) Freeport Harbour Company 4) Sea Air Business Centre <p>*GBIA is pending sale to the Government and reconstruction of the terminal post Hurricane Dorian</p>
Real estate	<p>Freeport has an abundant supply of real estate for residential and commercial development. Following some slow years, Freeport's real estate market showed visible signs of a rebound between 2016 up to 2019 as both the number of vacation rentals and interest in rentals on websites such as Airbnb and VRBO began to increase significantly.</p> <p>Additionally, with its close proximity to Florida, Freeport's buoyant second home market with its high-end communities such as Bell Channel and multi-million dollar homes continue to contribute to the overall economy.</p>
Information and communications technology ("ICT")	<p>In 2017, the Prime Minister of The Bahamas announced the Government's intention to focus on the development of Freeport as an offshore technology hub, positioning it as the Silicon Valley of the Caribbean. Since then there have been a number of investments in this sector, including:</p> <ol style="list-style-type: none"> a) The Carnival Corporation launched its Excellence Configuration Centre in 2017, which handles the configuration and installation of its new interactive technological device. b) Skyward Techno-Bahamas, an advanced business software solutions company commenced operations in Freeport. c) DevDigital, based in Nashville, Tennessee, commenced its software development operations in The Bahamas in 2019. <p>The Government is also pivoting its resources to ICT training initiatives such as teaming up with the Fulbright programme out of the USA for an app development training programme.</p>

The city of Freeport has grown into the international business hub of The Bahamas with various domestic and international companies operating from its shores. As of April 2021, the number of active GBPA licenced businesses stood at 3,181, with an estimated 89% of these businesses being wholly or majority Bahamian owned. Of these 3,181 businesses, the top twelve categories of businesses based on the number of active licences issued by the GBPA, are shown below.



With no direct taxation, Freeport has been able to successfully attract interest from international companies desiring to capitalise on the available concessions and potential to further drive profits. Examples of some of the activities and distinct businesses in the Freeport area with an international presence are presented in the following table:

Internationally Recognised Organisations with a Freeport Presence	
Activity	International Organisations
Transport and accommodations	<ul style="list-style-type: none"> Hutchison Whampoa - 100% or joint Shareholder/operator of GB Airport Co., Freeport Harbour Co., FCP, Grand Lucayan Resort
Commercial banking and financial services	<ul style="list-style-type: none"> RBC Royal Bank Scotiabank CIBC First Caribbean
Professional services firms	<ul style="list-style-type: none"> KPMG PricewaterhouseCoopers
Day visits for tourists on cruises (* represents those with stake in GBS)	<ul style="list-style-type: none"> Carnival Cruise Lines* Royal Caribbean International* Norwegian Cruise Lines Regent Seven Seas Cruises

Containerised cargo transportation	<ul style="list-style-type: none"> • Mediterranean Shipping Company • Tropical Shipping 				
Styrofoam bead production plant	<ul style="list-style-type: none"> • Dart Enterprises - Owner/operators of Polymers International, a Styrofoam bead production plant 				
Excavation and export company	<ul style="list-style-type: none"> • Martin Marietta Materials - Owner/operators of Bahama Rock, an aggregate excavation and export company 				
Oil storage and transshipment	<ul style="list-style-type: none"> • Buckeye Partners, L.P. - Owner/operators of BORCO, an oil storage and transshipment terminal 				
Cement storage and packing	<ul style="list-style-type: none"> • CEMEX 				
Communication services	<ul style="list-style-type: none"> • Cable & Wireless (LIME) - Owner (51%)/operator of BTC which provides land phone, cellular phone, and internet services 				
Pharmaceutical production	<ul style="list-style-type: none"> • Novasep - Owner of PharmaChem 				
Provision of air transportation services	<table border="1"> <thead> <tr> <th style="background-color: #0070C0; color: white;">Pre-Hurricane Dorian</th> <th style="background-color: #0070C0; color: white;">Post Hurricane Dorian</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> • Bahamasair • American Airlines • Silver Airways • Western Air • Sky Bahamas • United Airlines • Delta • WestJet • Sunwing Airlines </td><td> <ul style="list-style-type: none"> • Bahamasair • American Airlines • Silver Airways • Western Air </td></tr> </tbody> </table>	Pre-Hurricane Dorian	Post Hurricane Dorian	<ul style="list-style-type: none"> • Bahamasair • American Airlines • Silver Airways • Western Air • Sky Bahamas • United Airlines • Delta • WestJet • Sunwing Airlines 	<ul style="list-style-type: none"> • Bahamasair • American Airlines • Silver Airways • Western Air
Pre-Hurricane Dorian	Post Hurricane Dorian				
<ul style="list-style-type: none"> • Bahamasair • American Airlines • Silver Airways • Western Air • Sky Bahamas • United Airlines • Delta • WestJet • Sunwing Airlines 	<ul style="list-style-type: none"> • Bahamasair • American Airlines • Silver Airways • Western Air 				
Engineering consulting and design	<ul style="list-style-type: none"> • Shamrock Engineering Corporation Limited 				
Software development	<ul style="list-style-type: none"> • DevDigital 				

4.5 Infrastructure

4.5.1 Infrastructure overview

Since Freeport's inception the private sector has played a critical role in providing key infrastructure. Almost all the current infrastructure in place in Freeport was provided and maintained by the GBPA and private sector investors. With its expansive and well-maintained infrastructure, today Freeport is capable of supporting an estimated 250,000 – 300,000 persons, more than four times its current size. To recreate

the city of Freeport today and equip it with all the resources and amenities currently in place would cost in the region of \$10.5 billion.

Category	Description	Depreciated Replacement Cost Estimate	
		2014	2019
Physical infrastructure	Include roads, canals, bridges, airport and all utilities	\$2.0 billion	\$2.2 billion
Industrial infrastructure	All shipping, manufacturing, and commercial entities	\$4.5 billion	\$4.7 billion
Tourism infrastructure	All tourism related infrastructure such as hotels, golf courses, and cruise ports	\$1.0 billion	\$0.6 billion
Social infrastructure	Include residential infrastructure, school, hospitals, parks, and other community infrastructure	\$3.4 billion	\$3.0 billion
Total		\$10.9 billion	\$10.5 billion

Provided in this section is an overview of the various types of infrastructure available in Freeport along with an estimate, in current terms, of the replacement cost of each type of infrastructure.

4.5.2 Physical infrastructure

Category	Description	Depreciated Replacement Cost Estimate	
		2014	2019
Physical Infrastructure			
Roads	Total miles of single and dual roadway	\$319.0 million	\$339.6 million
Canals	All waterways and miles of canal dredging bulkhead	\$884.0 million	\$950.6 million
Bridges	All causeways connecting Freeport with the east and west end of the island	Unavailable	\$14.9 million
Airport	One privately owned airport, The Grand Bahama International Airport	\$60.0 million	\$40.0 million
Utilities	Water, power, cable, and telephone infrastructure	\$756.0 million	\$840.3 million
Total		\$2,019.0 million	\$2,185.3 million

4.5.2.1 Roads

One of the most distinguishing features of Freeport is its well-maintained roadways. Freeport has a total of 472 miles of road infrastructure. Road repairs and new installations occur on a regular basis. Over the past 5 years a total of \$0.6 million was spent on developing new roundabouts and constructing sidewalks for pedestrians. This is in addition to the annual maintenance capital expenditure. The total replacement cost of the road infrastructure is estimated to be in the region of \$339.6 million.

410
Miles of single
lane roadway

62
Miles of dual
carriage roadway

4.5.2.2 Canals

Freeport has 72 linear miles of dredged canals and 144 miles of bulkhead. The major waterway in Freeport is the 30-mile Grand Lucayan Waterway, which bisects the island. The total replacement costs of these extensive, and high quality, canal systems are estimated at \$950.6 million. Provided below is a summary of the canal systems, mileage, and bulkheading in Freeport.

Canal Systems in Freeport		
Canal System	Length (miles)	Bulkhead (miles)
Grand Lucaya	30.28	60.55
Bell Channel	10.37	20.73
Devonshire	7.76	15.52
Queen's Cove	7.41	14.82
Lincoln Green	6.54	13.08
Silver Point	4.31	8.62
Princess Isles	2.53	5.05
Bahama Terrace	2.39	4.78
Dover Sound	0.42	0.85
Total	72.01	144

4.5.2.3 Bridges

There are three main bridges in Freeport: The Casuarina Bridge, the Sir Jack Hayward Bridge, and the Fishing Hole Road Causeway.

- The Casuarina Bridge was constructed almost 65 years ago and connects East Grand Bahama to west Grand Bahama. The bridge stretches over the Grand Lucayan Waterway and is a critical piece of infrastructure.
- The Sir Jack Hayward Bridge was constructed in 2016 at approximately B\$4.4 million by All Bahamas Construction and Waugh Construction. The bridge stands at 35 ft. high and about 100 yards in total length and connects east Grand Bahama to the city of Freeport. It is an alternative to the Casuarina Bridge.
- The Fishing Hole Road Causeway was officially opened in 2019. The concrete trestle bridge spans 900 ft. across the Hawksbill Creek and connects the west and east end of the island. The total construction cost of the bridge, \$9.2 million, was borne by the Government.

The bridges sustained significant damages during Hurricane Dorian and as at the time of this report, some damages remained unrepaired. The total cost to reconstruct bridge infrastructure is an estimated \$14.9 million.

4.5.2.4 Airport: Grand Bahama International Airport

GBIA is a joint venture between Hutchinson Port Holdings and the GBPA. The airport has an 11,020 ft. by 151 ft. runway which is capable of handling the largest aircraft in service and is a mere 35 minutes away from South Florida and relatively close to all other major cities on the Eastern Seaboard of the US.

In 2019, GBIA was demolished by the wrath of Hurricane Dorian, rendering terminals and other key airport infrastructure inoperable. The runway which was recently resurfaced did not sustain any damage from the storm. Since then, a temporary terminal has been constructed at the fixed-based operators' terminal to service both domestic and international passengers.

The total cost to reconstruct the existing airport infrastructure (as is) is an estimated \$40.0 million.

4.5.2.5 Utilities

Communication services such as internet, cable and telephone are provided by Cable Bahamas Limited ("CBL") and BTC. Water services are provided by GBUC while power is provided by GBPC.

The total infrastructure investment provided by these companies are estimated to be in the region of \$840.3 million.

Additional information regarding the specific activities of each of the above referenced companies are provided below and on the following page.

Grand Bahama Power Company

GBPC, a wholly owned subsidiary of Emera Inc. ("Emera"), supplies electrical power to approximately 45,000 persons across the island of Grand Bahama. GBPC has been providing service since 1964 and currently employs 198 full-time employees.

In the last 3 years, GBPC has been able to turn its operations into a sustainable business which is continuing to grow and become an enabler for economic growth on the island. The latest Carilec benchmark study confirmed that GBPC's rates remain competitive within the region, placing GBPC in the lower third of the scale for cheapest electricity costs in the Caribbean area.

GBPC, in consultation with its regulator, the GBPA, has implemented an Economic Development Rate ("EDR"). The goals of the EDR are to attract new investment and encourage expansion of existing industrial and commercial business in Grand Bahama.

GBPC has approximately 98 MW of generating capacity. Inclusive of this, is the new 52 MW West Sunrise Plant, an \$80 million investment that was fully operational in July of 2012 and represented a key milestone in Emera's strategy to improve the reliability of service to its customers across Grand Bahama Island. As a result of the Hurricane Dorian storm surge, the Peel Street Plant was flooded, and is not expected to return to service until the second quarter of 2021. The generation capacity of the Peel Street Plant is currently being replaced by temporary generating units from Aggreko plc. GBPC's Power is produced from nine generation units, which include two slow speed diesel engine driven generators and seven medium speed diesel generators. The current source of fuel for generating electricity in Grand Bahama is heavy fuel oil; however, GBPC is committed to exploring alternative energy sources to diversify its fuel portfolio and manage costs for its customers.

The total infrastructure investment, in today's money terms, is an estimated \$663.6 million.

Grand Bahama Utility Company

Established in 1961 as a wholly owned subsidiary of PGL, GBUC is responsible for providing quality potable water and sanitation services throughout Grand Bahama Island (except for an area developed by Tamarind Development Limited in Lucaya). Approximately 20 individuals are employed with GBUC.

GBUC has approximately 500 miles of water lines which are supplied from four different pumping stations throughout the Grand Bahama Island. GBUC pumps 8 million gallons daily of fresh, pure water, via state-of-the-art pipe networks. The system is adequate for a modern city of 250,000. Rainfall averages 58 inches per year, replenishing the natural ground aquifer, a vast lens of fresh water located under the island.

GBUC provides water collection, distribution, and sewerage collection services whereas Sanitation Services Ltd., GBUC's sister company, provides garbage collection, refuse disposal, and landscaping services.

Within the last 5 years, GBUC made significant infrastructure upgrades including the following:

- upgraded the underground infrastructure in High Rock, McCleans Town, and a section of Deadman Reef
- implemented district area metres
- upgraded chlorine treatment at one of the water plants
- established georeferencing of GBUC assets
- established a Leak Detection Programme
- added cathodic protection for all water storage tanks
- implemented metre replacement programme
- implemented and upgraded backup generation at 3 plants
- developed formalised hurricane action and response plan
- conducted a wellfield hydrogeologic study

The total cost to reconstruct the GBPU's existing infrastructure is an estimated \$39.9 million.

Cable Freeport / Aliv

Cable services are provided by Cable Freeport Ltd. whose parent company is Cable Bahamas Limited ("CBL"). CBL has full access to a world-class, state-of-the-art submarine redundant fibre optic cable system linking Grand Bahama Island to South Florida. The company supplies more than 250 digital channels and broadband internet access, with speeds ranging from 30Mb/s up to 1Gb/s to residences and businesses on Grand Bahama Island.

Aliv commenced operations in Freeport in 2016 providing wireless communications services. Aliv is owned by CBL and HoldingCo.2015 Limited, a Government owned entity.

CBL's total infrastructure investment, in today's money terms, is an estimated \$75.3 million.

Bahamas Telecommunications Company Ltd.

Bahamas Telecommunications Company Ltd. ("BTC") has been the national provider of telecommunication services in the Bahamas for over 100 years. BTC provides mobile, fixed line and broadband services. Telecommunications has vastly improved from the first installation in 1879 to fibre optic connection which now provides state-of-the-art service throughout The Bahamas. BTC was privatised in 2011 and is 49% owned by Cable & Wireless Communications PLC with management control.

BTC's total infrastructure investment, in today's money terms, is an estimated \$61.4 million.

4.5.3 Industrial infrastructure

Category	Description	Depreciated Replacement Cost Estimate	
		2014	2019
Industrial Infrastructure			
Shipping facilities	Includes the shipyard and container port	\$416.0 million	\$450.3 million
Manufacturing and Storage	Investment by companies such as PharmaChem, BORCO and Polymers Intl.	\$2,268.0 million	\$2,617.2 million
Various mid-sized businesses	Includes medium sized businesses such as FOCOL Holdings ("FOCOL"), Bahamian Brewery, etc.	\$100.0 million	\$113.3 million
Commercial developments	Includes various commercial buildings and major office complexes such as First Commercial Centre, Star General Complex, Columbus Communications Complex, International Building, etc.	\$842.3 million	\$610.4 million
Harbour excavation	All costs associated with dredging the 495 acre harbour	\$840.0 million	\$909.3 million
Total		\$4,466.3 million	\$4,700.5 million

4.5.3.1 Container port and shipyard

Freeport Container Port

FCP was established in 1977 by HPH. FCP boasts 16 metres of depth alongside, 750 reefer points, and 3 berths. FCP contains 57 hectares of stacking area and annual capacity of 1.5 million TEUs. It is currently the deepest container terminal in the region and serves as a major container transshipment hub for the eastern seaboard of the U.S. and the principal east, west, north and south line-haul routes through the region.

The terminal operates a sophisticated computerised 24-hour facility with state-of-the-art security. Additionally, it offers comprehensive support services and leading-edge technology to the world's larger container vessels.

Currently, FCP has a staff complement of 487 employees. Of this, approximately 98% are Bahamian citizens.

FCP's total infrastructure investment, in today's money terms, is an estimated \$194.9 million.

Grand Bahama Shipyard

GBS was incorporated in 1999 and today is one of the largest ship repair companies in the region with floating dry docks capable of lifting over 45,000 tonnes. The facility also has a pier and water wharf consisting of 1km of deep-water berth with water depth of 14 metres.

The shipyard has an extensive support services offering enabling it to perform even the most complicated repair, upgrade, and conversion projects. Its 35,000 sq. ft. steel and aluminum workshop are fully equipped and houses one of the largest lathes in the region. Additionally, the shipyard offers a wide range of woodworking, electrical, and mechanical equipment that supports the creation of mechanical solutions and fabrication opportunities.

GBS' total infrastructure investment, in today's money terms, is an estimated \$255.5 million.

4.5.3.2 Harbour excavation

Freeport Harbour is one of the largest man-made harbours in the world and the deepest harbour in the region. The entrance channel and turning basin are dredged to a depth of 16 metres (52 ft.). There is also a huge expanse of sheltered waters.

The total harbour excavation area is 495 acres. It is estimated that approximately 1.1 billion cubic feet of material was excavated to produce Freeport Harbour. In addition, there are 48,400 linear feet of bulkheading.

The total investment, in today's money terms, inclusive of pre-splitting, removal of material and stockpiling thereof, and construction of gravity-type concrete bulkheads is estimated to be in the region of \$909.3 million.

4.5.3.3 Manufacturing and storage

Buckeye Bahamas Hub

Buckeye Bahamas Hub, formally Bahamas Oil Refining Company International, is strategically positioned along the Northwest Providence Channel off the southern tip of Grand Bahama Island and is the largest storage terminal facility in the Caribbean, with the ability to store, blend, transship, and bunker fuel oil, crude oil, and various petroleum products.

Its location is ideally suited for blending, transshipping and terminal operations for the Arabian Gulf, Northwest Europe, and West Africa trade to the United States' Gulf coast and east coast, as well as for North America trade to Europe, Latin America, and the Pacific.

Overall, Buckeye Partners has invested over \$2 billion in expanding and improving this world-class marine storage facility.

PharmaChem

PharmaChem commenced operations in January 2004. The company produces active pharmaceutical ingredients ("API") and intermediates used in branded anti-retroviral medications for the treatment of HIV / AIDS, for its primary customer, Gilead Sciences Inc., a publicly traded NASDAQ 100 biopharmaceutical company.

It is currently the only pharmaceutical fine chemicals bulk manufacturing facility in The Bahamas. The company has been certified by the United States Food and Drug Administration, Japan, Korea, and other European regulatory bodies, building a proven track-record of quality and excellence in cGMP manufacturing.

The company broke ground in May 2016 to construct a multiproduct manufacturing facility to continue its ability to manufacture API and intermediates for third party customers. The new plant, Plant 3, is a multi-product facility with 4 intermediate cells, 2 API cells, and 1 milling room, giving the ability to manufacture the newer generation of high-potency-low-volume API. The new plant is expected to be commissioned in April 2021.

PharmaChem currently employs 125 full time employees and expects to employ approximately 145 full time employees by June 2021. The staff complement is composed of 90% Bahamians.

Based on the company's most recent Economic Impact Assessment, it is estimated that annually, the Company injects at least \$25 million directly into the economy of Grand Bahama.

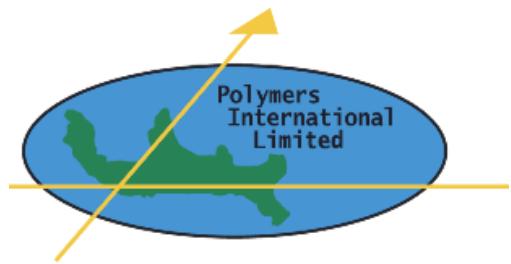


Bahama Rock

One of the largest mining operations in the region, Bahama Rock is a wholly owned subsidiary of the publicly traded Martin Marietta Materials, which is one of the largest producers of construction aggregates in the United States. Formed in the 1970's, Bahama Rock mines and exports sand and aggregate largely from the area enclosed by the Freeport Harbour.

Polymers International

Polymers is a related entity of Dart Container Corporation based in Michigan. Dart is the world's largest manufacturer of foam cups and containers. Polymers broke ground in 1995 and began its Freeport operation in 1997. Polymers produces expandable polystyrene used in foam products. Prior to the June 2019 introduction of the plastics ban in The Bahamas, the beads produced by Polymers were among The Bahamas' largest export.



Polymers employs 75 full time direct employees as well as another 25 full time contracted employees.

4.5.3.4 Medium-sized businesses

Freeport Oil Company Ltd. ("FOCOL")

Freeport Oil Company Ltd. was established in 1967 and provides petroleum products and services to The Bahamas and Turks & Caicos Islands. FOCOL has recently increased shipping activity, as well as its storage capacity for gasoline, diesel and propane. Their operations currently utilise 150 Bahamian employees. The company is listed on the Bahamas International Stock Exchange ("BISX") with a market capitalisation of approximately \$381 million at the time of writing.



Bahamian Brewery & Beverage Co.

Bahamian Brewery was started in 2007 in Freeport. It is located on 20 acres of land near the Freeport Harbour and exports its beer across The Bahamas, including to its distribution centre on the island of New Providence.

The company is the producer and distributor of the popular Sands Beer as well as other home-grown brands. In addition, Bahamian Brewery is also the distributor for Anheuser-Busch and Philip Morris International products, as well as various other brands such as Tito's vodka and Macallan whiskey.



In 2017, the company expanded its operations on the island of Grand Bahama by constructing a 35 thousand ft warehouse, a \$2 million dollar expansion. In 2019, the facility sustained extensive damage during the passage of Hurricane Dorian. The new \$3 million facility was able to successfully open in October 2020, just over a year later.

The company has a staff complement of approximately 122 individuals, of whom an estimated 98% are Bahamian residents.

Bradford Marine Bahamas

Bradford Marine Bahamas is a full-service yacht and commercial ship repair facility located in Freeport Harbour and is related to Bradford Marine Inc. of Fort Lauderdale, Florida. The company has drydocking capacity of 1200 tons utilising its floating drydock and operates a 150 tonne Marine Travelift. Alongside dockage is available for vessels up to 450 feet LOA and up to 20-foot draft, with 2,500 feet of lineal dockage available on both fixed and floating docks, and there are no overhead restrictions for access. The facility offers 24 hours gated ISPS certified security, and a designated port of entry. The company provides skilled and experienced marine repair service through its many in-house departments including mechanical, welding, topside and bottom painting, carpentry, electrical, and engine shops. Long-term dry storage is available for vessels up to 120 feet long and 30 feet wide, with hurricane rated strapping available.



The company employs approximately 60 full time workers, of whom 98% are Bahamians.

4.5.3.5 Commercial developments

Freeport has an estimated 704 commercial properties, 516 of which are situated in buildings owned and developed by the GBPA, 110 which are businesses operating from facilities owned by PGL, and the remaining 78 operating in privately developed areas including Pinder's Subdivision, Hudson Estates, Silver Cove Subdivision, Britannia Estates, and throughout DEVCO subdivisions. The replacement cost of this infrastructure is estimated at approximately \$610.4 million.

4.5.4 Tourism infrastructure

Category	Description	Depreciated Replacement Cost Estimate	
		2014	2019
Tourism Infrastructure			
Hotels	Hotel properties such as Grand Lucayan Resort, Pelican Bay, and other major hotel developments	\$948.3 million	\$524.1 million
Golf facilities	Golfing facilities	\$24.0 million	\$9.7 million
Cruise port	Includes infrastructure associated with the cruise port	\$30.0 million	\$32.5 million
Port Lucaya marina / marketplace	Port Lucaya marketplace and associated infrastructure	\$24.0 million	\$23.5 million
Other tourist facilities	Includes other infrastructure used by tourists	Unavailable	\$1.5 million
Total		\$1,026.3 million	\$591.3 million

4.5.4.1 Hotels

There are over 2,400 hotel rooms in Freeport, of which 1,353 are part of the active room inventory. These include the Grand Lucayan Resort with 1,271 rooms (of which 196 are open), and a number of other hotel and timeshare properties including Pelican Bay (184 rooms), Viva Club Fortuna (274 rooms), Castaways Resort (118 rooms), Royal Islander Hotel (99 rooms), and others. Of the current room inventory, 815 are considered to be in the economy bracket and 538 in the budget bracket.

While currently closed, negotiations are ongoing between the Government and Holistica, a joint venture between Royal Caribbean International and the ITM Group, regarding the sale of the Grand Lucayan Resort.

The project will result in a total transformation of the Grand Lucayan as it is expected that the property will be renovated and 1,500 additional units are expected to be completed over two phases:

- Phase 1: Renovation of existing facility and reconstruction of 500 rooms
- Phase 2: Development of 500 rooms and 500 villas.

In addition, the hotel renovation will include a new casino, a water theme park, and new shopping, dining, and entertainment facilities.

It is estimated that the total replacement construction cost for the current hotel inventory is in the region of \$524.1 million.

4.5.4.2 Golf facilities

There is 1 fully functional golf course, the Reef Golf course. It is estimated that the total cost to replace this course is \$9.7 million. Fortune Hills Golf Course is also open to resident, however the 9-hole facility is unfortunately not adequately maintained and is therefore not used by visitors.

4.5.4.3 Cruise port

FHC, a joint venture between HPH and PGL, operates the entrance channel and turning basin of the harbour, cruise and day ferry berths, containerised and break bulk cargo berths, car transshipment, and wet docking. The berths have the capacity to accommodate cruise liners of up to 1,000 ft and up to five roll-on/roll-off vessels. In 2019, the terminal saw over 200 cruise ships calls and 500 ferry calls for a combined 900 thousand passengers. There is also a 26,000 sq. ft. arrivals, retail, and entertainment complex that welcomes all cruise and ferry passengers.

Holistica, the Royal Caribbean-ITM Group joint venture, intends to redevelop and expand the cruise port as part of its \$300 million investment in Freeport.

FHC presently employs 110 Bahamians with annual wages of more than \$6.5 million, providing a knock-on effect for countless direct and indirect entrepreneurial and ancillary services such as taxicab operators, restaurants, ship agencies, straw vendors, and retail outlets. Recently completed infrastructure upgrades to the berths amounting to an estimate \$16.6 million were in response to the growing ferry business since 2014 and further terminal upgrades are anticipated as the cruise industry rebounds from the Covid-19 pandemic.

The replacement cost of the facilities is estimated to be approximately \$32.5 million.

4.5.4.4 Port Lucaya Marketplace and Marina

The Port Lucaya Marketplace was built in 1987, and is home of the largest open-air shopping, dining, and entertainment centre in The Bahamas. The 9.5-acre facility has over forty specialty stores and boutiques, eleven restaurants, and eleven bars/lounges for late night entertainment. Located on a 5-acre peninsula overlooking a large marina and marina basin, the Port Lucaya Marketplace offers a unique shopping experience with a wide array of tax-free Bahamian craft stores as well as water sport operators offering multiple tour options.



In 2019, the facility sustained damage from Hurricane Dorian. It is estimated that to replace the marketplace and the marina would cost in the region of \$19.5 million.

4.5.4.5 Other tourist facilities

Pirate's Cove Water Park

Situated on nearly 7.5 acres of beachfront property, Pirate's Cove Water Park opened its doors in 2016 and completed its second phase of development in 2018. A 100% Bahamian owned company, the \$1.5 million project had a staff complement of 30 persons as of 2018. The site offers a number of attractions including a zip line, eateries, a bar, and Segway rides.

4.5.5 Social infrastructure

Category	Description	Depreciated Replacement Cost Estimate	
		2014	2019
Social Infrastructure			
Middle income residential developments	Various middle-income homes throughout the city of Freeport	\$2,734.7 million	\$2,283.6 million
High end residential developments	High end developments such as Fortune Cay and Lucaya Marina Village	\$150.0 million	\$187.5 million
Hospital and other social infrastructure	Schools, hospitals, and clinics	\$468.6 million	\$507.9 million
Parks and community infrastructure	Various parks and community infrastructure	\$25.0 million	\$37.1 million
Total		\$3,378.3 million	\$3,016.1 million

4.5.5.1 Middle income residential developments

Freeport has an estimated 8,650 residential structures across developments such as Bahamia (North, South, and West), Caravel Beach, Fortune Bay, Hawksbill, Lincoln Green, Royal Bahamian Estates, Suffolk, Windermere and Yeoman Wood.

The average size of a middle-income home is estimated to be between 1,500 – 2,000 sq. ft. and the aggregate replacement cost of these homes is estimated at \$2,283.6 million.

4.5.5.2 High end residential development

There are approximately 250 high end homes in Freeport. High end residential communities include Fortune Cay, Lucaya Marina Village, and Shoreline. The average estimated cost to reproduce such homes is \$750,000 per home. The aggregate replacement cost is estimated at approximately \$187.5 million.

4.5.5.3 Hospitals and other social infrastructure

Hospitals and public health infrastructure

The public health infrastructure on the island of Grand Bahama is comprised of one main hospital, The Rand Memorial Hospital, and a total of nine public clinics. The Rand Memorial Hospital, located in Freeport, was originally opened as a private facility in 1969 known as the Grand Bahama Clinic. It was subsequently acquired by the Government in 1971 and renamed in honour of James Rand. This public hospital serves Grand Bahama Island and the Northern Bahamas including Abaco and Bimini. The facility is staffed by approximately 750 workers and is the primary healthcare facility for the Freeport area offering general acute care as well as selected specialties.

There is also the privately owned New Sunrise Medical Centre with 10 beds, the Lucayan Medical Diagnostic and Rehabilitation Centre, Davies House Clinic, and various other medical facilities.

Hospitals and medical facilities are particularly expensive to build due to the specialised nature of the buildings and the equipment required. It is estimated that the total cost to replace the Rand Memorial Hospital and the New Sunrise Medical Centre for a combined 102 beds is in the region of \$156.3 million.

Schools

There are 26 private and public schools in Grand Bahama, serving approximately 7,738 students. These schools include but are not limited to:

- Bishop Eldon High/Primary (536 students)
- Freeport Primary (656 students)
- Jack Hayward High (1,400 students)
- Lucaya International (235 students)
- Mary Star of the Sea Primary (255 students)
- St. George's High (807 students)

The estimated total cost to replicate these educational facilities today would be in the region of \$351.6 million.

4.5.5.4 Parks and community infrastructure

Freeport is extremely well maintained and has a number of community parks, sports facilities, public amenities, churches, and other community infrastructure. The replacement cost of this infrastructure is estimated at approximately \$37.1 million.

Freeport's Economic Contribution

5 Freeport's Economic Contribution

5.1 Overview

Grand Bahama is one of the northernmost islands in The Bahamas and is regarded as the island with the second-strongest economy. While select data and financial information regarding Grand Bahama's total economic output is publicly available, such information is not available specifically for Freeport or any district within Grand Bahama. As such, we have undertaken a high-level analysis in order to estimate the current economic contribution of Freeport to The Bahamas. For the purposes of this analysis we also sought to estimate total Government receipts and National Insurance Board ("NIB") contributions attributed to Freeport. Government receipts include taxes and fees levied by the Government.

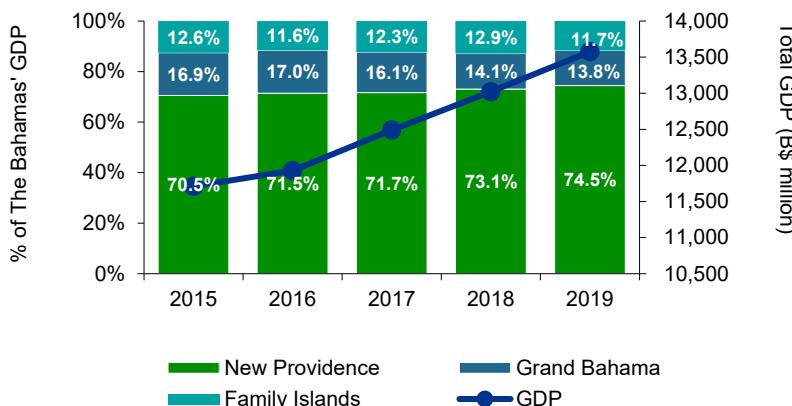
Based on the methodology and approach discussed within this chapter, we estimate that for the fiscal year 2018/2019 Freeport contributed approximately \$1.4 billion in GDP, 10.2% of the total GDP of The Bahamas, and \$197.1 million in government receipts and NIB contributions. Further, Freeport's 5-year cumulative GDP contribution stands at an estimated \$7.2 billion, averaging \$1.4 billion for each of the last 5 years.

5.2 Contribution of Grand Bahama and Freeport to the economy

5.2.1 Grand Bahama's contribution to GDP

In October 2020 the Department of Statistics released its inaugural GDP by Island report which provides the GDP contribution by New Providence, Grand Bahama, and the Family Islands from 2015 to 2020. Below illustrates the breakdown of GDP in The Bahamas throughout this period.

GDP by island



Source: Department of Statistic's GDP by Island, 2019

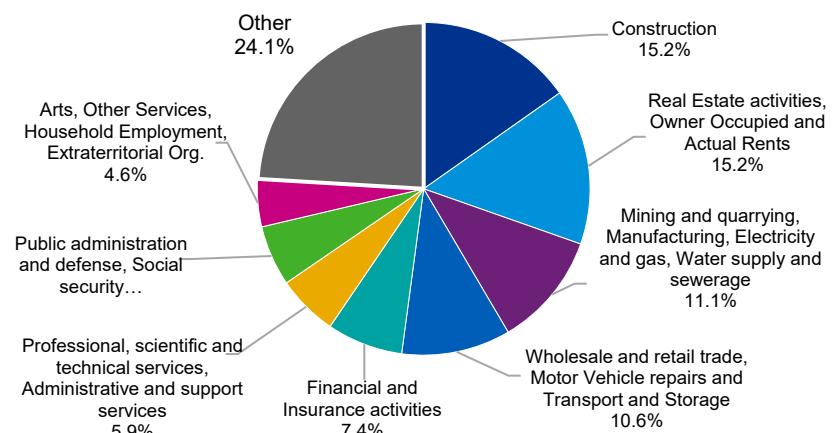
Despite a drop from 16.9% in 2016 to 13.8% in 2019, Grand Bahama has proven to be an important economic pillar contributing more to the GDP than the consolidated total of all other Family Islands in The Bahamas. Further we note that the onset of the reduction in GDP contribution corresponds with the October 2016 landfall of

Hurricane Matthew, which inflicted significant damage on the island and resulted in the destruction of many homes and businesses, and in particular resulted in the closing of over 1,000 hotel rooms mainly at the Grand Lucayan, and the loss of associated jobs.

As illustrated, Grand Bahama's economic activity is led by construction and real estate activities which each account for 15.2% of total GDP for the island. Rounding out the top 4 are mining and quarrying, manufacturing, electricity and gas and water supply and sewerage which generated 11.1% of Grand Bahama's GDP and wholesale and retail trade, motor vehicle repairs and transport and storage which generated 10.6% of Grand Bahama's GDP.

We note that a significant portion of the GDP contribution is derived from industries other than direct tourism which points to the important diversity that Grand Bahama and by extension Freeport bring to the Bahamian economy as a whole.

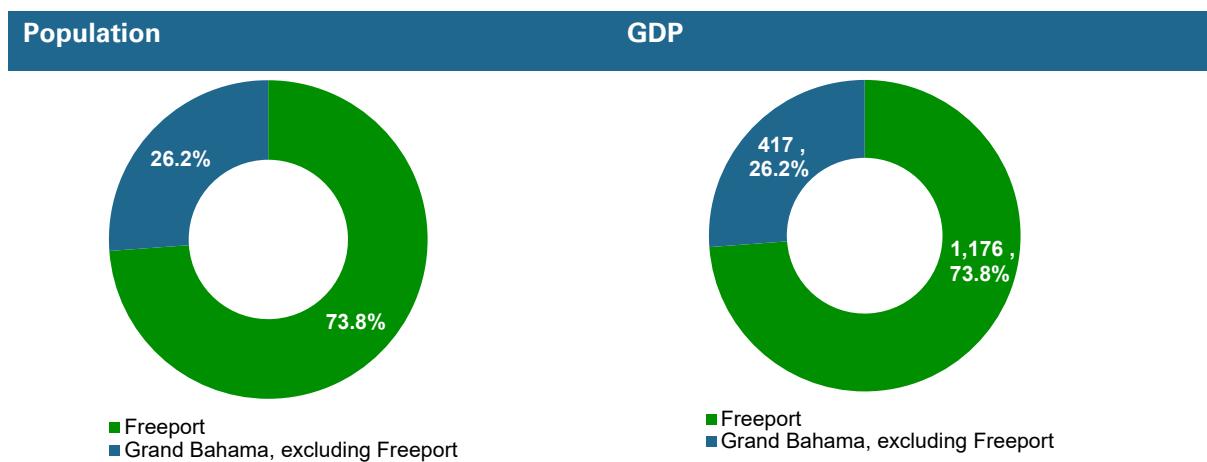
Grand Bahama's GDP by economic activity, 2019*



Source: Department of Statistic's GDP by Island, 2019; National Accounts Report, 2019

Note: The Other category factors in taxes, subsidies on products and statistical discrepancy as well as the industrial sectors that contributed less than 5% of the total GDP for the island including education and accommodation.

5.2.2 Freeport's contribution to GDP



Source: Department of Statistic's GDP by Island, 2019, Department of Statistic's 2020 population projection

While statistics and other key data are generally available for Grand Bahama Island as a whole, such data is seldomly provided for each of the key districts within the island. Given the limited data currently available, in order to estimate the GDP contribution of Freeport we have employed a alternative approach which involved first estimating Freeport's population and labour force size relative to the population and labour size of Grand Bahama Island. The Department of Statistics produced a 2010 Census Report for Grand Bahama that outlines the population per supervisory district at that time – West End, Eight Mile Rock, Pineridge, Lucaya, Marco City, and High Rock. Using this information, the population of these districts was extrapolated for the year 2019.

Complementary data on the distribution of the population on the island was also reviewed and an objective methodology applied to estimate the number of persons who work and / or live in the Freeport area from each of these districts.

As a result, it is estimated that approximately **73.8%** of the population of Grand Bahama live and / or work in Freeport. Applying an assumption of 73.8% to total GDP contribution as determined, it is estimated that Freeport's contribution to The Bahamas' GDP in 2019 was approximately **B\$1.4 billion**, which equates to 10.2% of the total GDP for the country. There are multiple unavoidable contributing factors that have impacted the entire country's economy such as the landfall of the major hurricanes along with the significant rise of competitive economic zones. Notwithstanding this, Grand Bahama's GDP per capita is estimated to be \$28,307 in 2019, which exceeds that of many comparable Caribbean islands.

5.3 Freeport's national tax contribution

Freeport's gross financial contribution to the Bahamian economy, in terms of government taxes and fees, is estimated to be \$153.1 million plus \$44.0 million in NIB contributions.

In The Bahamas, the Government collects revenue in the form of taxes and fees from citizens, residents and visitors to assist with financing the development and maintenance of public infrastructure. As a result of the HCA, the maintenance of Freeport's infrastructure is for the most part privately handled, thus removing the responsibility from the Government. The Government is still responsible for other services in Freeport, including:



Although the provisions of the HCA exempt Freeport from certain taxes and fees, there are many taxes and fees that are still assessed and collected in Freeport. In the table below, we have provided a breakdown of the estimated \$197.1 million in gross taxes, fees, and NIB contributions attributed to the Port Area.

Total Taxes, Fees, and NIB Contributions from Freeport for 2018/2019 (B\$)		
Category	2014 Estimate	2019 Estimate
Direct National Contribution		
Departure / Passenger tax (air and sea)	19.8 million	8.6 million
Hotel value added tax ("VAT") (hotel tax in 2014)	1.0 million	1.9 million
Vehicle licence taxes	5.0 million	3.8 million
Gaming and casino taxes	N/A	1.8 million
Stamp taxes	24.1 million	24.0 million
Import duties and miscellaneous custom fees	60.0 million	18.4 million
Excise taxes	15.6 million	20.9 million
Immigration taxes	8.0 million	10.6 million

VAT (excluding hotel VAT)	N/A	61.3 million
Communication and operating profits	6.5 million	Unavailable
Sea-bed leases	3.5 million	Unavailable
Other direct taxes	N/A	3.9 million
Total Direct National Contribution	143.5 million	155.2 million
Indirect National Contribution		
NIB contributions – employee portion	18.0 million	17.5 million
NIB contributions – employer portion	27.0 million	26.5 million
Total Indirect National Contribution	45.0 million	44.0 million
Total National Contribution	188.5 million	197.1 million

N/A = Not applicable

Unavailable estimates are included in other direct taxes. Note that 2014 Communication and operating profits reflect a large non-recurring transaction which resulted in significant tax value to the Government.

Note: Information on Seabed leases and communication and operating taxes were not available for 2019.

The following outlines the approach to estimating total gross Government receipts and NIB contributions collections attributed to the Port Area.

5.3.1 Departure / passenger tax

5.3.1.1 Air

During 2019 there were a total of 137,520 departures from GBIA. Of this, 74,635 were international departures. With a departure tax rate of B\$29 per passenger, which is typically collected by ticketing agents, the total departure tax is estimated to be \$2.2 million.

5.3.1.2 Sea

Cruise head taxes are charged at a rate of \$18 per passenger. The \$18 is a one-time per cruise voyage fee and allows access to up to three ports within The Bahamas. The fee is at the final port visited prior to the cruise ship's departure from The Bahamas. For the year 2019, Freeport welcomed a total of 715,453 cruise passengers. Most cruise itineraries would typically have stops to only two ports in the Bahamas therefore assuming that one half of all passengers' departure tax is attributed to Freeport, total cruise passenger taxes are estimated to be approximately \$6.4 million.

5.3.2 Hotel VAT

Prior to the 2015 introduction of VAT the Government imposed a tax rate of 5.0% on the gross room rental revenue of hotels. Since January 2015, the hotel occupancy tax has been replaced with VAT which was introduced at 7.5% in 2015 and was increased to 12.0% in 2018. This tax is imposed on the gross room rental revenue of all visitor accommodations.

According to the Ministry of Tourism's hotel performance report, for the year 2018/2019 gross room rental revenue for Grand Bahama was an estimated \$17.0 million. Applying a 12% VAT rate, the total VAT receipts associated with hotel taxes is estimated to be \$2.0 million.

In Grand Bahama, there are a total of 21 operational resorts and time shares with a total active room count of 1,593. Of this, a total of 15 hotels and time shares are located in the Freeport / Lucaya area accounting for a total

of 1,454 active rooms (pre Hurricane Dorian). Applying a total room count allocation methodology, the total Freeport contribution from hotel VAT is estimated to be \$1.9 million.

5.3.3 Vehicle licence taxes

The Road Traffic Department is responsible for the registration and licencing of vehicles within The Bahamas, including Freeport. According to the National Budget, total 2018/2019 vehicle licencing fees stood at \$35 million for the country.

Assuming that 14.6% of the total population lives in Grand Bahama and of that 73.8% lives in Freeport, the total Freeport vehicle licencing receipts are estimated to be \$3.8 million.

5.3.4 Gaming house and casino taxes

In The Bahamas, there are 7 licenced gaming house operators with a total of 241 locations, of which 39 are located in Grand Bahama and 21 specifically in Freeport. The taxation structure of these operators was officially established in 2019 with taxes payable by the operators and the patrons. The following are estimates of the taxes payable once implemented:

Gaming Tax for Licenced Gaming House Operators	
Taxable Revenue	Tax
Less than or equal to B\$24 million	15.0%
Greater than B\$24 million	17.5%

Winnings Tax for Patrons	
Winnings	Tax
Less than B\$1,000	5.0%
Greater than or equal to B\$1,000	7.5%

Taxable revenue is defined as the adjusted gross revenue less admissible deductions as determined under the Gaming Act, 2014. Winnings is defined as the total value of all amounts paid to players or credited to player accounts by the licence holder as a result of winning bets without deduction of the amount attributable to the underlying bet.

The 2018 / 2019 National Budget indicated that total Government revenue from gaming house taxes stood at \$19.2 million. Using a location allocation methodology, the contribution from Freeport is estimated to be \$1.8 million.



There are currently no casinos operating in Grand Bahama, the Grand Lucayan and Princess casinos in particular being closed presently.

5.3.5 Stamp tax

Stamp tax is imposed by the Government on an array of transactions, including dividends / profits, bank withdrawals, mortgages, realty transactions, and instruments and bonds. According to the 2018 / 2019 National Budget, total stamp taxes collected in The Bahamas was \$234.9 million.

Total Government revenue associated with stamp duties collected in Grand Bahama is estimated to amount to \$32.4 million based on a GDP contribution of 13.8%. Applying a population allocation and assuming that Freeport accounts for 73.8% of all transactions in Grand Bahama, total stamp taxes attributed to Freeport are estimated to amount to \$24.0 million.

As of 1 July 2019, stamp taxes on realty transactions have been replaced with VAT at the same rate of pre-existing stamp duties (2.5% on transactions under \$100 thousand and 10% on those over \$100 thousand). Given no change in rates, stamp duty estimates developed will yield an equivalent value in VAT.

5.3.6 Import duties

Customs duties continue to be one of the largest source of Government revenue. According to information provided by the Ministry of Finance total Government revenue associated with customs duties collected in Grand Bahama amount to \$18.4 million.

5.3.7 Excise taxes

Excise taxes are payable on certain items including tobacco and fuel. According to information provided by the Ministry of Finance, approximately \$20.9 million is collected in excise duties in Grand Bahama.

5.3.8 Immigration taxes

Immigration taxes include fees for work permits, residency fees, spousal permits, and a variety of other immigration matters. According to information provided by the Ministry of Finance, approximately \$14.4 million is collected in immigration fees in Grand Bahama.

Applying a population allocation, and assuming that 73.8% of these applicants live and / or work in Freeport, immigration taxes collected for Freeport are an estimated \$10.6 million.

5.3.9 VAT

Introduced in January 2015, VAT is presently one of the main sources of revenue for the Government. Presently, the VAT rate stands at 12%, up from the initial implementation rate of 7.5%. VAT, a consumer-based tax, is charged on almost all goods and services that are imported, purchased, or sold for use in The Bahamas.

According to data obtained from the Ministry of Finance, total VAT receipts submitted to government agencies in Grand Bahama for the year 2018/2019 was \$19.7 million. This estimate excluded VAT collected directly by the Department of Inland Revenue. According to the 2018/2019 National Budget, total VAT receipts to the Department of Inland Revenue stood at \$473.2 million. Of this, it is estimated that total VAT receipts to the Department of Inland Revenue associated with VAT collected in Grand Bahamas amount to \$65.4 million based on a GDP contribution of 13.8% for a total VAT collection attributed to Grand Bahama of \$83.0 million (excluding hotel VAT).

Applying a population allocation, and assuming that 73.8% of all Grand Bahama VAT receipts relate to Freeport, total VAT collected for Freeport is an estimated \$61.3 million.

5.3.10 Other tax

A number of other Government taxes and fees are collected in Freeport . These include boat licencing fees, agriculture fees, receipts for post office services, rental income, and judiciary fees.

We estimate that the total value of other taxes attributed to Freeport amount to \$3.9 million.

5.3.11 National Insurance contributions

As at May 2019, the total employed workforce of Grand Bahama is reported to be 29,235 persons. It is estimated that 73.8% of the employed workforce directly relates to Freeport. NIB contributions are made on wages up to \$710 per week (\$3,077 per month). The total contribution is 9.8%, 3.9% is the responsibility of the employee and 5.9% is the responsibility of the employer. Average salary data for Grand Bahama is not publicly available. According to the Department of Statistics' December 2019 Labour Market Information Newsletter, the 2018 average weekly wage for those employed in the accommodations and food service activities industry in New Providence stood at \$417. Assuming that the average weekly wage in Grand Bahama is marginally less than that of New Providence, an average weekly wage of \$400 was assumed for purposes of this estimate.

In aggregate, the total NIB contributions attributed to Freeport are estimated to be \$44.0 million. Of this \$26.5 million represents the employer contribution and \$17.5 million represents the employee contribution

5.4 Recent capital investment projects

Grand Bahama's close proximity to North America and Freeport's free trade zone presents an attractive proposition to prospective investors wishing to take advantage of these strategic factors. Some of the major projects on the island in the past 5 years are outlined below and on the following page:

Year Completed	Description	Project / Company
Physical Infrastructure		
2020/21	<p>GBUC commenced construction and installation of a three million-gallon reverse osmosis water plant. The facility is expected to be a climate resilient facility which will enable GBUC to provide consistent water quality in line with World Health Organisation's standards.</p> <p>Estimated project value: \$5.0 million</p>	 <p>GBUC reverse osmosis</p>
2019	<p>GBPC completed a storm hardening project via a series of planned capital investments in transmission and distribution and Generation infrastructure. The focus of the storm hardening programme was to reduce power outages caused by natural disasters such as hurricanes.</p> <p>Estimated project value: \$9.0 million</p>	 <p>GBPC storm hardening</p>
2019	<p>The Fishing Hole Bridge was constructed in 2019 by the Government.</p> <p>Estimated project value: \$9.2 million</p>	 <p>Fishing Hole Bridge</p>
2016	<p>The Sir Jack Hayward Bridge was constructed in 2016 at just over B\$4 million by All Bahamas Construction and Waugh Construction.</p> <p>Estimated project value: \$4.4 million</p>	 <p>Sir Jack Hayward Bridge</p>
2015	<p>FHC refurbished berths 3,8, and 9 at the Freeport Harbour. The refurbishment project was primarily in response to the growing ferry business since 2014</p> <p>Estimated project value: \$16.6 million</p>	 <p>Freeport Harbour berth refurbishment</p>

Industrial Infrastructure		
2020	<p>In October 2020 Bahamian Brewery completed the expansion of its facility which included the construction of the warehouse space and the installation of production equipment at the facility.</p> <p>Estimated project value: \$3 million</p>	 <p>Bahamian Brewery expansion</p>
2019	<p>Skyward Techno-Bahamas, a software business solutions firm, was approved by the Government in 2019 to open a Freeport location. The project is projected to generate 100 jobs for Bahamians within the first 5 years. The company intended to hire 5 Bahamians by the third quarter of 2019 and a full staff of 17 by the end of the year.</p> <p>Estimated project value: \$2 million</p>	
Ongoing	<p>PCT is a fine chemical contract manufacturing organisation located in Freeport. In 2016, the company broke ground on its B\$180 million Manufacturing Plant 3, which is a partnership between PCT and Gilead Sciences Incorporated. The new facility will focus on providing active pharmaceutical ingredients to aid GSI's product lines</p> <p>Estimated value of initial project: B\$180 million</p>	 <p>PharmaChem</p>
Tourism infrastructure		
2018	<p>Situated on nearly 7.5 acres of beachfront property that is leased from the GBPA, Pirate's Cove Water Park opened its doors in 2016 and completed the second phase of its project in 2018. As a 100% Bahamian owned company, the total investment of the project is B\$1.5 million and the staff complement is 30 persons as of 2018. The site offers a number of attractions including a zip line, eateries, bar and Segway rides.</p> <p>Estimated project value: B\$1.5 million</p>	 <p>Pirate's Cove Zip Line and Water Park</p>
2018	<p>Goombayland is a children's entertainment centre that was initially started in 1989. After operating for 8 years, the centre closed its doors in 1997.</p> <p>In 2018 with an initial investment of B\$0.25 million, the entertainment centre was relaunched. Expected to employ between 20 and 25 persons, the centre offers roller-skating, go-cart racing and a kids' dance floor. Its investment is expected to increase to B\$0.5 million once the laser tag arena is added.</p> <p>Estimated project value: B\$.25 million</p>	 <p>Goombayland</p>
2015	<p>In 2015, the Port Lucaya Marketplace was acquired by Peter Hunt, a UK investor, for B\$5.5 million. Considered by some to be Freeport's leading retail and dining location, Port Lucaya Marketplace's value had depreciated, prompting the purchase and intended upgrades to the centre that features stores, boutiques,</p>	

restaurants, bars, night lounges and more. It is unclear if any upgrades were made to the facility subsequent to its purchase.

Estimated project value: unknown

**Port Lucaya
Marketplace**

Some of the major pipeline projects in Freeport are outlined below and on the following pages:

Pipeline Projects		
Project	Overview	Projected Value
East harbor expansion	FHC announced in 2014 the East Harbour Expansion Project, one of the mandates for GBPA outlined in the HCA. This project would involve the expansion of the harbour – approximately 255 acres of deep-water harbour and 171 acres of fill area. The intention is for the harbour to be able to accommodate the Panamax and post-Panamax ships along with a general increase in traffic. The project is set to occur within three phases over 10 years.	\$9.3 million
Canal bulkhead repairs	Repairs to canal bulkheads are expected to start in January 2021 and will span a 12 – 18 month period	\$1.0 million
Berth infrastructure improvements & LPG system upgrade	System upgrades and construction works will be completed for the berth area and the LPG facility that belongs to FOCOL's operation within the Harbour.	\$1.4 million
Sanitation Services wetlands and cell construction	The liquid waste (leachate) at the facility will be treated.	\$0.3 million
Freeport Container Port	Freeport Container Port is scheduled to purchase ten new straddle carriers in 2021 at a cost of \$9.1 million. Additionally, a pavement revitalisation project may be undertaken at a cost \$28 million.	\$37.1 million
Miscellaneous utility projects	GBUC has a number of planned projects for the period 2021-2022. These include: a. Upgrade of wellfield and water plant 6 b. Construction of a new wellfield c. Begin year 1 of asset management programme d. Replacement and upgrade of pipes and valves e. Installation of SCADA system for plant automation f. Electrical upgrade of wellfields g. Continuation of metre replacement programme h. Upgrade of sewage lines	Unknown

	<ul style="list-style-type: none"> i. Upgrade Pelican Point Water Plant to reverse osmosis j. Changeover of water disinfection system for gas chlorine 	
Miscellaneous power upgrades	GBUC has a number of planned projects for the period 2021-2022. These include the installation of advanced metering infrastructure (smart grid) in 2021-2022, development of renewable energy supply options for Carnival Grand Port and the Holistica Lucayan hotel projects, and the commissioning of Solar Sunrise in 2022. Solar Sunrise is a 4 MW solar plant.	Unknown
Wastewater treatment facility	PharmaChem is planning on constructing an in-house waste treatment facility within the next 24 – 36 months.	Unknown
Buckeye Bahamas Facility Upgrade	The company performed several development projects at the West Sunrise facility, The Harbour Facility and the Offshore Jetty. The scope of works that were executed ranged from new tank construction, road construction, structural installations, and pipe network improvements.	\$7.8 million
Carnival Cruise Lines	In 2019, Carnival Cruise Lines ("Carnival") signed a HoA with the Government to develop a cruise port which was projected to cost approximately B\$100 million. Since then, the investment is now estimated to worth at least B\$200 million after Carnival layered additional features. In addition to this, up to 1,000 locals will be hired during the construction phase and 500 to 1,000 will be employed during its operational phase. Due to the COVID-19 pandemic, this project has been delayed.	\$200 million
Grand Lucayan resort and expansion of port terminal	Holistica Destinations ("Holistica") is a joint venture between Royal Caribbean Cruises Ltd. and ITM Group which intends to acquire the Grand Lucayan. In March 2020, the company announced that that it will invest \$300 million in enhancing and expanding the port terminal and the Grand Lucayan resort, which will also be acquired by the company. With an initial completion date of winter 2022, this project is forecasted to create 3,000 direct and 10,000 indirect jobs, bring an average of more than 2 million incremental cruise passengers to Freeport and increase GDP by B\$9.1 billion. As a result of the COVID-19 pandemic, the company has sought to amend the terms of the agreement which is expected to result in lower than expected investment in the short-term.	Unknown

Western Atlantic University of Medicine Ltd.'s University School of Medicine	In October 2019, the Government signed an HoA with the Western Atlantic University School of Medicine to establish a \$64 million medical university in Grand Bahama. A 50-acre phased development that will include the construction of 98,000 sq ft of classrooms, offices, lab facilities, maintenance, security and related spaces. The development will also include university-owned housing for faculty, staff and students on campus. It will also encompass on-campus businesses, including a bookstore, cafeteria and a student center providing music, food, beverages, a copy center and related services. It is anticipated that this will directly and indirectly produce B\$200 million in revenue in its first 10 years along with the creation of 150 jobs (80% Bahamian workforce) during the construction phase and 200 during its operational phase.	\$64 million
The American University of The Bahamas	This proposed university aims to make Freeport its home for a permanent campus. Phase one will aim to establish a medical school and phase two will launch an allied health, veterinary, and business school. Phase three aims to establish a hospital with 100 beds.	\$20 million
Bahamas Distillery Company (BDC)	BDC is a new start-up that intends to setup a rum distillery in Freeport. They will be manufacturing a number of brands for export and domestic consumption.	\$1 million
Mining & Materials Company	Bahamas Mineral & Manufacturing Corporation Ltd. (BMMC) is a double-tiered establishment focused on mineral mining and product manufacturing headquartered and incorporated in The Bahamas. The company's core focus of business in Freeport will be the manufacture of PVC pipes and fittings.	\$9 million
Doctor's Hospital Facility	Doctor's Hospital intends to open a branch of the facility in Freeport. The facility is intended to serve as a flagship for their new partnership with the Cleveland Clinic. The facility is expected to boost medical tourism to the country, as the new facility is being designed to create synergies with the Western Atlantic University of Medicine.	\$12 million
Maritime Center & Logistics Warehouse	Elnet Maritime is a full-service ship agency now expanding its operation on Grand Bahama by developing a new warehouse and office facility.	\$2.5 million
Poinciana Tree Group Complex	The Group is currently constructing a 31,386 sq. ft. commercial complex in the Arden Forest subdivision.	\$2.5 million

Lucayan Solar Power Farm	A new solar farm project that is focused on commercializing solar power.	\$8.5 million
Clean Marine Group MARPOL Facility	The Clean Marine Group will collect and process liquid waste emitted by ships as a marine waste receipt and treatment facility on the island of Grand Bahama. The facility is intended to service The Bahamas, US East Coast and the wider Caribbean. Plans for the facility will be released later in Q2 2021.	\$15 million
Colonial Group International (CGI) Complex	The Colonial Group is investing in a hub of operations based in Grand Bahama. The new complex will house the Group's subsidiaries including, Atlantic Medical Insurance Co. Limited, Security & General Insurance, Colonial Pensions Services (Bahamas) and the Nassau Insurance Brokers & Agency Limited. There are also commercial spaces in the new state-of-the-art building for rent.	\$4 million

5.5 The GBPA's Contribution to Freeport's Economy

The GBPA sponsors a number of causes and events that make a valuable impact in the community of Grand Bahama. From 2015 to 2019, more than B\$2.3 million was invested through a number of programmes. Outlined below and on the following page, we show the average annual charitable donations made between 2018 and 2019 along with other key charitable efforts in 2020.

2020 key initiatives

Bahamas Red Cross Society	Collaboration to distribute small business recovery grants to approximately 80 qualifying businesses with grants of up to \$6,000 each	
Grand Bahamas Food Distribution Task Force	Donation of \$25,000 in 2020 for the launch of a digital food voucher program	
Sir Charles Hayward Library & Marine Police Facility	Donations of \$250,000 to support renovation of the interior infrastructure, replacement of computer equipment and other supplies following Hurricane Dorian	
Grand Bahama Disaster Relief	Grand Bahama Disaster Relief Foundation sourced household furniture and appliances, valued at approximately \$1.5 million and covered shipping and associated fees of almost \$.5 million	
Local Meal Program	Weekly donations of \$1,000 to a local meal program through the Grand Bahama Disaster Relief Foundation	
Children's Village	Donation of \$1 million to rebuild Children's Village	
RISE initiative: Small business grant program	<ul style="list-style-type: none"> GBPA was an implementing partner Total value of GBPA's contribution was est. \$1million* 290 grants issued at a total value of \$2.59 million 	
Susan J Wallace Centre	<ul style="list-style-type: none"> Donation of \$250,000 to repair and renovate the Susan J Wallace Centre Typically used for afterschool program by Freeport City Council & other programs as needed by the community and is now being used as a COVID-19 vaccine administration site 	
Garden to Grove	Donation of \$50,000 to support Garden to Grove	
Hurricane Dorian Disaster Relief	Donation of \$10,000 per week to provide free drinking water following Hurricane Dorian	
COVID-19 Relief Efforts	<ul style="list-style-type: none"> Donation of two X-Ray machines to support the fight against COVID-19 Donation of \$60,000 payment for a leased facility to be used by COVID-19 patients. 	
Sir Charles Hayward Yacht Club	<ul style="list-style-type: none"> Donation of \$238,000 to support renovation initiative following Hurricane Dorian 	

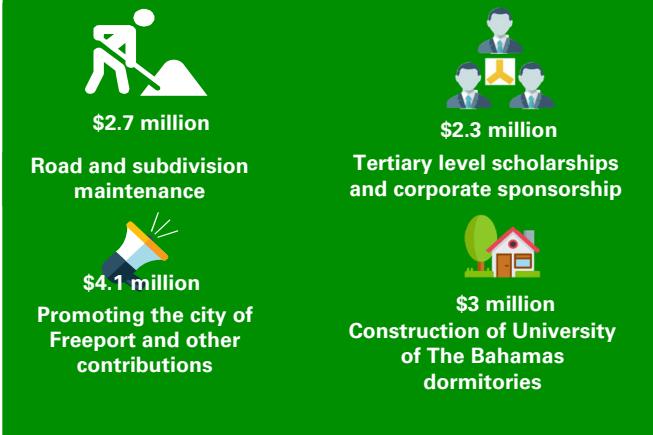
2018 and 2019 annual average

Keep Grand Bahama Clean	Donations made to support the program in the amount of \$25,800	
Charitable Programs for Kids	Donations made for insurance and other program activities to institutions including PACE Centre and Genesis Academy, in the amount of \$132,720	
Spay / Neuter Campaign & Animal Control	Donations have been made to support these programs in the amount of \$253,000	
Grand Bahama Memorial Park	Donations made in the amount of \$6,230	
Grand Bahama Disaster Relief	Donations made in the amount of \$12,590 for Hurricane Dorian relief efforts	
Junkanoo	Long-time financial sponsor of the Junkanoo festival with an average donation of \$17,630	
Grand Bahama Youth Choir, YMCA & Sir Charles Hayward Library	Donations made for multiple corporate support initiatives in the amount of over \$204,730	
Miscellaneous Donations	Donations in the amount of \$462,530 made to the numerous efforts in the community	

In addition to the GBPA's charitable undertakings, the organisation continues to be a significant employer in the local economy employing 136 persons across the GBPA, PGL, and GBUC. It also provides direct funding towards the construction of educational facilities, roads, utility infrastructure and other necessities which positively impact the quality of life for residents.

For the year ended 2019, the overall direct annual economic contribution by the GBPA stood at an estimated \$30 million, excluding that of other Port Group entities, which when included, amounts to a contribution of approximately \$33.0 million.

Select GBPA contributions (2015 – 2019)



5.6 Recent challenges to economic growth

Although Freeport continues to be a significant contributor to the national GDP, like many other Caribbean islands, its economy is extremely vulnerable to exogenous shocks such as pandemics and natural disasters. In recent times, these exogenous challenges to growth have been further compounded by uncertainties that exist related to future tax obligations.

5.6.1 Hurricane Dorian

Due to their location, small island economies like Grand Bahama are particularly susceptible to the impacts of climate change. Located in the Northern Atlantic Ocean, Grand Bahama island has recently endured two major storms – category 4 Hurricane Matthew in 2016 and category 5 Hurricane Dorian in 2019, the latter of which had the most devastating impact in the history of The Bahamas.

With maximum sustained winds of 185 mph, Hurricane Dorian made landfall in Grand Bahama on September 3, 2019 having just decimated parts of Abaco. Hurricane Dorian caused significant damage to the island's

infrastructure, primarily on the eastern end of the island. An evaluation conducted by Inter-American Development Bank ("IDB") entitled "Assessment of the Effects and Impacts of Hurricane Dorian in The Bahamas" estimated the total damage caused by Hurricane Dorian to be \$2.5 billion, of which 13.0% was attributed to Grand Bahama (~\$325 million). A summary of the infrastructure damage noted in the IDB's assessment is outlined below.

Overview of Hurricane Dorian Damage in Grand Bahama	
Infrastructure	Description
Physical infrastructure	<ul style="list-style-type: none"> Roads – On the island of Grand Bahama, road damage was estimated to be \$1.8 million representing approximately 17 miles of road. Airport – GBIA sustained significant damage to both its structural infrastructure and equipment. Damage included but was not limited to perimeter fencing, hangers, the fire station, runway lighting, trace detectors, and the control tower. In addition, both the domestic and international terminals had extensive damage which resulted in the suspension of commercial flights. Domestic and international flights resumed in November and December 2019, respectively, 2-3 months after Hurricane Dorian. Total GBIA damage was estimated to be in the region of \$25.1 million. Communication infrastructure – Violent wind and storm surges resulted in damage to poles, fiber optic networks, wireless and wired infrastructure. Total damage to buildings, equipment, wired and wireless infrastructure in Grand Bahama stood at an estimated \$5.6 million. Power infrastructure – Flooding and storm surges resulted in significant damage at the Peel Street Plant. Additionally, the sole transmission line connecting East End to Freeport and West End was destroyed. Total damage to building, equipment, power generation facilities, and transmission and distribution networks stood at an estimated \$47.0 million. Water infrastructure – A total of 250 potable water wells, three water treatment facilities, and all mechanical and electrical equipment were impacted. Included in this was damage to the underground storage tanks, water distribution lines, and pumps which resulted in connection issues to homes and commercial buildings. The flooding to wellfields led to water quality issues as they became inundated with the saltwater from the storm surge. As of September 2020, one year after the storm, potable water had been restored to 70% of GBUC's total customer base.
Industrial infrastructure	<p>A number of industrial businesses incurred damage due to Hurricane Dorian. Amongst these were the following:</p> <ul style="list-style-type: none"> Bahamian Brewery – Hurricane Dorian inflicted extensive damage to the facilities of Bahamian Brewery, destroying a significant portion of the company's building, flooding the production area with excess of 5 ft of salt water, rendering the facility inoperable. PharmaChem – The Plant 3 site sustained roof damage and water ingress to select equipment.

	<ul style="list-style-type: none"> • FOCOL – Significant flooding at the Hawksbill Service Station forced its closure following the storm. Efforts to rebuild and improve the site for reopening are ongoing.
Tourism infrastructure	<p>There was significant damage to tourist accommodations, rental services, and tourist activities. Popular tourist centres and hotels such as the Port Lucaya Marketplace experienced structural and other damage. Estimated damage to tourist infrastructure in Grand Bahama stood at \$17 million. Of this, \$12 million was attributed to tourist infrastructure located in Freeport.</p>
Social infrastructure	<p>A total of 13 public buildings and approximately 2,879 homes were affected by Hurricane Dorian on the island of Grand Bahama. Public buildings included but were not limited to schools, hospitals, clinics, and Government shelters.</p> <ul style="list-style-type: none"> • Hospital and health infrastructure – The Rand Memorial hospital sustained severe damage to its infrastructure, equipment, and supplies. Approximately 75% - 80% of the facility had to be taken out of commission following the storm and medical personnel and facilities deployed to field hospitals. <p>All of the primary health public clinical facilities experienced some type of damage ranging from minor flooding to significant external destruction, however most clinics in Freeport experienced damage to no more than 25% of the facility.</p> <p>Total health care infrastructure and equipment damage in Grand Bahama was estimated to be \$33.5 million.</p> <ul style="list-style-type: none"> • Housing – Residences in various parts of Grand Bahama incurred significant damage. In some instances, key structural elements such as roofs and walls were impacted. In a number of instances complete structures were destroyed. Total damage to residences in Grand Bahama stood at an estimated \$163.2 million, representing 2,879 homes. In the city of Freeport, a total of 689 homes were impacted. • Commercial businesses – Businesses suffered damage primarily to external structures, roofs, furniture, and equipment. Total damage was estimated to be \$17 million, of which \$6.2 million related to commercial businesses in the Port Area. • Schools – A total of 22 schools in Grand Bahama sustained damage totaling an estimated \$36.0 million. Schools that were most severely impacted included the following: <ul style="list-style-type: none"> ○ Hugh Campbell High School sustained extensive roof damage and flooding ○ Maurice Moore Primary School sustained extensive roof and electrical damage. In addition, the school also lost various school supplies such as books. <p>As a result of flooding in a number of the schools, extensive mold remediation work was required in all schools. As of September, the Ministry of Education had spent an estimated \$11.5 million on school repairs.</p>

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- Other – Various other social infrastructure such as the Freeport post office sustained infrastructural damage during the storm. We were not able to quantify the total dollar value of damages to other social infrastructure.
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Source: Inter-American Development Bank. Assessment of the Effects and Impacts of Hurricane Dorian in The Bahamas and responses to surveys from select companies.

After the passage of Hurricane Dorian, the Government declared Grand Bahama along with Abaco, the Abaco Cays, Sweetings Cay, Deep Water Cay and Water Cay, as Special Economic Recovery Zones, which allowed residents and businesses the opportunity to benefit from specified tax exemptions and incentives for three years. The tax exemptions and incentives include duty-free imports of certain items including vehicles and construction materials, waived real property tax on eligible properties and a VAT credit of up to 50.0% on the sale of eligible real property. Additionally, in October 2019 the Government announced that both islands would be VAT-free zones for the local purchase of goods until June 2020. In May 2020, the Government extended the measures outlined in the Special Economic Recovery Zone (Relief Order) 2019 to December 2020. A further extension from January 1, 2021 to June 30, 2021 was provided for building materials only.

5.6.2 The COVID-19 pandemic

The COVID-19 pandemic has been one of the most notable events in recent history giving rise to a number of social and economic issues. Coming against the backdrop of Hurricane Dorian, the COVID-19 pandemic has caused widespread disruptions on the economy of Freeport. Notwithstanding this, the economic diversity that exists within Grand Bahama has enabled it to navigate some of the key macroeconomic challenges brought on by COVID-19. Since the outbreak of the disease, more than 1,000 individuals in Grand Bahama have contracted the disease.

5.6.3 Macroeconomic impacts of Hurricane Dorian and the COVID-19 pandemic

The COVID-19 pandemic and Hurricane Dorian have had a significant impact on the economy of Freeport. While the full economic impact may take several years to be revealed, below we provide a preliminary assessment of some of the key macroeconomic effects of both the COVID-19 pandemic and Hurricane Dorian with respect to Freeport.

5.6.3.1 Economic output

Business activity

As a result of the damage to various businesses in Grand Bahama caused by Hurricane Dorian, many organisations were forced to close permanently or temporarily suspend operations to conduct repairs. The number of business closures was exacerbated with the 2020 onset of the COVID-19 pandemic in the local economy. As a result of prolonged lockdowns and the inability to continue to fund ongoing expenditure during the COVID-19 pandemic, a number of businesses in Grand Bahama were forced to permanently close.

Demand

Arguably, the tourism industry has been the sector most impacted by both Hurricane Dorian and COVID-19. The global COVID-19 response of synchronised lockdowns and restrictions on travel resulted in a significant drop in demand for the tourism product. In addition to the tourism sector, COVID-19 containment measures such as prolonged lockdowns and work from home has resulted in a significant reduction in consumer confidence and led to a fall in demand for almost all non-essential goods.

Inflation

The reduction in demand stemming from both Hurricane Dorian and COVID-19 pandemic has attributed to a fall in the local consumer price index. According to data provided by the Department of Statistics, as of December 2020 local prices rose by 1.2% as compared to December 2019 after decreasing consecutively throughout. Further, we note that after the onset of COVID-19 in The Bahamas, monthly consumer price index fell as compared to the same time in the prior year.

Consumer Price Index		
Month	Percentage change (1 month ago)	Percentage change (1 year ago)
April	(1.0%)	(0.9%)
May	0.8%	0.0%
June	(0.5%)	(0.4%)
July	(0.1%)	(1.2%)
August	0.5%	(0.3%)
September	(0.1%)	(0.7%)
October	0.6%	0.3%
November	(0.1%)	0.2%
December	0.2%	1.2%

Source: Department of Statistics. All items index January 18 – December 20

Labour force and unemployment

An examination of the macroeconomic impacts is incomplete without an assessment of the labour impacts in Freeport. While the labour force can be characterised as sufficient and diverse data suggests that the COVID-19 pandemic which occurred on the heels of Hurricane Dorian recovery led to elevated levels of unemployment.

With no clear end to this pandemic, another notable potential impact of COVID-19 could be a drastic reduction in the labour force. Empirical evidence revealed that in the past major pandemics have led to a notable drop in labour force. The prolonged effects of COVID-19 may result in many Freeport individuals migrating to the capital, New Providence, or elsewhere in search of work.

As the local economy begins to reopen and containment measures are relaxed, generally, the outlook for Freeport and The Bahamas continue to remain uncertain as the future of the economy is highly dependent upon the following factors:

1. Whether COVID-19 is able to be contained and a safe vaccine is introduced and available for distribution locally.
2. Whether the Government is able to introduce policies that will continue to support stimulation of economic activity while simultaneously promoting long-term employment even in a COVID-19 environment.
3. Whether policies are developed that would focus on economic resilience to ensure that Freeport and the wider Bahamas is able to withstand future shocks from similar health crises.

Based on the above, Freeport's GDP contribution is expected to decrease in 2020.

5.6.3.2 Fiscal impact

COVID-19 has been described as the most economically costly event of recent times, causing instability in the global currency markets and triggering sharp fluctuations in exchange rates and impacting the flow of capital. Occurring back to back, Hurricane Dorian and the COVID-19 pandemic have led to significant fiscal challenges for Freeport and the country at large. At the onset of the COVID-19 pandemic, the Government implemented a number of fiscal policy responses in a bid to contain spending, support those who had experienced job losses, and stimulate economic activity. However, the prolonged lockdowns over 9 months of 2020 have resulted in the

contracting of Freeport's economy over the period, a sharp fall in overall tax revenue collections, and a substantial increase in sovereign debt to deal with the impact of the pandemic on the overall economy.

5.6.3.3 Monetary impact

As a direct result of travel restrictions imposed, Freeport, like the rest of The Bahamas, was faced with extremely low tourist arrivals and consequently low volumes of foreign currency which led to the erosion of foreign currency reserves. Recognizing the importance of maintaining the country's \$1:\$1 peg with the US dollar and preserving access to foreign exchange to facilitate trade, the Government increased its external borrowing and implemented a number of measures to slow the outflow of foreign currency. Such measures included:

1. Restriction of capital outflow via the suspension of approvals of applications to purchase foreign currency for transactions via the Investment Currency Market and the Bahamas Depository/Depository Receipt programme.
2. Repatriation of select external assets of National Insurance Board.
3. Enhanced allowance for domestic banks to purchase currency in the interbank market.

We note that our local peg can not be sustained without inflows of foreign currency. While the efforts by the CBOB were able to provide some cushion and ultimately increase reserves, over the long-term without some form of substantial ongoing injection of foreign currency, which has historically been provided by the tourism industry, current domestic output is unable to sustain reserve requirements given that Freeport and The Bahamas as a whole produces relatively little and is highly dependent on foreign imports.

5.6.4 Implications for investment in Freeport

While the extent of the impact of Hurricane Dorian and the COVID-19 pandemic on investment prospects for Freeport have not been fully assessed by regulatory bodies, there is visible evidence to confirm that these events have adversely impacted the investment prospects of Freeport. Below, we examine the core investment-related impacts of Hurricane Dorian and the COVID-19 pandemic:

Impact on Freeport Investment Outlook	
Impact	Overview
Reduced or delayed investments	Globally, COVID-19 has impacted cross border investments as many countries experienced a complete stop in investments for an extended period. As key source markets such as the US continue to experience economic downturns as a result of COVID-19, foreign direct investment has been delayed or in some cases reduced. Two direct examples of this are the delays in the development of the new cruise port by Carnival as well as the changes proposed by Holistica with respect to its investment in the Grand Lucayan.
Increased cost of capital	Similar to various areas of finance, Hurricane Dorian and the COVID-19 pandemic have impacted both valuations and investment costs. Under normal market conditions estimating the cost of capital involves the use of variables that are indicative of long-term view for a business. Given the significant uncertainty caused by these events, the market borrowing costs and required returns for investments in Freeport would likely be adjusted upward.
Higher precautionary savings	Given the uncertainty that exists within the global market due to COVID-19, individuals and businesses alike are delaying discretionary spending in an effort to increase precautionary savings. Increased precautionary savings helps to insure

	against future income uncertainty enabling the business / individual to survive throughout economic slowdowns.
Public health impacts	Investment uncertainty will continue to prevail until there is an approved vaccine that is widely available for consumption. While some vaccines have recently been approved for use, it is likely that local deployment of an approved vaccine could be a year or more away.
Reduced cross border trade	According to a report entitled “Impact of the COVID-19 Pandemic on Trade and Development: Transitioning to a New Normal” by the United Nations Conference on Trade and Development, for the first two quarters of 2020 global trade plummeted as a direct result of the COVID-19 pandemic. While data is presently not yet available, it is likely that the combined impact of Hurricane Dorian and the COVID-19 pandemic, inclusive of the current restrictions in place related to the movement of foreign currency, has resulted in a significant adverse impact on trade to and from Freeport.

In addition to the above, the critical issue of tax uncertainty regarding real property tax creates an adverse impact on investment potential of Freeport. Moreover, given the significant fiscal deficit amassed by the Government, it is highly likely that in the near future taxes will be have to increased to help fund the debt owed. From a business perspective, uncertainty regarding the tax structure is extremely important when making decisions regarding total investment and location of the investment. As such, the uncertainty regarding future taxes will likely impact the inventment potential of Freeport.

Freeport: The Future

6 Freeport: The Future

6.1 Overview

The recent adverse economic impacts of both the COVID-19 pandemic and Hurricane Dorian on Freeport's economy have highlighted the urgent need to re-visit the national strategy for Freeport and Grand Bahama, developing an achievable action plan for both short-term relief and long-term sustainability. Recognising this, in March 2020, shortly after the local outbreak of COVID-19, the GBPA invited 26 individuals to form part of a special working committee, the Revitalisation and Expansion of the Economy of Freeport Committee. The REEF Committee was established to lead the creation of a dynamic actionable plan aimed at stimulating economic growth in Freeport. The REEF Committee's key priorities include:

- developing dynamic changes to promote ease of doing business;
- identifying legislative changes required to promote economic growth in Freeport; and
- developing and implementing realizing and innovative solutions to grow the economy of Freeport.

Since its inception, the REEF Committee has been hard at work on fulfilling its mandate. Once the plan has been developed, it is anticipated that its execution would result not only in stabilising and growing Freeport's economy now but also expanding its potential to foster future growth. The REEF Committee is 100% funded by the GBPA.

6.2 The new vision, objectives, and strategies

The REEF Committee's vision for Freeport is simple - to become a thriving, inclusive, prosperous Bahamian city. The new strategic vision envisages a major transformation of the city and aligns with the GBPA's wider vision for Grand Bahama which is "to create a vibrant economy filled with thought leaders and globally competitive local and non-local companies".

Underpinning the new strategic vision are three core objectives. The objectives reflect the desired transformative outcomes for Freeport. The objectives are to:

1 Create new business and employment opportunities for Freeport's residents to thrive <ul style="list-style-type: none">• Create an environment which makes doing business attractive and simple• Encourage the development of new enterprises and entrepreneurship• Expand business opportunities	2 Protect against storm surges and possible future sea-level rise <ul style="list-style-type: none">• Develop measures to build resilience and address the damaging effects of climate change	3 Reduce Freeport's over-dependence on tourism, by growing other industry sectors <ul style="list-style-type: none">• While not neglecting tourism, seek to examine and exploit current and future opportunities for Freeport in other industries
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The core objectives will be achieved via the development and implementation of a range of actionable strategies. The REEF Committee has identified 12 priority areas as the central focus for the development of the actionable strategies.

The 12 priority areas are as follows:

					
Attracting New Business	Ease of Doing business	Immigration	Hospital and Healthcare	GBIA	Maritime and logistics

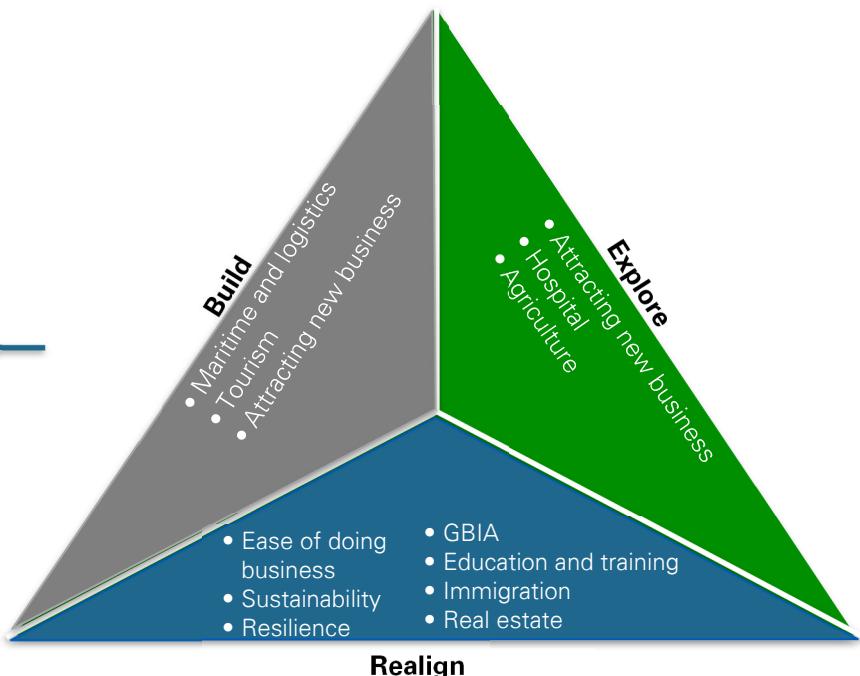
					
Tourism	Real Estate and Urban Renewal	Small Business Sustainability	Resilience and Emergency Preparedness	Education and Training	Agriculture

Each priority area encompasses development challenges facing Grand Bahama / Freeport as well as strategic opportunities for growth. Focusing on achieving the core objectives, addressing the challenges faced, and capitalising on opportunities, the strategies for future growth will:

- 1** **Build** on the existing strengths of Freeport

- 2** **Explore** new business opportunities for growth that can exploit current strengths and promote diversity

- 3** **Realign** the city to demonstrate that Freeport is not only open for business, but it is also poised to compete in the global market



The development of the finalised list of strategies is still ongoing. To date, such development has benefitted from the collective input of the REEF Committee, its advisors, the GBPA, and the public. In September 2020, the REEF Committee solicited public participation by issuing a consultation document to garner feedback from those with interests in Freeport about potential solutions to the key issues. Responses were obtained from 3,162 persons, showing a keen interest from the public and their commitment to helping to develop strategies for the realisation of the new strategic vision.

6.3 A path forward: Opportunities

With its location being a mere 68 miles off the US coast coupled with its enviable infrastructure, the business opportunities available to Freeport are extensive. While many jurisdictions, as well as other islands in The Bahamas, struggle to identify opportunities for the way forward, Freeport is unique in that the COVID-19 pandemic, global developments, and its current economic model has given rise to future opportunities for growth. Provided below is an overview of key opportunities stemming from an evaluation of the **build, explore, realign** strategy.

While the challenges faced by Hurricane Dorian and the COVID-19 pandemic have been GREAT, so are the OPPORTUNITIES

1. Build on existing strengths and current industry offerings

Overview

Recent upgrades to Freeport's infrastructure coupled with its strategic location, rich maritime history, and free trade zone status present opportunities for Freeport to grow and further diversify its economy.

Position Freeport/ Grand Bahama as the Blue Economy of The Caribbean

Within the last three years the concept of "the blue economy" has gained significant momentum and interest. The strategic positioning of FCP coupled with the Freeport's well-developed maritime economy makes Freeport well-poised to commence a journey towards positioning Freeport as the Blue Economy of The Caribbean.

Expansion of marine offering

Given the extensive port infrastructure in place and the uptick in interest in the blue economy, there is an opportunity to expand Freeport's existing marine offering. Expanded maritime offerings can include but are not limited to:

- Crew change centre for cruise ships in Bahamian harbours
- Lifeboat and survival craft repair centre for the region
- LNG refueling station
- In water survey and underwater hull cleaning
- Life raft testing and overhaul centre for the region
- Ship painting while in harbour
- Ship waste segregation

Further, it is envisaged that the establishment of Freeport as the Blue Economy of The Caribbean would give rise to a variety of new marine sectors. These would include but are not limited to marine biology, ocean renewable energy, marine aquaculture, and marine research and development.

Expansion of tourism product offering

Grand Bahama has a thriving tourist market. Its proximity to the US continues to make it one of the key destinations for visitor departing from ports in South Florida. COVID-19 has presented various opportunities to reframe and expand the tourism product offering. Such opportunities include:

- The COVID-19 pandemic has highlighted the weaknesses that exist in developing mega resorts. As a direct result of COVID-19, demand for tourist accommodations has shifted to support a more private offering. Building on its current tourism platform, Grand Bahama can strategically refocus and expand its offering of beachfront sustainable boutique resorts to meet the new trend in demand.
- As the cruise industry refocuses to ensure that it acts as responsible stewards for its passengers in light of COVID-19, cruise lines are presently developing and implementing policies that protect its passengers and the countries being visited. One such policy would likely be further restrictions on the number of individuals attending each onshore excursion. This presents an opportunity for Freeport to enhance and expand its onshore offering to capitalise on new cruise guidelines and encourage higher onshore rates.

Relaunch and expansion of light industry and logistics sector

While the necessary infrastructure exists, historically, power and labour costs have acted as significant barriers to positioning Freeport as a competitive special economic zone. Three core recent developments have made revisiting the expansion and redevelopment of the industrial sector a viable option to attract new business to Freeport:

1. Reduced power costs – In recent times GBPC has implemented EDR. With the goal of attracting new investment and encouraging expansion of industrial and commercial activity, EDR provides discounted electricity rates to qualifying businesses making rates competitive with regional counterparts.
2. SABC – The development and strategic positioning of SABC nestled between the airport and the container port enables Freeport to generate additional manufacturing and distribution channels.
3. Industry 4.0 – The emergence of Industry 4.0 has created a model that enables businesses to operate without having to support significant payrolls. Industry 4.0 is the most recent industrial revolution which uses modern technology to automate manufacturing and industrial activities. The resulting impact of Industry 4.0 is lowered labour costs and enhanced value chains and product life cycles. While these types of operators employ less people than traditional manufacturing, they still employ, and can have a significant trickle-down effect on the economy.

2. Explore new opportunities for growth

Overview

The COVID-19 pandemic and other emerging local and global trends have provided new options for Freeport to explore as part of its future growth plan.

There are a number of untapped opportunities that Freeport can explore. Such opportunities stem primarily from Freeport's strategic location and recent investment trends in the global market.

1. Make Freeport the location of choice for remote working and living

The real estate, tourism, and transport sectors have all been challenged to perform in a COVID-19 environment. As COVID-19 is expected to remain for the foreseeable future, there is an opportunity to offer Freeport's spaciousness and beauty, yet proximity to the US, as a secluded/private getaway for both working and living.

Nearshoring

Companies are constantly under pressure to reduce operating costs and refocus on improving operating efficiencies. For many this is achieved by moving select business functions to a nearby lower cost jurisdiction. Given Freeport's close proximity to the US and recent efforts to reduce electricity costs, Freeport has the opportunity to become a nearshoring hub for nearby high cost jurisdictions in the Caribbean such as Bermuda, Cayman Islands, and even New Providence.

Offshoring / re-shoring

As trade wars continue to intensify in China, there is evidence to suggest that many international companies are seeking to relocate. The origination of COVID-19 as well as rising costs in China have also hastened the decisions to relocate. Given its close proximity to the US, its tax-free status, the rise of Industry 4.0, and recent reductions in electricity costs, Freeport has the opportunity to capture some of the offshoring and current re-shoring business.

2. Actively promote Freeport as a digital hub and expand digital offering

The global push towards digitisation is driving significant investment in digital and creative industries. COVID-19 has highlighted the importance of digitisation and technology. In collaboration with the Government who has a vision to make Grand Bahama the Silicon Valley of The Caribbean, there is potential opportunity for Grand Bahama to actively exploit opportunities in the digital industry.

3. Position Grand Bahama as the national flag bearer for environmental, social, and governance ("ESG") investments

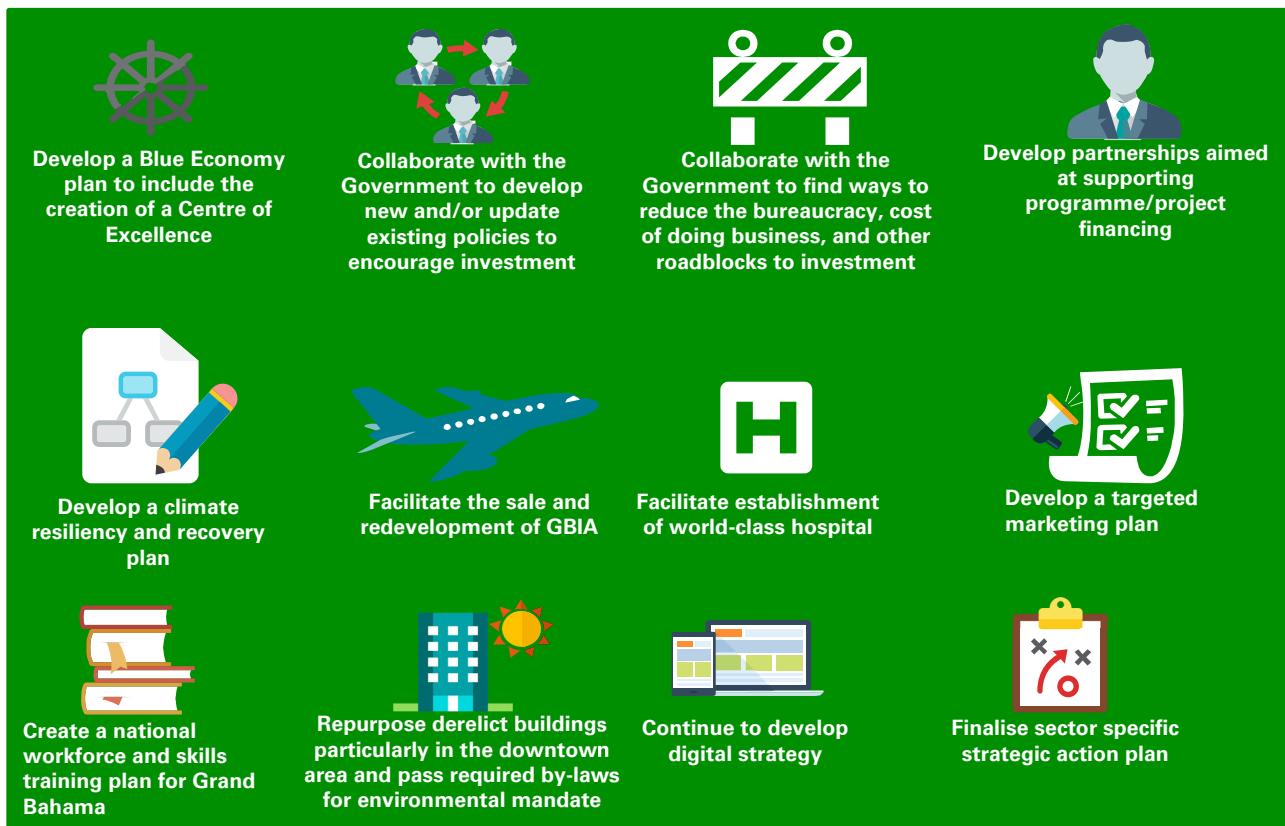
There has been a significant change in approach with investors seeking locations with strong track records of environmental stewardship, compliance, governance, and transparency. Although Grand Bahama is known locally for its industrial capabilities, there are also a number of national parks and areas on the island that continue to be protected by local regulations. Grand Bahama's success in effectively balancing ESG initiatives in an island with a strong industrial presence presents an opportunity to brand Grand Bahama as the flag bearer for ESG in the country to attract ESG investment. Additionally, the adoption of Freeport as the Blue Economy of The Caribbean would reflect favourably and expand the ESG investment options potential for Freeport.

Hospital	Develop medical hub and tourism industry Freeport's existing tourism-oriented structure and close proximity to the US, provides opportunities for potential synergies between tourism and healthcare that could be explored to establish Freeport as a more robust hub for healthcare in the Northern Bahamas and as a medical tourism destination.
Agriculture	Unlock agriculture potential Leveraging the vast amount of land, and freshwater lens, in Freeport in conjunction with the Government's recent mandate to prioritise and support the expansion of agriculture and marine resources, there is an opportunity to re-explore commercial development of the agriculture industry in Grand Bahama. This is strongly supported by the people of Grand Bahama and acts as a means of promoting industry diversification and long-term sustainability for the island.
3. Realign to demonstrate Freeport is open and well-poised for growth	
Overview	In order to showcase to the world that Freeport is open and well-poised for growth, strategic focus must be placed on ensuring that this message can be evidenced in all aspects of Freeport's economy. As such, there is an opportunity to implement certain actions that would help to realign Freeport and reaffirm its position in the local and international market.
Ease of doing business	Leverage Government / GBPA relationship to create a business-friendly environment As Freeport commence plans for future growth, the ease with which investors are able to establish and operate businesses will be critical to realising future opportunities. As such, there is an opportunity to leverage the relationship between the Government and the GBPA to collaborate in an effort to remove key barriers, increase use of digital technology, strengthen current regulatory framework to incentivise certain investments, and streamline business processes.
Sustainability	Expand entrepreneurship and promote long-term business sustainability Historically, the economic growth of Freeport has been underpinned by the entrepreneurial spirit of Grand Bahamians and others. With the decision to revisit the future strategic plan for Freeport, this presents an opportunity to prioritise entrepreneurship by creating dedicated programmes aimed at protecting businesses and enhancing long-term sustainability for businesses.
Resilience	Capitalise on benefits to building resilient infrastructure The recent impact of Hurricane Dorian has changed business as usual in Grand Bahama and has led to the reallocation of resources to fund recovery and rebuilding efforts. This change in business and funding presents the opportunity to rebuild facilities and infrastructure in a manner that would withstand storm surges. According to studies conducted by World Bank, investing in resilient infrastructure would not only strengthen the ability to combat future climate change but it will also translate to \$4 in benefits for every \$1 invested.
GBIA	Tap into the benefits of modern airport facilities GBIA with its 11,000ft. runway capable of accommodating the largest aircraft provides an opportunity for expansion of economic activity in Grand Bahama. With the imminent rebound of the tourism industry and future plans to grow the industrial, agriculture, and logistics sectors, the need to have a fully functional airport presents a strong case to rebuild GBIA in a manner which would make it resilient to the damaging effects of future climate change and enhance the competitive position of Grand Bahama.

Education	Unlock workforce potential One of the key elements to Freeport's prosperity to date has been its people. As plans to expand and develop new industries emerge there is also an opportunity to revamp the educational offering available in Grand Bahama to upskill the local talent and prepare them for future opportunities.
Immigration	Leverage expatriate community as a source of growth The economic contributions of expatriates are invaluable to a developing city. Recognising that there will be skills gaps, now is an opportune time to rethink the way expatriates are viewed and reform immigration policies to attract individuals with required skills to help progress future economic growth and make Freeport a more competitive jurisdiction.
Real estate	Restore derelict buildings to promote economic development A core part of the "realignment" strategy is to present Freeport as a world-class location, prime for investment. Key to conveying that message is to address derelict buildings in prime areas such as the downtown area. There is an opportunity to refurbish buildings to revitalise communities, attract businesses to the city's centre, and contribute to economic and social development.

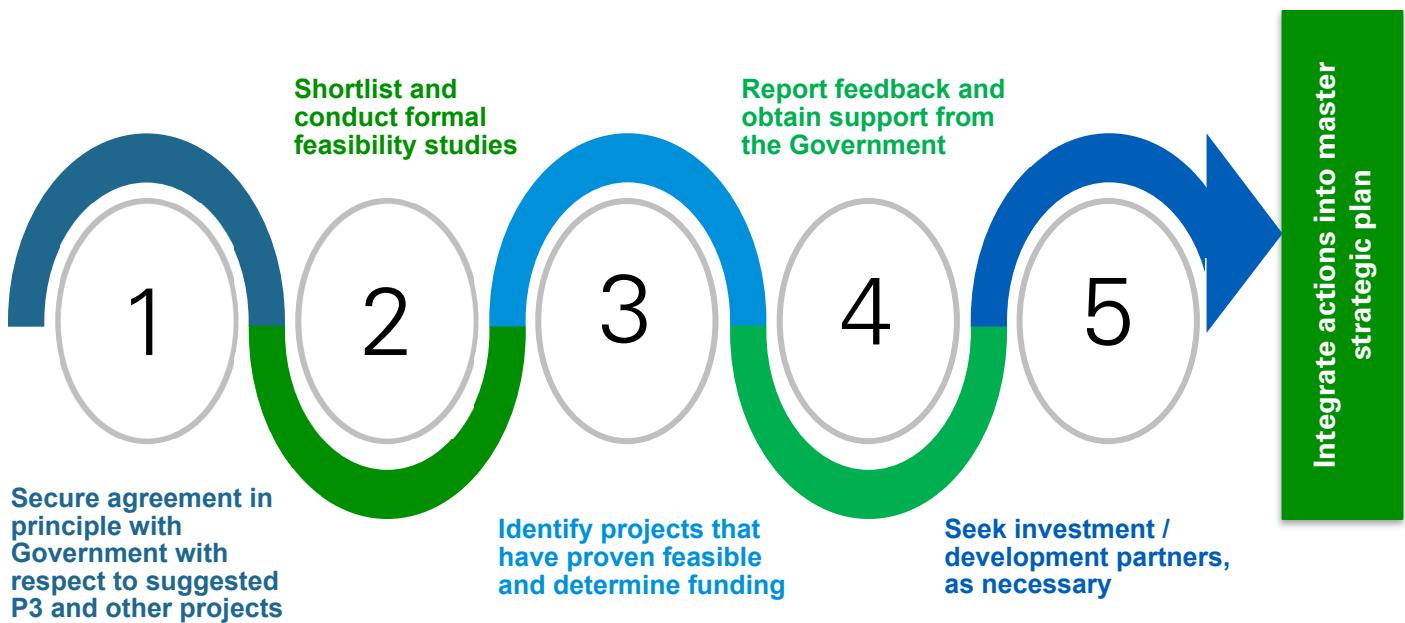
6.4 Achieving the vision

In order to better position Freeport to be able to execute the identified areas of opportunities, there are a number of potential changes and initial actions that would be required to promote growth and ensure that strategic projects are "shovel-ready". Such actions include the following, in no particular order:



6.5 Next steps

The next steps in the development of the new strategic plan are shown below.



Appendix

7 Appendix

7.1 Freeport: The Past

7.1.1 Overview

The city of Freeport on Grand Bahama Island was established on August 4, 1955 pursuant to the HCA between the GBPA and the Government. This agreement was authorised under the Hawksbill Creek, Grand Bahama (Deep Water and Industrial Area) Act of June 20, 1955 and gave the GBPA the responsibility for the design, construction, administration, and management of services within the Port Area (230 sq. miles). Pursuant to the HCA, GBPA was also granted licensing and regulatory control over the businesses and industries in the Port Area.

The vision behind this agreement was to create a “free port” through “the dredging of a deep water harbour and the establishment of an industrial area at and in the vicinity of Hawksbill Creek, Grand Bahama”³, and as a result it was expected that “the establishment of factories and industrial undertakings in the vicinity thereof will be of great economic benefit to the Colony in providing large-scale additional employment thus increasing the revenue of the Colony and in providing for and encouraging the economic and practicable development and exploitation of the Colony’s raw material”⁴.

The 99 year HCA agreement called for the development of a new port and industrial area, including facilities for passenger ships, schools, hospitals, government accommodations, the necessary electrical, water, waste and communications utilities, aviation facilities, roads, bridges, and other necessary investment and maintenance thereof. In return, a number of concessions were granted, including but not limited to, exemption from customs duties in the bonded area for the vast majority of items, excise taxes, and for 30 years (subsequently renewed) exemptions from property taxes, capital gains taxes, and earnings taxes. Having expired in 2015, the Grand Baham (Port Area) Investment Incentives Act, 2016 provides for a 20 year extension of the exemptions related to property taxes, capital gains taxes, and earnings taxes for GBPA, DEVCO, FHC, and Freeport Commercial and Industrial Limited. All other GBPA licencees are required to apply to the Government for similar exemptions. With the exception of the Grand Bahama (Port Area) Investment Incentives Act, 2016 , later agreements on extension of concessions called for the development of schools, hospitals, hotels, environmental and safety standards and contributions to social infrastructure.

³ Hawksbill Creek, Grand Bahama (Deep Water Harbour and Industrial Area) Act, Ch.261

⁴ Hawksbill Creek, Grand Bahama (Deep Water Harbour and Industrial Area) Act, Ch.261 – s.2(e)

Provided below and on the following pages is a detailed analysis of the GBPA's obligations under the HCA along with GBPA's status as it relates to satisfying these obligations.



Aerial view of the Hawksbill Creek area taken in 1955

7.1.2 The 1955 Hawksbill Creek Agreement

The 1955 Agreement (the original HCA) resulted in the birth of the city of Freeport and outlined the core infrastructure required by the Government. The following analysis looks at each section of the agreement and the status of the obligations thereunder.

The 1955 Hawksbill Creek Agreement		
Clause	Requirement	Status
Schedule clause 1.1.a	Dredge a channel not less than two hundred (200) feet in width with a minimum depth of thirty (30) feet at mean low water of average tide from the sea to the mouth of Hawksbill Creek and within Hawksbill Creek dredge a channel not less than two hundred (200) feet in width with a minimum depth of twenty- seven (27) feet at mean low water of average tide and dredge a turning basin (consisting of the said channel two hundred (200) feet wide and such further dredging as may be necessary) providing a turning radius of not less than six Hundred (600) feet.	<p>The GBPA exceeded the requirements of this clause by creating a deep water harbour for Freeport.</p> <p>The Freeport Harbour is among the largest man-made harbours in the world. The entrance to the Freeport Harbour is a straight channel 1,800 ft. in length, 500 ft. wide and dredged to a depth of 52 ft. at mean low water. The mean width of the turning basin is currently 1,800 ft with a length of 2,000 ft.</p> <p>This allows the Freeport Harbour to receive some of the largest cargo and cruise vessels in the world including post-Panamax vessels.</p>
Schedule clause 1.1.b	Construct a wharf inside of Hawksbill Creek at least six hundred (600) feet long such wharf to be constructed in a good, proper, and workmanlike manner and so as to be able to accommodate cargo vessels using the said port, and with a suitable apron for vehicular traffic at least ten (10) feet wide along the harbour side of such wharf properly smoothed and surfaced.	<p>The Freeport Harbour currently has 8,207 ft. of berth in total with an apron greater than 10 ft. wide.</p> <p>The Freeport Harbour can accommodate three cruise ships, five roll-on/roll-off vessels, and two 900-ft wet-docking berths.</p>

Schedule clause 2	Upon completion of the Port Project (channel, turning basin and wharf) maintain the same in good repair and condition and keep the said channel and turning basin clear and free from obstructions and assume full responsibility for the provision of such navigational aids and markers as in the opinion of the Port Authority shall be requisite for the proper operation of the deep water harbour as a private port, and as will comply with accepted international practice.	The Freeport Harbour Company ("FHC"), a joint venture between Hutchison Whampoa and PGL, currently manages the Port in compliance with the required regulations and international standards.
Schedule clause 3	Use their best endeavours to promote and encourage the establishment of factories and other industrial undertakings, and in particular factories, industrial undertakings, and industries which will make use of the natural resources and products available at Hawksbill Creek such as limestone rock and pine timber within...the PortArea...	The signing of the HCA has led to numerous industrial undertakings in the Freeport area including, but not limited to, PharmaChem, Polymers International, BORCO (now Buckeye Bahamas Hub), and Bahama Rock, which employ hundreds of Bahamians and contribute tens of millions to the local economy annually. Much of the investment has been encouraged through joint ventures with PGL, the provision of land at competitive prices, incentives, and a licence fee policy with the flexibility to promote investment.
Schedule clause 4	Undertake the responsibility of and for the administration and control of the deep water harbour, wharf, and other port facilities, and the laying out of the development of the Port Area and the administration and control thereof, and subject to the requirements of the industries established within the Port Area for loading and unloading of cargo vessels, use their best endeavours to provide dock space for passenger-carrying ships desiring to discharge passengers in the said deep-water harbour.	FHC currently operates the channel, turning basin, and wharf. FCP, a subsidiary of Hutchison Whampoa, operates the container transshipment hub. In addition to the cargo facilities the Freeport Harbour receives cruise ship calls and ferry calls and can currently accommodate up to 1 million passengers annually.
Schedule clause 5.a	Provide school rooms, school teachers, and educational facilities of a standard at least equal to that provided at the date of this Agreement by the Board of Education of the Colony in the Out Islands of the Colony and from time to time add to and extend the same so as to adequately serve all children of school age living within the Port Area and during the continuance of this Agreement operate and maintain such school rooms and educational facilities to a standard at least equal to that provided from time to	Freeport has educational facilities at least on par with elsewhere in The Bahamas, such as Bishop Michael Eldon High School, constructed under the terms of the HCA. As part of the 1965 agreement the requirement to maintain educational facilities on the island was revoked.

	time, by the said Board of Education in the Out Islands.
Schedule clause 5.b	Provide the medical services and facilities consisting of not less than one qualified medical practitioner, one qualified trained nurse, a dispensary, X-ray equipment, and hospital facilities of not less than four beds all of a standard at least equal to that provided at the date of this Agreement by the Government in the said Out Islands, and from time to time add to and extend the same so as to adequately serve the population living within the Port Area and during the continuance of this Agreement operate and maintain such medical services and facilities in accordance with standard good medical and hospital practice.
Schedule clause 5.c	Provide free of rent both living and office accommodations of a standard at least equal to that provided at the date of this Agreement by the Government in the said Out Islands for such officers and employees of the Government as the Government may station in the Port Area for the maintenance of law and order, the administration of justice, the general administration of Government, the collection of Customs Duties and other revenue and the administration of the Customs Department, the administration of the Immigration Department, Post Offices, and for such other purposes as may be mutually agreed upon from time to time between the Government and the Port Authority, and in connection therewith prepare the plans for such accommodations at their expense in consultation with the Government, such plans to be subject to the approval of the Government such approval not to be unreasonably withheld or delayed.
Schedule clause 5.d	Reimburse the Government annually within Thirty days after the presentation of a detailed account of the annual cost to the Government of providing services and administration activities in Freeport plus Twenty-five per centum of such cost (such Twenty- five per centum being deemed to cover Government administrative overheads in New Providence and elsewhere within the Colony) providing that the Port Authority shall only be required to reimburse the Government to the extent that Customs Duties and emergency taxes received by the Government in respect of goods entered or taken out of bond at the Port Area are less than the amount expended by Government plus the said Twenty-five per centum.

Schedule clause 6	Supply all Government offices and all living accommodations provided for officers and employees of the Government within the Port Area pursuant to the provisions of paragraph (c) of sub-clause (5) of this clause with electrical current (and as and when other utilities are operated by the Port Authority within the Port Area, such other utilities) at rates to be mutually agreed upon between the Government and the Port Authority.	In 1956, the first electrical services were supplied through a department of the GBPA, which has grown to become the Grand Bahama Power Company ("GBPC") today. Utility services are currently provided to approximately 18,600 customers across Grand Bahama Island.
Schedule clause 7	If and when the Port Authority construct and operate any utilities within the Port Area, construct the same in a good, proper, and workmanlike manner having due regard for the safety of persons working and/or residing with the Port Area, and after construction operate the same in accordance with good operating practice and in a fit and proper manner having due regard for the safety of persons working and/or residing with the Port Area.	The GBPC and the operations of the Bahamas Telecommunications Company ("BTC") in Freeport were originally established and operated by the GBPA. Grand Bahama Utilities Company ("GBUC") was established and operated by the GBPA and remains under its control. These entities are operated in accordance with required regulations and international standards.
Schedule clause 8	If and when the Port Authority engages in aviation activities, operate the same in conformity with The Colonial Civil Aviation Order 1949 or any amendment or re-enactment thereof and The Colonial Air Navigation (Application of Act) Order 1952 or any amendment or re-enactment thereof and all orders, rules, and regulations made thereunder.	The airport is a joint venture between HPH and PGL. The facility also includes 741 acres (300 hectares) of land that adjoins it to the FHC as they operate as one entity, known as the Sea Air Business Centre ("SABC"). With its 11,000 ft. runway, GBIA can handle the largest airplanes in the world.
Schedule clause 9	Use their best endeavours to employ Bahamian-born persons within the Port Area, provided such Bahamian-born persons are available and are willing to work at competitive wages or salaries and, having regard to the persons available from time to time for such training and the standard of education and/or the degree of skill required for the positions to be filled, use their best endeavours to train Bahamian-born persons to fill positions of employment within the Port Area, and cause any person or company licenced by them to carry on any manufacturing, industrial, or other business, undertaking or enterprise within the Port Area to enter into covenants with the Port Authority in such licence in the same terms as the covenants herein.	<p>The workforce in Grand Bahama Island consists of approximately 32,825 people (2019). Bahamians are at the helm of most companies in Freeport. Many of the international companies provide vocational training and job opportunities to Bahamians both in Grand Bahama Island and elsewhere.</p> <p>The GBPA has explored a number of additional vocational programmes in conjunction with the Government, University of The Bahamas, Bahamas Technical and Vocational Institute, and the private sector.</p> <p>Additionally, 89% of licenced businesses are wholly/predominantly Bahamian owned.</p>

Schedule clause 10	Cause all buildings and structures erected within the Port Area and all machinery and apparatus installed in or about any such buildings and structures to be so built, installed and maintained so as to provide properly for the health and safety of employees and the general public, and for good public sanitation within the Port Area.	Since the very early days the GBPA launched programmes to ensure public safety and enforces a Building & Sanitary Code for the Port Area. The codes enforced are in line with The Bahamas Building Code and international best practices.
Schedule clause 13	Supply the Colonial Secretary within Three years and Six months from the date of this Agreement (HCA) with a proper survey plan.	The GBPA provided the Government with a survey plan of the area under the HCA. Since this time, the GBPA has invested in a Geographic Information System and a dedicated department to obtain accurate geographic data of the Port Area.

7.1.3 The 1960 Amendment

By 1960, the city of Freeport had begun to emerge as one of the fastest growing areas in The Bahamas. With a growing population and new businesses emerging, the city was well on its way to becoming the industrial hub of The Bahamas that was originally envisioned. Unlike New Providence, the city of Freeport's development focus at the time was largely centred around industrial activities, ignoring the natural "sand, sea, and sun" which all islands of The Bahamas enjoy. Seeking to encourage this type of investment in Freeport also, the HCA was later amended to provide for the development of hotels and tourist amenities. This amendment gave birth to a new economic sector in Freeport.

The 1960 Amendment to the HCA noted that the GBPA had duly completed, to the satisfaction of the Government, the dredging of the channels and turning basin and the construction of the wharf specified in the Principal Agreement and had duly observed and performed all the other obligations under or in respect of the Principal Agreement. A number of additional requirements were included in the 1960 Amendment.

The following analysis looks at each section of the 1960 Amendment and the status of the obligations thereunder:

The 1960 Amendment to the HCA		
Clause	Requirement	Status
Schedule 1.1	The Port Authority hereby covenants with the Government that unless prevented from so doing by Act of God, insurrection, riots, civil commotion, war or warlike operations, strikes, lockouts, force majeure, or any unforeseen or extraordinary circumstances which may be reasonably considered to be beyond the control of the Port Authority (including the inability of the Port Authority to obtain or employ the necessary labour or to obtain or secure the necessary materials) they will on or before the thirty-first day of December, A.D., 1963 complete the construction of or procure the completion of the construction of a first-class deluxe resort hotel accommodation containing in the aggregate not less than Two hundred (200) bedrooms with all reasonable amenities within the Port Area and upon completion of the said hotel accommodation furnish or cause the same to be furnished as first class deluxe resort hotel accommodation and thereafter operate the same or cause the same to be operated in accordance with the highest standards reasonably obtainable and applicable and set for the operation of like deluxe hotels in the United States of America.	With this amendment to the HCA and the subsequent concessions offered to potential hoteliers in Freeport, a number of world class hotel/casinos have been developed in Freeport. By 1964 there were around 2,000 hotel rooms including the Lucayan Beach Hotel (opened in 1963), Holiday Inn, and Kings Inn. To date there are a total of 15 hotels and timeshares in Freeport with a total room inventory of just over 2,400 of which 1,353 are part of the active room inventory.

**Schedule
clause 1.3.a**

Provide or procure the provision of primary instruction and school accommodation free of charge for all children living within the Port Area between the ages of six years and fourteen years and upwards of standards equal to those from time to time provided by the Board of Education of the Colony in the Out Islands of the Colony or such higher standard as in accordance with circumstances from time to time the Board of Education of the Colony with the approval of the Governor in Council may reasonably require and from time to time add to and extend the same so as to serve adequately all children of school age living within the Port Area and during the continuance of this Agreement operate and maintain such school rooms and educational facilities to a standard at least equal to that provided from time to time by the said Board of Education in the Out Islands or to such higher standard as in accordance with circumstances from time to time the Board of Education of the Colony with the approval of the Governor in Council may reasonably require; but so that subject to such primary obligation as aforesaid the Port Authority and any corporation institution or body for the time being authorised by them for such purposes shall be entitled to provide additional educational instruction and facilities (primary or otherwise) and to charge and collect from individuals who or whose children receive any such additional education instruction or facilities within the Port Area reasonable fees in respect thereof”.

The GBPA assisted in the development of several schools, including:

- St. Paul’s Methodist College
- Mary Star of the Sea Catholic Academy
- Freeport Anglican High (now Bishop Michael Eldon)

These institutions now boast some of the strongest academic records in the country, offering curricula focused on the Bahamian curriculum as well as US Advanced Placement and other courses. There are now 26 public, private and special needs schools in Grand Bahama with 7,738 students (2018).

7.1.4 The 1965 Amendment

With the HCA stirring an investment boom in Freeport, by 1963 the population of Grand Bahama Island had more than doubled to approximately 8,239 persons. With such a rapidly expanding population, the need for social infrastructure became increasingly pressing.

The third amendment to the HCA provided for the much needed social infrastructure to accommodate the growing population in Freeport and residents in the neighbouring settlements to the East and West who also contribute to the Freeport labour force.

The 1965 Amendment noted that the GBPA had duly completed, to the satisfaction of the Government, the construction and furnishing of a first class deluxe resort hotel with all reasonable amenities as outlined in the 1960 Amendment and had duly observed and performed all their other obligations under or in respect of the agreements to date.

The following analysis looks at each section of the 1965 Amendment and the status of the obligations thereunder:

The 1965 Amendment to the HCA		
Clause	Requirement	Status
Schedule clause 1.1	<p>Subject to the conditions hereinafter provided the Port Authority will construct or procure the construction of dwelling houses in the Port Area of such type as will afford suitable accommodation for families of low and middle class income groups ...</p> <p>a) ...of One thousand (1,000) dwelling houses...</p> <p>b) ...the first Two hundred (200) of such dwelling houses to be erected and completed within Eighteen (18) months from the date of these presents.</p>	<p>The residential conditions established in the HCA gave birth to the Bahamia residential suburb and many other suburbs. This development continues to be a thriving residential development created on 1,800 acres with over 1,000 dwellings. In total, there are now approximately 8,900 dwellings in the Freeport area.</p>
Schedule clause 1.3	<p>If the Minister for Education shall:</p> <p>c) within One (1) year after the date of these presents give to the Port Authority written notice (hereinafter called the "First Notice") that he requires one of the following namely either (i) the construction of One (1) primary school providing reasonable accommodation for the instruction of not less than Eight hundred (800) children either within the Port Area or within the area hereinafter in this clause called "the Specified Area" comprising the Settlements in the Island of Grand Bahama known as Pinder's Point Lewis Yard and</p>	<p>In continuing its commitment to education and the requirements of the HCA, the GBPA assisted in the construction of the following schools:</p> <ul style="list-style-type: none">• Hawksbill All-age School• Eight Mile Rock High School• Sunland Lutheran School (now Sunland Baptist Academy)

	<p>Hunter's or (ii) the construction of Two (2) primary schools each providing reasonable accommodation for the instruction of not less than Four hundred (400) children and one to be either within the Port Area or within the Specified Area and the other to be either within or without the Port Area; and/or</p> <p>d) at any time within Ten (10) years after the date of these presents give to the Port Authority written notice (hereinafter called "the Second Notice") that he requires the construction of a further primary school within the Port Area providing reasonable accommodation For the instruction of not less than four hundred (400) children.</p>
Schedule 2.1	<p>The Port Authority will provide and lease to the Government (upon the terms and conditions specified in the said paragraph (c) of subclause (5) of clause 1 of the Principal Agreement as substituted by clause 6 hereof) a site in Freeport of such area (not exceeding Ten (10) acres) as the Government shall require (hereinafter called "the Medical Purposes Site") for the erection thereon by the Government of a medical clinic and a doctor's residence and other purposes connected with the provision of medical facilities within the Port Area.</p>
Schedule 2.4	<p>The Port Authority will procure the laying of an Eight (8) inch water main from the existing water supply system in the Port Area to a designated point and will procure the provision through such main of such water as is required by the said Eight Mile Rock Settlement up to but not exceeding a quantity of one hundred thousand (100,000) gallons of water per day and subject always (i) to the availability of supplies of potable ground water within the Port Area (ii) to meeting the requirements of water consumers within the Port Area and (iii) to adequate advance notice being given by the Government to the Port Authority from time to time so as to enable the Port Authority to provide the facilities necessary for the production of such</p>

increased amount of water as may be specified in such notice the Port Authority will use their best endeavours to provide such further amounts of potable water as may be required by the said Settlement. The Port Authority will further procure the provision of a supply of water (not in excess of twenty-five thousand (25,000) gallons per day) from the existing water supply system in the Port Area to a designated point for the purposes of supplying the area comprising the Settlements in the said Island of Grand Bahama known as Pinder's Point, Lewis Yard and Hunters.

Schedule 2.6	The Port Authority will pay to the Government the sum of Ten thousand pounds (£10,000) towards the costs of any town planning work carried out by the Government in the said area in the Island of Grand Bahama between the Settlement of Holmes Rock on the West and the Western bank of Hawksbill Creek on the East.	The GBPA complied with this provision by making the required funds available to the Government to assist in town planning.
Schedule clause 3.1 and 3.2	<ol style="list-style-type: none">1. The Port Authority will continue to promulgate a comprehensive and detailed Building Code applicable to the Port Area and will revise the same from time to time in the light of technical developments and the changing needs of the community.2. Such Building Code shall contain regulations for the purpose of establishing and maintaining proper and appropriate standards of building constructions and layouts in the Port Area and for the prior submission and approval of plans and specifications for such constructions, and shall make appropriate provisions for the disposal of sewage until such time as a general sewage disposal system is available in any area, for the proper siting and use of wells and water supply and distribution systems for the purpose (<i>inter alia</i>) of preventing contamination of water supplies, and for such other matters as the Port Authority reasonably consider necessary or desirable to ensure the general welfare of the community.	<p>The GBPA building code established and currently in place has promulgated, updated, and enforced a Building & Sanitary Code for the Port Area.</p> <p>The building code established provides for inspection of buildings, elevators, etc. in accordance with the Bahamas Building code and international best practices.</p>

Schedule clause 3.3	The Port Authority will continue or cause to be continued the operation in the Port Area of garbage collection and disposal facilities.	To ensure the sanitation needs of Freeport are met, the GBPA provides garbage collection and disposal services to the Port Area and beyond via a subsidiary company, Sanitation Services. Additionally, the Pine Ridge Landfill services the entire island of Grand Bahama with disposal facilities. A 4.6 million cubic yard state-of-the-art landfill was commissioned in 2002 and further improved in 2011.
Schedule clause 3.4	The Port Authority will keep all drainage ditches at the date hereof or hereafter provided by them in any part of the Port Area in a proper condition and state of repair as long as the same are currently in use.	To meet this obligation, the GBPA established a dedicated department, City Management. This department maintains public roads, drainage ditches, and other infrastructure to the highest standards seen in first world countries.
Schedule clause 3.5	<p>The Port Authority will procure that all water supply systems in the Port Area directly or indirectly under their control are from time to time inspected and are safeguarded against contamination.</p> <p>The Port Authority will at all times take such steps as they in the reasonable exercise of their discretion consider expedient and practical to expand and extend water supply systems in the Port Area directly or indirectly under their control and to encourage and assist (by making available easements, wayleaves and other like facilities) the provision and distribution in the Port Area of adequate supplies of electricity.</p>	<p>To enforce this mandate the GBUC was established to maintain and test the water supply systems that supply the Port Area and other settlements on the Island with potable water.</p> <p>Both the GBPC and the GBUC are constantly improving and upgrading the related infrastructure to provide their related utilities to the island of Grand Bahama.</p>
Schedule clause 3.7	<p>The Port Authority will cooperate with the Government for the purposes of pest control and elimination by providing such means of access within the Port Area as are reasonably available and making such provisions in the said Building Code as may from time to time be mutually agreed by the Government and the Port Authority for such purposes. Provided always (and it is hereby agreed) that the Port Authority and any utility company or corporation shall be entitled to make charges in connection with the supply and distribution of water and electricity sewage disposal systems and garbage collection and disposal facilities.</p>	<p>To assist in the effort to manage pest control, the GBPA has implemented a building code for the city of Freeport in accordance with the Bahamas Building Code and international best practices.</p> <p>In addition, draft by-laws have been created by the GBPA regarding pollution prevention and waste management treatment to assist in pest control management.</p> <p>Approximately \$28 thousand per annum is spent on a spay and neuter programme.</p>

Schedule clause 6	<p>Provide and lease to the Government or procure to be so provided and leased any area of vacant land (as that term is hereinafter defined) within the Port Area which the Government may need within the Port Area for government purposes (as that term is hereinafter defined) subject to the area of any parcel of such land and its location being in all the circumstances reasonably related to the needs of the Government.</p>	<p>The GBPA has donated numerous parcels of land to the Government over the years including land for:</p> <ul style="list-style-type: none"> • New police headquarters • Garnet Levarity Justice Centre • University of The Bahamas (50 acres plus \$3 million committed for new dormitories) • Hospital expansion (plus 50 acres for new hospital) • St. George's and Jack Hayward High Schools • Harold de Gregory Complex • C.A. Smith Complex <p>More recently the GBPA partnered with the Royal Bahamas Police Force and Department of Environmental Health donating vacant land to act as a site to dispose of derelict vehicles.</p>
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7.1.5 The 1993 Freeport, Grand Bahama Act

Critical to the success of Freeport and its ability to attract investors to the island are the exemptions embodied in the HCA from personal/corporate income taxes, capital gains tax, and property taxes. Based on the original terms of the HCA, these exemptions were set to expire in 1993. To allow for the continued growth and development in Freeport, what ensued was a comprehensive suite of amendments to the HCA, particularly as it extended the terms of the exemption for all persons purchasing land in the Port Area from taxation for a further 22 year period.

The following analysis looks at each section of the 1993 Extension and the status of the obligations thereunder:

The 1993 Freeport, Grand Bahama Act		
Clause	Requirement	Status
Schedule clause 1.1	Build and complete with appropriate landscaping at a minimum cost of two million dollars a centre for the administration of justice comprising facilities for the accommodation of the sittings of the Supreme Court and Magistrates' Court.	2.5 acres of prime land in the downtown area were donated. A new modern centre for the administration of justice, the Garnet Levarity Justice Centre (including a Supreme Court), was constructed by the GBPA.
Schedule clause 1.2	Contribute by way of two equal installments the first to be made by the 15th February, 1994 and the other by 1st August, 1994 the sum of seven million dollars towards the construction of facilities for two high schools to be built by the Government on mutually agreed sites in the Port Area that are to be donated by the Companies.	<p>The GBPA contributed to the creation of two new schools as follows:</p> <ul style="list-style-type: none">• Sir Jack Hayward High School – 25 acres of land was donated at a value of \$1.25 million in addition to \$3.5 million in construction costs. The school has approximately 945 students (2018).• St. George's High School – 26 acres of land was donated at a value of \$1.3 million in addition to \$3.5 million in construction costs. The school has approximately 710 students (2018). <p>Over and above the required contribution, gymnasiums were provided for each school at a cost of \$820 thousand each as well as a gymnasium and vocational block for Eight Mile Rock High at a cost of \$902 thousand and \$1 million, respectively.</p> <p>The GBPA continues to collaborate with Ministry of Education in initiatives such as the provision of classroom, nursery, skill centre, and clinic facilities for students at the Providing Access to Continued Education Centre.</p>

Schedule clause 1.3	Make an annual payment to the Treasurer for the purpose of defraying the administrative expenses incurred by the Government in the Port Area of the sum of Five hundred thousand dollars for a period of five years and to carry out with the Government a review in the fifth year of this undertaking.	During the period from 1993 to 1998, \$500 thousand was paid annually toward Government administration in the Port Area (\$2.5 million total).
Schedule clause 1.4	Fund the construction and completion, in the Port Area by 1996 of a children's library and thereafter to maintain the facility in a reasonable manner.	The Sir Charles Hayward Library was significantly expanded and upgraded by the GBPA to one of the premier libraries in the nation with approximately 50,000 volumes in its collection. This facility is maintained by the GBPA at an annual cost of approximately \$200 thousand. Following Hurricane Dorian in 2019, the GBPA donated \$250 thousand to assist with repairs to the Sir Charles Hayward Library.
Schedule clause 1.5	Fund the construction and establishment by 1995 of an arts and crafts teaching centre and thereafter undertake the maintenance of the centre in the Port Area.	The GBPA and Bahamas Agricultural Industrial Corporation ("BAIC") jointly financed the construction of an Arts and Craft Centre at a cost of \$635,109 of which the GBPA contributed \$341,689 as well as the cost of land.
Schedule clause 1.6	Construct a modern multi-purpose sports track and field facility, including a regulated athletic track, on land in the Port Area by 1996.	A track and field complex, equipped with modern facilities was completed at a cost to the GBPA of \$2.5 million in addition to 80 acres of land donated with a value of \$4.0 million.
Schedule clause 1.7	Construct within ninety (90) days of the signing of this Agreement a fruit, vegetables and fish vendors' complex on the grounds of the existing produce exchange cost of which to be equally borne between the Government and the Companies.	An expanded fruit, vegetables, and fish market was constructed on the site of the previous facility in the downtown area of Freeport with ample access to parking, visitors and upgraded facilities at a cost of \$250 thousand.
Schedule clause 1.8	Assume by the end of the year 1996 the responsibility for and the upgrading of the existing potable water distribution system to Eight Mile Rock and to the Western settlements of Grand Bahama Island.	The GBPA took over responsibility for the potable water distribution network in Eight Mile Rock and Western Grand Bahama bringing better water quality and reduced water rates. In addition, the GBPA assumed responsibility for water distribution in the settlements of Pinder's Island.

		Point, McLean's Town, High Rock, Pelican Point, and Sweeting's Cay.
Schedule clause 1.9	Promote home porting and container port facility at Freeport Harbour.	As a joint venture with Hutchison Whampoa, the FCP was created with an initial investment of \$250 million. The facility has the capacity to handle 1.5 million TEUs of cargo a year.
Schedule clause 1.10	Construct or cause to be constructed beach front cottages to promote second home investment in the Port Area.	<p>Since the 1993 Agreement there has been significant investment in the second home market including the following residential developments which include homes valued over \$1 million:</p> <ul style="list-style-type: none"> • Fortune Cay • Shoreline • Princess Isle • Bahamia Drive • Gingerbread Cove • Bell Channel • Spanish Main
Schedule clause 1.11	Assist in the creation of local Government in Grand Bahama.	<p>While the Local Government Act commenced in 1996, the GBPA commitment to local government began prior to this and to date includes, among other things:</p> <ul style="list-style-type: none"> • Contribution of \$500 thousand per annum for 5 years • Participation in the 1,000 Street Light Campaign • Donation of land for 12 public parks • Assisted in the establishment of buildings used by local government. These include the new police headquarters, Garnet Levarity Justice Centre, Harold de Gregory Complex, and C.A. Smith Complex.
Schedule clause 1.12	Donate land within the Port Area for a new and adequate hospital in Grand Bahama.	30 acres of prime real estate in the central area of Freeport, has been designated for the construction of a new hospital.

			While the land has been donated to the Government, in December of 2019, the Minister of Health confirmed that construction of the new hospital will not begin for at least another 2 years.
Schedule 1.13	clause	Promote the development of an International University.	<p>Opening its doors in 2009, Ross University, a division of DeVry Inc., maintained a presence in Grand Bahama offering courses in medicine and veterinary medicine. The campus had approximately 200 students. The facility ceased operation in 2014.</p> <p>In October 2019 Western Atlantic University of Medicine Ltd. executed a Heads of Agreement with the Government for construction, operation, and maintenance of a proposed 98,000 sq. ft. medical school in Freeport.</p>
Schedule 1.14	clause	Carry out measures that are necessary to address erosion of public beaches in Grand Bahama.	<p>In satisfaction of this requirement, the GBPA invested in the restoration of public beaches and implementing preventative measures to preserve public beaches, including:</p> <ul style="list-style-type: none"> • Erosion repair along Bootle Cove (\$350 thousand) • Replenishment and erosion prevention at Lucayan Beach (\$750 thousand) • Ongoing policing measures to prevent theft of sand from public beaches • Barbary beach clean-up efforts which aims to periodically restore the beach landscape
Schedule 1.15	clause	Conduct a feasibility study to determine water allocation for development purposes in the Port Area.	Feasibility, environmental, and other analyses have been conducted with respect to natural water resources on Grand Bahama Island. The result has been the identification of additional water fields at a cost of \$1 million as well as the relocation of the existing sewer plant and construction of a modern wastewater treatment facility at a cost of \$4 million.

Schedule clause 1.16	Introduce additional environmental frameworks for development.	An Environmental Department was formed with responsibilities including: <ul style="list-style-type: none"> • Developing and regulating environmental policies and standards • Reviewing Environmental Impact Assessments/Environmental Management Plans • Engaging in environmental management, monitoring, and enforcement • Coordinating environmental outreach Draft by-laws for environmental management have been prepared for the city of Freeport.
Schedule clause 1.17	Update the Master Land Use plan for the Port Area.	The land use plan for the Port Area has been updated to include information on industrial development, residential developments, government accommodations, and other relevant information.
Schedule clause 1.18	Establish an organisation to promote Grand Bahama Island internationally	To assist in promoting and marketing Grand Bahama Island, a division was formed within the GBPA with a specific focus on business development and marketing the Freeport area. One such initiative of this unit is the "Invest Grand Bahama" programme, with a focus on attracting investment. The GBPA has invested a substantial amount in international promotional programmes in an effort to drive investment into the Grand Bahamian economy. In addition, the GBPA has also been supportive of initiatives such as the Grand Bahama Island Tourism Board.
Schedule clause 1.19	Upgrade Freeport into a garden city in keeping with the Government's "Beautiful Bahamas Programme".	In keeping with this mandate more garden areas, including parks and immaculately maintained garden round-a-bouts have been included in the Port Area. Also, a \$2 million downtown turnaround programme included beautification, landscaping, a welcome centre and other social facilities.

Schedule clause1.20	Assume responsibility for the maintenance and upkeep of Queens Highway in the Port Area that is from the High Rock Settlement to Eight Mile Rock.	GBPA's City Maintenance and Management Team is responsible for fulfilling the requirements of this mandate. On an annual basis, the City Maintenance and Management Team conduct detailed assessments of the city of Freeport and addresses the issues noted in the assessment based on priority. To date the GBPA have made significant investments including but not limited to the resurfacing and ongoing maintenance of roads and subdivisions at a 5 year average of \$545 thousand and the construction of the Sir Jack Hayward Bridge at a cost of \$4.4 million.
Schedule clause1.21	Donate adequate land for a Police Headquarters in the Port Area.	In 2000 the GBPA donated 5.6 acres of prime real estate in the downtown area, valued at \$840 thousand, which was used for the construction of the Gerald Bartlett Police Complex.



7.2 Glossary

Changes Required to Support the Future Strategic Opportunities for Freeport	
Activity	Recommendation
~	Approximately
\$	Bahamian dollar
%	Percentage
API	Active Pharmaceutical Ingredients
B	Billion
BORCO	Bahamas Oil Refining Company Ltd.
BTC	Bahamas Telecommunications Company
BTVI	Bahamas Technical Vocational Institute
Carnival	Carnival Cruise Lines
CBL	Cable Bahamas Limited
CBOB	The Central Bank of The Bahamas
COVID-19	Novel Coronavirus
DEVCO	Grand Bahama Development Company Limited
EDR	Economic Development Rate
Emera	Emera Inc.
ESG	Environmental, social, and governance
FCP	Freeport Container Port
FHC	Freeport Harbour Company
ft.	foot/feet
GBIA	Grand Bahama International Airport
GBS	Grand Bahama Shipyard
GBPA	Grand Bahama Port Authority
GBPC	Grand Bahama Power Company
GBUC	Grand Bahama Utility Company
GDP	Gross Domestic Product
Government	The Government of The Bahamas
HCA	Hawksbill Creek Agreement
HPH	Hutchison Port Holdings
HoA	Heads of Agreement

Holistica	Holistica Destinations
IDC	Intercontinental Diversified Co.
JV	Joint venture
M	million
MOU	Memorandum of Understanding
MW	Mega watt
NIB	The National Insurance Board of The Bahamas
PharmaChem	PharmaChem Technologies Grand Bahama Limited
PGL	Port Group Limited
Polymers	Polymers International
Port Area	Freeport, a 230 square mile economic free trade on the island of Grand Bahama
REEF Committee	Revitalisation and Expansion of the Economy of Freeport Committee
SABC	Sea Air Business Centre
sq.	square
TEU	Twenty foot equivalent unit
US	United States of America
VAT	Value added tax



REVITALIZATION & EXPANSION OF THE ECONOMY OF FREEPORT