**Ironwood and CIG development and concession agreement**

**By Premier Hon. Alden McLaughlin, MBE, JP, MLA**

**17, December, 2015**

Ladies and Gentlemen, good morning and thank you for coming to this press briefing.

I am pleased to announce that Cabinet yesterday approved terms for a Development and Concession Agreement between the Cayman Islands Government and Ironwood Cayman Ltd. This agreement is intended to facilitate the construction, development and operation of what will be known as Ironwood Village located off Frank Sound Road.

Just by way of a brief overview, the development will be constructed in phases and include a PGA championship golf course and resort designed by none other than golfing legend Arnold Palmer who I had the privilege of welcoming to Cayman previously, as some of you may remember. Incidentally, I’ve been informed that this course will be the first of its kind in the Caribbean.

The development will be similar to the Arnold Palmer Design Company’s world class property in Bay Hill, Florida, and includes a town centre, beach club, luxury hotel accommodations, watersports facilities and other amenities. Mr. David Moffitt of Ironwood Cayman and Mr. Roy Saunders, vice president of operations of the Arnold Palmer Design Company Ltd. will provide you with further details on the proposed development in a few moments. But for now, let me just say that the Government sees this project as one that will significantly reinforce the appeal of the Cayman Islands as a world class tourist destination.

As you are aware, the Government has been in negotiations with the Ironwood group for the construction of a 10-mile extension of the East-West Arterial for some time. These negotiations have proven to be extremely intense and challenging but the Government remains committed to working toward concluding an arrangement with the developer and ensuring that the terms of any such agreement will be in the best interests of the country and the people of these Islands.

Notwithstanding the delays in finalising an agreement for the construction of the road, Government and Ironwood have agreed that Ironwood will bring forward its plans for commencement of the development project itself. This will inevitably provide a much needed financial stimulus to the economy of the Cayman Islands and result in the creation of valuable job opportunities for Caymanians and further needed development in the Eastern Districts.

This Development and Concession Agreement will provide Ironwood with duty waivers and concessions on planning application fees, import duties and charges payable on all materials and equipment imported by Ironwood for the development, as well as on stamp duty payable on any land acquired for the development after the date of signing this agreement, up to a maximum concession value of 6 per cent up or a maximum of US$21.9 million dollars. The maximum waiver amount is based on Ironwood’s estimated project development costs of US$365 million dollars.

All duties and fees will be paid initially by the developer with Government refunding qualifying duties and fees in the form of an annual rebate once the developer has submitted its annual claim backed by satisfactory audited year-end accounts.

As many of you know, Government historically has entered into development concession agreements to incentivize development of specific major tourism related private sector capital projects such as the Kimpton Hotel and Beach Bay hotel and resort.

The most recent concessions were given to help Beach Bay develop and included duty waivers on construction materials and furniture and fixtures for the construction of the development and stamp duty for land purchased for the development. In that case Government will be giving up potential income of about $25 million to help ensure that project gets built.

But I must remind everyone that the income we receive for decades into the future from hotel room tax, visitor spend, duty from the sales of condos and more from all of these developments will more than make up for the concessions. And the jobs that will be created directly and indirectly from these projects will be an added economic benefit.

Both Government and Ironwood remain dedicated to the construction of the road extension so this agreement allows for a further maximum period of 12 months to conclude negotiations and obtain all appropriate consents including that required by the Foreign and Commonwealth Office in accordance with Government’s obligations under the Framework for Fiscal Responsibility.

If, as we all hope, negotiations for the road construction are successfully concluded within that 12 month time frame, then the concessions granted under this agreement will at that point in time be applied against certain financial guarantees that will be required to be provided by the developer as part of the road agreement.

In the event that the negotiations for the road construction are not brought to a satisfactory conclusion within that one year period, then Ironwood will continue to have the benefit of the concessions provided under this agreement for a maximum period of 8 years from the date of signing.

In keeping with this Government’s firm commitment to the creation of employment opportunities for Caymanians, the agreement requires Ironwood, its contractors and sub-contractors to work with the Cayman Islands Further Education Centre and the National Workforce Development Agency, and to endeavour to meet certain substantial hiring targets of Caymanians that we set in Cabinet. Ironwood will also be required to provide regular reports on its recruitment of Caymanians during the course of the development. In short, this Government sees this deal as a win-win for the country and the people of these Islands.