

BOARD OF DIRECTORS MEETING
Port Authority of the Cayman Islands
45A Harbour Drive
February 24, 2016
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A meeting of the Port Authority of the Cayman Islands Board of Directors was held on Wednesday, February 24, 2016 at the Port Administration Building, 45A Harbour Drive, Grand Cayman, Cayman Islands. Chairman Errol Bush called the meeting to order at 1:10 p.m. and welcomed attendees.

- **Board Member Attending:**

Mr Errol Bush, MBE - Chairman
Mr. Gerald Kirkconnell – Deputy Chairman
Mr. Stran Bodden – (Ministry of DAT&T)
Mr. Ashton Bodden, JP
Ms. Jacqueline Scott
Mr. Michael Nixon – (Ministry of Finance)
Mr. Robert Foster
Mr. Woodward DaCosta
Mr. Randy Whittaker – (Customs)
Mr. Clement Reid – Secretary

- **Other Attendees:**

Mr. George Loutas – Maples (PACI Legal Counsel)

1. **Apologies for Absence(s):**

Mr. Arek Joseph, OBE

2. **Confirmation of minutes:**

Minutes for Meeting # 389 were approved by the Board and a motion to accept the minutes was moved by Mr. Ashton Bodden and seconded by Ms. Jackie Scott.

Minutes for Meeting # 390 were approved by the Board and a motion to accept the minutes was moved by Ms. Jackie Scott and seconded by Mr. Ashton Bodden.

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Minutes for Meeting # 391 were approved by the Board and a motion to accept the minutes was moved by Ms. Jackie Scott and seconded by Mr. Robert Foster.

3. Declaration of Conflict of Interest:

None noted.

4. Matters arising from Previous Minutes:

Matters arising from previous minutes were dealt with in the Updates on Various subjects.

5. Port Director's Monthly Report:

(a) PD Report: - Members approved and adopted the Port Director's report for February 2016.

Members expressed their concern with the lack of action from APEC Consulting Engineers on the two projects which they have been contracted as consultants, Rehabilitation of Cargo Pier and Master Plan for Cargo Distribution Centre. It was Agreed to request a schedule for the completion of these projects from APEC.

(b) Operations Report: - Members approved and adopted the Operations Report for February 2016.

The month of January saw 22 cargo ships trading and making 45 port calls. There was a 57.1% and 45.2% change respectively when compared to the same period last year. Cargo tonnage increased by 12.3% and as a result the tons of cargo handled per hour increased by 0.6% compared to the same period last year. The importation of aggregate also increased by 6.8% compared to the same period last year.

(c) Security and Cruise Report: - Members approved and adopted the Security and Cruise Report for February 2016.

Cruise arrivals increased by 6% from 950,304 passengers for the first seven months of the fiscal year 2015 to 1,004,139 passengers for the first seven months of fiscal year 2016. The related income from cruise passengers for the period July to December increased from \$2.33M in

2015 to \$2.47M in 2016. This is an improvement of \$ 132K or 6%. PACI's actual cruise passenger income was within \$6K of the budgeted \$2.4M. Cruise passenger arrivals were also within projections by 2,357 passengers. The future outlook also seems positive based on the increased bookings projected by the cruise lines.

(d) Financial Report: - Members approved and adopted the Financial Report for February 2016.


The Port Authority's financial performance for the seven months ended January 31 2016 shows an improved result over 2015. The PACI recorded a profit of \$2.87M for the seven month period in comparison with \$1.84M for the period July 2014 to January 2015, and the seven month budgeted profit of \$1.58M. This is an improvement over 2015 of \$1.02M or 55%. This was mainly due to the result of 4% increased cargo activity over the previous financial year, and 6% improvement in passenger arrivals. Cargo income increased by 12% for the seven month period due to steady monthly increases in cargo volume imports. There was a 45% reduction in cargo volume during December 2015 which dragged cargo performance down for the period. Cruise passenger fees increased by 6%, the same movement in passenger numbers for the comparative period. Overall gross income increased by 11%.

6. Update on Various:

(a) Port Authority Marina at Safehaven: - Mr. George Loutas of Maples updated Members on the status of land and water easements for this facility. Dragon Bay has proposed a modified water easement over their waterway which significantly differs to the one in the 2009 Agreement. Ritz Carlton has also proposed similar terms for easement over their waterway.

Members instructed legal counsel to address these deviations from the original Agreement and have the easements clearly identified with GPS coordinates to avoid future misinterpretation of the boundaries. Legal counsel was also instructed to address the Board on March 31, 2016 with an update.

(b) IT Audit: - KPMG have concluded the testing on the IT Systems and are currently compiling their report which is expected by February 26th 2016. The report will focus on internal and external penetration of the IT System and Disaster Recovery.

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(c) Recruitment of Staff – Deloitte: - Deloitte has advertised in the local media and internally for the recruitment of a Deputy Port Director – Cargo, Office Manager and Manager of Facilities and Special Projects. The deadline for submission for applicant is March 2016.

(d) Tower Building Site: – Parking that was provided on the cargo dock for stakeholders involved in cruise tourism has been relocated to this site. Persons utilizing this privilege are issued a parking decal for their vehicle.

The decision to revert to the original security protocols for cruise operations was taken given the increasing threat of suicide bombings around the world in areas frequented by large numbers of people. Having the private vehicle parking off site allows better security control for the approved ground transportation.

The final phase of this relocation will involve the tenant parking at RWCT and night staff parking being relocated to this site.

(e) Roadside Kiosk at RWCT: - The kiosk has been removed and the frame for the original signage restored. PACI and the Tenants Association collaborated on the design of the sign that will be installed in this location that will promote their businesses.

(f) Spotts Terminal Refurbishment: - The construction contract with Ron Wilson's Equipment has been executed and work commenced on February 18th on the project. It is estimated that the project will be completed in 11 weeks. The works will include a "garden high" seawall, refurbishment of the terminal building, raised garden walls, refurbishment of the park benches and the replacement of the chain link fence.

7. Other Business:

(a) The Auditor General submitted a draft letter titled "OAG Opinion on the 2015 Audited Accounts to the Directors. Members requested a meeting through the Port Director with the Auditor General to outline their concerns that were highlighted in the letter. It was Agreed that the meeting would take place at the next scheduled monthly Board meeting, March 31st 2016.

(b) Mr. Stran Bodden and Mr. Michael Nixon informed the Board that the government had no issue with PACI utilizing its cash to fund CAPEX, which includes the paving of CDC and acquisition of new and efficient container handling equipment. The one requirement would be for PACI



to honour its obligations under the Ownership Agreement.

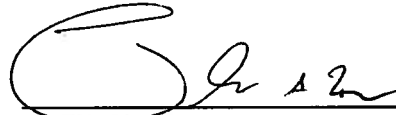
- (c) Due to the imminent expansion of PACI staff the Port Director explained that additional office space would be required to house the new administrative staff. It was proposed to relocate the offices of the HM Customs and Immigration Department to the 2nd floor of the RWCT. Members unanimously Agreed to the proposal and instructed the Port Director to write the heads of these Departments to inform them of the decision to relocate their offices.

Adjournment:

There being no further business the meeting was adjourned at 3:50 pm until the next regular meeting scheduled for March 31st, 2016.



Errol Bush - Chairman



Clement Reid – Secretary