

BOARD OF DIRECTORS MEETING
Port Authority of the Cayman Islands
45A Harbour Drive
October 31st, 2016
Meeting No. 401

A meeting of the Port Authority of the Cayman Islands Board of Directors was held on Monday, October 31st, 2016 at the Port Administration Building, 45A Harbour Drive, Grand Cayman, Cayman Islands.

1. Welcome and Call to Order

Chairman Errol Bush welcomed attendees and called the meeting to order at 1:05 p.m.

2. Attendance and Apologies

Board Members Attending

Mr. Errol Bush, MBE – Chairman
Mr. Gerald Kirkconnell – Deputy Chairman
Mr. Arek Joseph, OBE
Mr. Stran Bodden, JP – (Ministry of DAT&T)
Mr. Michael Nixon – (Ministry of Finance)
Mr. Ashton Bodden, JP
Ms. Jacqueline Scott
Mr. Woodward DaCosta

Mr. Clement Reid – Port Director

Apologies for Absence(s):

Mr. Robert Foster

Other Attendees

Mrs. Joanne Diaz-Berry – Recording Secretary

3. Resolution to Appoint New Recording Secretary

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A resolution to appoint a new recording secretary, a person not being the Port Director, was approved by the Board and a motion to accept the resolution was moved by Mr. Woodward DaCosta and seconded by Mr. Ashton Bodden.

4. Review and Approval of Minutes dated September 29, 2016

Minutes for Meeting #400, dated September 29, 2016, were approved by the Board and a motion to accept the minutes was moved by Mr. Arek Joseph and seconded by Mr. Michael Nixon.

5. Matters arising from Previous Minutes

None noted.

6. Port Director's Monthly Reports

The Port Director's Report for September 2016 encompasses all other reports for the purpose of this meeting and forms part of these Minutes.

The Port Director presented the following highlights:

Financial

The Port Authority's financial performance for the three months ended September 30, 2016 shows an improvement over 2015. The PACI recorded a profit of \$0.345M for the three-month period in comparison with a loss of \$0.465M for the period July 2014 to September 2015, and the three month budgeted loss of \$0.134M. This is an increase over 2015 actual of \$809K or 174% (as evidenced on page 9). This was mainly due to the recording of defined benefit expense which only the estimated amount can be booked in the current year.

The re-measurements are done after the financial year end and could potentially significantly increase the annual expense amount. PACI recorded \$693K for defined benefit expense for the three months of this financial year. This was based on the Mercer estimated \$4M for the 18- month period ending 31 December 2017. The actual total expense for 2016 was \$5.86M or \$1.46M per quarter.

Overall operating expenses decreased by \$552K or 10% over the 2016 fiscal period.

The Minister of Finance and Economic Development issued a memo to all SAGC's on October 7, 2016 which requires the recognition of post-retirement healthcare liabilities and expenses in their financial statements as noted in the International Accounting Standard 19 and International Public Sector Accounting Standard 25.

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Board Members identified a change to be made to Paragraph 1 above to read “July 2015”.

Matters for Approval

The Port Director sought and received approval from the Board to:

- Attend the MARE Forum in Fort Lauderdale, Florida, November 2016.
- To enroll in the American Association of Port Authorities (AAPA) Port Professional Manager Program (PPM).

Strategic Plan Implementation Update

- The procurement of service vehicles and container handling equipment has commenced. Vehicles are expected to arrive mid January 2017 – mid February 2017.
- The procurement documents for the RTG equipment will be finalized and tabled in the November 24th meeting for Board approval before sending the documents to the Central Tenders Committee (CTC).
- The Job Evaluation Committee has completed the updating and creation of new job descriptions. The committee is currently benchmarking salaries.
- On September 9, 2016, Deloitte issued a status update on the Human Capital Services for PACI. Revised completion date for this project is end of December 2016.
- PACI will be contracting Aegir Port Property Advisers to prepare a comprehensive assessment and analysis of all relevant factors impacting PACI’s property portfolio and infrastructure values. This is to be completed by the end of December 2016.

Risk and Compliance Update:

Risk and Compliance Management

- The Manager of Cruise and Security Operations is preparing an Operational Manual to manage the servicing and repairs of the channel markers and buoys in the Cayman Islands.
- The contract for the procurement and installation of the North Sound Channel Markers will have to be revised due to difficulty encountered by the contractor to drill the hard surface. The revision will result in an additional CI\$4,700 per marker and will be installed in early January 2017.
- PACI Harbour Patrol Officers refloated the abandoned boat that was located near the beach at Rum Point and towed it to the GT Barcadere where it was placed on a trailer and taken to the GT Landfill for disposal. PACI continues to



work closely with the Department of Environment and Department of Environmental Health in identifying and removing derelict vessels around the Island.

- PACI has received two proposals from Deloitte and KPMG to develop a Disaster Recovery and Business Continuity Plan. The proposals are being reviewed and will be on the November meeting agenda.

Risk and Compliance Incidents:

- During cargo operations at the Cargo Distribution Centre a container was detached from the container handling equipment while suspended in midair and free fell to the ground. The container was used to transport a vehicle, scooter and boxes of personal contents. Visible damage was sustained by the vehicle and the remainder of the cargo is under the investigation by the Risk Management Unit's Adjusters, owners of the container and marine surveyors.
- October 13th, 2016 Forklift L-24 was being used to transport a 40' dry container from the truck to stack when the contents inside shifted resulting in the machine and container tipping over. The driver did not sustain any damage but the container and contents did. The consignee upon investigation of the cargo decided not to claim for damages. The matter was investigated and concluded that the operator of the machine was not at fault but due to the shifting of the internal cargo beyond his control resulted in the machine and container tipping over. The matter has been concluded.
- The Royal Watler Tenants Association has engaged legal counsel and are challenging the decision of the PACI Board not to amend their existing leases by inserting a First Right of Refusal clause. PACI's legal counsel has prepared and disseminated a response to the challenge.

Matters for noting

- The Ministry of Financial Services, Commerce and Environment has approved the procurement and installation of permanent moorings for large yachts. The moorings will be installed on the west side of Grand Cayman.
- HM Customs and the Immigration Department have agreed to relocate to the Royal Watler Cruise Terminal, 2nd floor. PACI is awaiting a proposal from PWD Architects on the design layout for these new offices.

7. New Business

- **Update on Cruise Berthing Facility**



The Port Director presented an overview of the project status including the two proposed marine layouts that are being considered to minimize the impact on the environment.

These proposals will be further considered by the Board at their meeting on November 1, 2016 with the Deputy Premier. The Board Chair advised he would be unable to attend.

- **BA Contract for CDC Masterplan**

The Port Director requested approval to enter into a contract with Bermello Ajamil & Partners, Inc. to develop layouts associated with the deployment of Rubber Tyre Gantry (RTG's) for the Cargo Distribution Centre.

A motion to accept was moved by Mr. Arek Joseph and seconded by Ms. Jacqueline Scott.

- **IT Policy**

The IT Acceptable User Policy (AUP) and Information Security Policy has been reviewed and completed. Board members requested for these policies to be circulated to them.

8. Any Other Business

No other business.

9. Adjournment and Date of Next Meeting

There being no further business the meeting was adjourned at 2:55 p.m. until the next meeting scheduled for November 24th, 2016.



Mr. Errol L. Bush – Chairman



Joanne Diaz-Berry – Recording Secretary