

**BOARD OF DIRECTORS MEETING**  
**Port Authority of the Cayman Islands**  
**45A Harbour Drive**  
**November 24<sup>th</sup>, 2016**  
**Meeting No. 402**

A meeting of the Port Authority of the Cayman Islands Board of Directors was held on Thursday, November 24<sup>th</sup>, 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 1:10 p.m. A moment of silence was observed in remembrance for the passing of Mr. Robert Foster's mother.

**2. Attendance and Apologies**

**Members Present**

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

**Apologies for Absence(s):**

Mr. Robert Foster  
Mr. Arek Joseph, OBE  
Mr. Michael Nixon – (Ministry of Finance)

**Other Attendees**

Ms. Ana Fernandez  
Mr. Clement Reid – Port Director/Secretary

### **3. Quorum**

**IT WAS RESOLVED** that in accordance with Section 3 (5) of the Port Authority Law (1999 Revision), a quorum of five Members was present and that the business would proceed.

### **4. Review and Approval of Minutes dated October 31, 2016**

**IT WAS NOTED** that the Minutes of the Meeting held on October 31, 2016 was approved by the Board; moved by Mr. Gerry Kirkconnell and seconded by Ms. Jacqueline Scott.

### **5. Matters arising from Previous Minutes**

- 5a. Ms. Ana Fernandez presented an update on the cruise berthing project. Highlights of the presentation included the revised concept which has significantly less impact on the environment compared to the original EIA layout. Prequalification for the project is anticipated to start in March 2017.
- 5b. Due to difficulty encountered by the contractor to drill the seabed to install navigational buoys in the North Sound a new proposal was presented that allows the poles to be installed by anchoring them to the seabed using chain and pins. As a result, the existing contracts require variations. The Board approved the variations and a motion to accept was moved by Mr. Gerry Kirkconnell and seconded by Mr. Ashton Bodden.

### **6. Port Director's Monthly Reports**

The Port Director's Report for October 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**

PACI's financial performance for the first four months ended October 31, 2016 and shows an improvement over 2015. The PACI recorded a profit of \$492k for the four-month period in comparison with a loss of \$662k for the period July to October 2015. This is an improvement of \$1.15M or 59%.

This was mainly due to the combination of the booking of the estimated \$4.2M defined benefit expense, (which prorated amounted to \$924K for the four (4) months ending October 31 2016). The prorated defined benefit expense for the prior year was \$1.9M, a reduction of \$1M for the 2017 fiscal year to date) and the increase in cargo income due

to steady gains in cargo volumes and TEU imports. Cargo income increased by 9% for the comparative period, with overall operating revenue increasing by 5%. Year to date cruise income has declined by \$36K or 4% over the prior period.

Gross operating surplus is up 6% over the prior period.

Overall operating expenses saw a 10% reduction from the 2015 period. The single largest contributor of this decrease was the reduction of defined benefit expense booked. Total defined benefit expense booked for the first four (4) months of this year was \$924K compared to the prorated amount of \$1.95M booked for the same period last year. The major categories of expenditure had mixed results for the four-month period. Staff costs, repairs and maintenance, contracted services, training, advertisement and miscellaneous all had increases, while the other categories of expenditure declined.

### **Matters for Approval**

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

- Approval is being sought to host the Port Managers Association of the Caribbean (PMAC) Annual General Meeting in 2017 for approximately 50-60 delegates.
- Approval is being sought for the Tender Documents that will be advertised in the local media for the procurement of six (6) Rubber Tire Gantry cranes. The procurement of this equipment will be phased over three (3) financial years.

### **Strategic Plan Implementation Update**

- The Business Justification Case (BJC) for the procurement of service vehicles and container handling equipment has commenced with the tender package for phase one of the service vehicles being advertised in the local media. Central Tenders Committee has approved the procurement process and the Department of Vehicle and Equipment Services has awarded the contract to Vampt Motors.
- The Tender Package for the procurement of RTG's is seeking Board approval.
- The Job Evaluation Committee has completed the updating and creation of new job descriptions. The committee is currently ranking the job descriptions using a points system and will complete their work on Friday, November 25<sup>th</sup>, 2016.
- Deloitte issued a status update on the Human Capital Services for PACI. The new completion date for this project is now January 31<sup>st</sup>, 2017.
- 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 in order to determine appropriate lease rates and port service and tariff charges that will produce reasonable returns on asset values. The report will identify areas of revenue diversification and will fulfill one of the mandates in the SPA. Contracts negotiations are ongoing and anticipated to be finalized early December 2016.

- Bermello Ajamil & Partners has submitted their first draft on the Cargo Distribution Centre Master Plan for review and comment. A meeting took place with National Roads Authority (NRA) to seek their input into traffic impacts with the proposed layout.

### **Risk and Compliance Update:**

#### **Risk and Compliance Management**

- PACI received the draft IT Operating Policies from KPMG on October 28<sup>th</sup>, 2016 and it has been internally reviewed and approved by 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 contracts for the procurement and installation of the channel markers in the North Sound will have to be revised due to difficulty encountered by the contractor to drill the hard subsurface. The revision will result in the contract for the North Sound Main Channel increasing from CI\$29,880 to CI\$60,480 for the procurement and fabrication on 6 steel bases to support the channel markers. The contract for the Deep Stingray City Channel increases from CI\$9,960 to CI\$20,160 for the procurement and installation of 2 steel bases to support the channel markers. The life expectancy of these steel bases is 15 years with proper maintenance and can be installed in early January 2017. In the interim red and green buoys, have been deployed as channel markers.
- PACI has received two proposals from Deloitte and KPMG to develop a Disaster Recovery and Business Continuity Plan. The proposals are being reviewed additional information has been sought from the two vendors to assist with the comparison of their proposals.

#### **Risk and Compliance Incidents:**

- The 20' container consigned to Lawrence Paul Williams that was detached from the container handling equipment while suspended in midair and free fell to the

ground has not been resolved with the insurance company. The matter has been turned over to Ritch and Conolly who is advising the Risk Management Unit on behalf of PACI. The investigation is ongoing.

- 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. Our legal counsel has prepared and disseminated a response to their challenge. The matter is ongoing.

### **Matters for noting**

- The PD represented PACI at the Fort Lauderdale Yacht Show and MARE Forum that was held in Fort Lauderdale, Florida September 26-29<sup>th</sup>, 2016. PACI and MACI made a joint announcement of the installation of permanent moorings for large yachts in Grand Cayman and Cayman Brac. Delegates welcomed the news.
- PACI will be the host of the 2016 AAPA Port Directors Seminar to held at the Westin Grand Cayman Seven Mile Beach Resort & Spa, December 14-15, 2016. We are anticipating 10-20 Port Directors to be in attendance. PACI will also be sponsoring a dinner for the delegates at Blue Cilantro Restaurant, Seven Mile Beach on December 14<sup>th</sup>, 2016.
- The NRA has commenced work on the connector road between the Elgin Avenue round-a-bout and Crewe Road. The construction of the road will result in the Taxi Dispatch Centre on Printers Way losing a portion of the land on the southeast corner. The property is owned by the Crown and PACI is assessing the impacts of the property loss on the efficiency of dispatching taxis from this location.
- The rehabilitation of the Cayman Brac warehouse and container yard is complete minus cleanup by the contractor that is scheduled for Saturday, November 26<sup>th</sup>, 2016.

## **7. New Business**

### **a. Hosting PMAC Annual General Meeting 2017**

Members reviewed a proposal from the PMAC Secretary for PACI to host their 2017 Annual General Meeting and was approved by the Board. PACI will partner with the Department of Tourism and use the opportunity to promote the Islands to the

delegates. A motion to accept the proposal was moved by Mr. Woodward DaCosta and seconded by Mr. Ashton Bodden.

**b. Proposal to amend Empty Container Storage Tariff**

Members reviewed a proposal from the Caribbean Ship Owners Association that requested PACI to review its current grace period for empty containers and adopt a 3-day period which would make it more competitive with other regional ports. Section 123(2) of Port Regulations (2016 Revision) only allows a 24-hour grace period.

Members deferred the matter to the December 12<sup>th</sup>, 2016 meeting.

**c. Tender Document for Procuring RTG Equipment**

Members reviewed the tender document for the procurement of Rubber Tire Gantry cranes and was approved by the Board. A motion to accept the tender document was moved by Ms. Jacqueline Scott and seconded by Mr. Ashton Bodden.

**d. Six Senses Cayman Adventure Ltd**

Members reviewed the proposal from Six Senses Cayman Adventure Ltd and unanimously denied the request.

**8. Any Other Business**

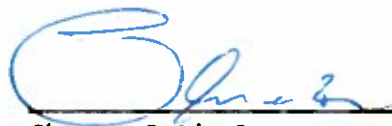
No other business.

**9. Adjournment and Date of Next Meeting**

There being no further business the meeting was adjourned at 3:30 p.m. until the next meeting scheduled for December 12<sup>th</sup>, 2016.



Mr. Errol E. Bush – Chairman



Clement Reid – Secretary