

**BOARD OF DIRECTORS MEETING**  
**Port Authority of the Cayman Islands**  
**45A Harbour Drive**  
**26<sup>th</sup> January, 2017**  
**Meeting No. 404**

A meeting of the Port Authority of the Cayman Islands Board of Directors was held on Thursday, 26<sup>th</sup> January 2017, 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 1:10pm.

**2. Attendance and Apologies**

**Members Present**

Mr. Errol Bush, MBE – Chairman  
Mr. Gerald Kirkconnell – Deputy Chairman (via skype)  
Dr. Dalton Watler – (Ministry of DAT&T)  
Mr. Arek Joseph, OBE  
Ms. Jacqueline Scott  
Mr. Michael Nixon – (Ministry of Finance)  
Mr. Woodward DaCosta  
Mr. Charles Clifford – (Customs)

**Apologies for Absence(s):**

Mr. Ashton Bodden, JP  
Mr. Robert Foster

**Other Attendees**

Mr. Clement Reid – Port Director  
Ms. Robynette Hera – Recording Secretary  
Mr. George Loutas – Maples and Calder



### 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 12<sup>th</sup> December, 2016

**IT WAS NOTED** that the Minutes of the Meeting held on 12<sup>th</sup> December, 2016 were approved by the Board; moved by Mr. Arek Joseph and seconded by Ms. Jacqueline Scott.

### 5. Matters arising from Previous Minutes

- a) RFP for Rubber Tyred Gantry (RTG) Cranes – the deadline to submit bids is 27<sup>th</sup> January, 2017. PACI will compile a report of the bids submitted to the CTC and circulate to the Board for a round robin resolution to send back to the CTC. Anticipating CTC approval by end of the end of February.

### 6. Port Director's Monthly Reports

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

The PD presented the following highlights:

#### Financial

The Port Authority of the Cayman Islands' (PACI) financial performance for the six months ending 21<sup>st</sup> December, 2016 indicates an improvement in comparison to 2015. PACI recorded a profit of KYD\$679K for the six-month period in comparison to a loss of KYD\$603K for the period July 2015 to December 2015, and the six-month budgeted profit of KYD\$166K. This is an improvement of KYD\$1.2M or 213%.

This was mainly due to the recording of defined benefit expense which only the estimated amount can be booked in the current year. The remeasurements are done after the financial year end and could potentially significantly increase the annual expense amount. PACI recorded \$1.4M for defined benefit expense for the six 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 saw a 10% reduction from the 2015 period. The single largest contributor of this decrease was the reduction of defined benefit expense booked. The actual OPEX was KYD\$789K below budget or 7%. The major contributing

factor for this was the slower pace of hiring than expected, resulting in a positive employee cost variance of KYD\$1M.

The major categories of expenditure had mixed results for the six-month period. Employee costs; repairs and maintenance; contracted services; travel conventions and training; advertising and entertainment; and stationery and computer supplies increased over the prior period's levels, while diesel, insurance, finance charges, miscellaneous and utilities all had reductions.

PACI still has a healthy cash reserve of KYD\$5.6M, KYD\$450K of which is reserved in a sinking fund towards meeting the defined health care benefit liability. Accounts receivable is currently at KYD\$1.8M. The current liabilities have declined to KYD\$1.27M from KYD\$3.74 reported for the previous period.

The bank loan for the Royal Watler Cruise Terminal construction is currently KYD\$1M and is scheduled to be paid off in August 2017.

#### **Matters for Approval**

The PD sought and received approval from the Board to / for:

- a) The PD to be on official travel from 31<sup>st</sup> January – 7<sup>th</sup> February, 2017, to attend the American Association of Port Authorities (AAPA) Planning for Shifting Trade Workshop in Tampa, Florida, and give a presentation on Best Practices in Master Planning, Research and Tech Tools; and to attend the Ministry of DAT&T's tourism retreat in Tampa, Florida, and give a presentation on the proposed cruise berthing project. The Deputy Port Director – Finance, Mr. James Parsons to be the Acting Port Director in his absence.
- b) The draft 2014/2015 and 2015/2016 PACI Annual Reports.
- c) 2017/2018 Business Development, Conference and Events calendar

#### **Strategic Plan Implementation Update**

- a) The RFP for the procurement of RTG's has been advertised in the local media and PACI's website. The submission deadline is January 27<sup>th</sup>, 2016.
- b) Deloitte issued a status update on the Human Capital Services for PACI. The new completion date for this project is now February 28<sup>th</sup>, 2017. Deloitte has encountered delays in obtaining information on salary scales from local companies that provide a similar service as PACI.
- c) 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. Contract negotiations are ongoing.



- d) The final concept has been handed over to APEC Consulting Engineers to finalize the masterplan and commence the engineering drawings and specifications. APEC will have the Masterplan concept completed by end of February 2017 and it will be sent to the Central Planning Authority for review and approval. It is anticipated that we will be able to break ground in Q3 of 2017, and completion will be at the end of Q4 of 2017 for the RTG foundations. The construction of the entrance and maintenance building is estimated to commence in October 2017 and be completed in September 2018.
- e) A local company, Management Solutions, who are currently engaged by the Portfolio of Civil Service (POCS) to write a strategic plan for the Civil service and training management, is preparing a business proposal for PACI to assist in the development of its Strategic Plan and Investment in People.

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

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

- a) 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.
- b) The Acting Deputy Port Director – Cargo Operations is creating an Operational Manual for the Operations department that will cover the cargo dock and CDC.
- c) The contracts with Mac Iron for the procurement and installation of the channel markers in the North Sound have been revised with an addendum to use a different methodology for the installation of the markers. Installation of the markers is scheduled for April 2017 when the weather will be more cooperative.
- d) A contract with KPMG to develop a Disaster Recovery and Business Continuity Plan was signed on 18<sup>th</sup> January, 2017. The completion date for the project is March 2017.

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

- a) 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 by the underwriter who is advising the Risk Management Unit on behalf of PACI. The investigation is ongoing.
- b) 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**

- a) PACI employees voiced their appreciation for the Christmas party, held at the White House, Bodden Town, 9<sup>th</sup> December, 2016.

- b) The participants of the AAPA Port Directors Seminar that was hosted by PACI at the Westin Grand Cayman Seven Mile Beach Resort & Spa, 14<sup>th</sup> – 15<sup>th</sup> December, 2016, expressed their gratitude.
- c) Recruiting has commenced to replace the Project Manager for the cruise berthing project.
- d) The Port Authority Law will need to be updated in the near future.
- e) There is no status update on the matter of m/v Saga running aground on Eden Rock on 25<sup>th</sup> November, 2016.

#### **7. New Business**

- a) Safehaven Marina Easement:  
The Board instructed George Loutas, of Maples and Calder, to arrange a meeting with Appleby to negotiate changes in the agreement.
- b) Island Restaurant – Complaint against Snowie Cayman:  
The matter has been dealt with through Ritch and Connolly.

#### **8. Any Other Business**

No other business.

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

There being no further business the meeting was adjourned at 4:06pm. The next meeting is scheduled for 23<sup>rd</sup> February, 2017.



Mr. Errol Bush – Chairman



Ms. Robynette Hera – Recording Secretary

