

BOARD OF DIRECTORS MEETING
Port Authority of the Cayman Islands
45A Harbour Drive
30th March, 2017
Meeting No. 406

A meeting of the Port Authority of the Cayman Islands Board of Directors was held on Thursday, 30th March, 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 1:17pm.

2. Attendance and Apologies

Members Present

Mr. Errol Bush, MBE – Chairman
Mr. Gerald Kirkconnell – Deputy Chairman (skype)
Mr. Stran Bodden – (Ministry of DAT&T)
Mr. Arek Joseph, OBE
Ms. Jacqueline Scott
Mr. Woodward DaCosta
Mr. Charles Clifford – (HM Customs)

Apologies for Absence(s):

Mr. Ashton Bodden, JP
Mr. Michael Nixon – (Ministry of Finance)
Mr. Robert Foster

Other Attendees

Mr. Clement Reid – Port Director
Ms. Robynette Hera – Recording 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 23rd February, 2017

IT WAS NOTED that the Minutes of the Meeting held on 23rd February, 2017 were approved by the Board; moved by Mr. Arek Joseph and seconded by Mr. Charles Clifford.

5. Matters arising from Previous Minutes

a) None

6. Port Director's Monthly Reports

The Port Director's (PD) Report for February 2017 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 eight months ending 28 February, 2017 indicates an improvement in comparison to 2016. PACI recorded a profit of KYD\$815K for the eight-month period in comparison to a loss of KYD\$844K for the period ending February 2016, and the eight-month budgeted profit of KYD\$432K. This is an improvement of KYD\$1.66M or 197%.

Overall operating expenses saw a 11% reduction from the 2016 period. The single largest contributor of this decrease was the reduction of defined benefit expense booked. The actual OPEX was KYD\$1.1M 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\$1.27M or 16%.

The major categories of expenditure had mixed results for the seven-month period. Repairs and maintenance; contracted services; travel conventions and training; advertising and entertainment increased over the prior period's levels, while diesel, insurance, finance charges, miscellaneous and utilities all had positive variances with the budget.

PACI still has a healthy cash reserve of KYD\$6.2M, KYD\$675K of which is reserved in a sinking fund towards meeting the defined health care benefit liability. Accounts

receivable is currently at KYD\$1.7M. The current liabilities have declined to KYD\$1M from KYD\$3.8M reported for the previous period. The insurance premiums that are owed CIG is scheduled to be paid off by April 2017.

The bank loan for the Royal Watler Cruise Terminal construction is currently KYD\$787K 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 27th – 30th March, 2017, to attend the PortCON in Miami, Florida. The Deputy Port Director, Finance, Mr. James Parsons to be the Acting Port Director in his absence.
- b) Immediate purchase of a new Reach Stacker to replace a 20 year container empty handler that is inoperable due to structural defects.

Strategic Plan Implementation Update

- a) The Central Tenders Committee (CTC) granted approval on 13th March, 2017 for the purchase of two new Rubber Tyred Gantry (RTG) from Konecranes.
- b) Deloitte issued a status update on the Human Capital Services for PACI. The new completion date for this project is now the end of April 2017. Deloitte has encountered delays in obtaining information on salary scales from local and overseas companies in the region that provide a similar service as PACI.
- c) PACI has contracted with 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.
- d) The final concept has been handed over to APEC Consulting Engineers to finalize the masterplan and commence the engineering drawings and specifications. APEC has encountered delays in delivering this project due to the lack of internal resources. The Ministry of DAT&T's contract with Royal HaskoningDHV for engineering services for the Cruise Berthing Facility has a USD\$300k credit that will be used to assist APEC with the engineering design for the CDC. This will compress the delivery timeline for the project without costing the PACI additional resources.
- e) The contract with Management Solutions to write a Strategic Plan for PACI has been fully executed and delivery of the Plan will occur in mid-May 2017.

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 developing an Operational Procedures and Policies Manual for the Cargo 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 January 18th, 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 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. A meeting took place at the Legislative Assembly meeting room on 21 March, 2017 between the Deputy Premier, Attorney General, Chief Officer Stran Bodden, Chairman Mr. Errol Bush and Mr. Robert Hamaty to discuss this matter. Chief Officer, Stran Bodden would arrange a meeting with Robert Hamaty.
- c) The owners of the m/v Saga that ran around in the Port of George Town on 25 November, 2016 have filed a Writ in the courts to pursue claims against PACI.

Matters for noting

- a) Safehaven Marina easement – George Loutas from Maples and Calder advised that a response was sent to Appleby. However, Appleby has not yet responded.
- b) The timeline for developing the Disaster Recovery and Business Continuity Plan was delayed due to Port employee availability.

7. New Business

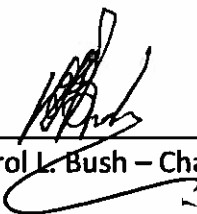
- a) Review of RWCT Security Policy from Meeting #344-
Limiting access to cruise passengers to RWCT will cause constraint on businesses operating at RWCT. Further review and recommendation is required.
- b) Amendment to Port Regulations on transshipment of containers-
PACI is investigating the existing tariffs for the transshipment of containers in order to attract this type of business.

8. Any Other Business

- a) Purchase of new Reach Stacker -
The Board reviewed the business case on the immediate purchase of the new Reach Stacker that was originally approved for purchase in 2018. The Board approved the immediate purchase.
- b) Letter from the Attorney General's (AG) Chambers regarding the incident involving Mr. Lawrence Paul Williams -
The Board instructed the PD to respond to the AG advising that Mr. Williams should submit a detailed itemised claim.

9. Adjournment and Date of Next Meeting

There being no further business the meeting was adjourned at 3:56pm. The next meeting is scheduled for 21 April, 2017.



Mr. Errol L. Bush – Chairman



Ms. Robynette Hera – Recording Secretary