

**BOARD OF DIRECTORS MEETING**  
**Port Authority of the Cayman Islands**  
**45A Harbour Drive**  
**21<sup>st</sup> April, 2017**  
**Meeting No. 407**

A meeting of the Port Authority of the Cayman Islands Board of Directors was held on Friday, 21<sup>st</sup> April, 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 8:45am.

**2. Attendance and Apologies**

**Members Present**

Mr. Errol Bush, MBE – Chairman  
Mr. Stran Bodden – (Ministry of DAT&T)  
Mr. Arek Joseph, OBE  
Mr. Woodward DaCosta  
Mr. Kevin Walton – (HM Customs)  
Mr. Robert Foster  
Mr. Michael Nixon (Ministry of Finance)

**Apologies for Absence(s):**

Mr. Ashton Bodden, JP  
Mr. Gerald Kirkconnell – Deputy Chairman  
Ms. Jacqueline Scott

**Other Attendees**

Mr. Clement Reid – Port Director  
Ms. Robynette Hera – Recording Secretary  
Mr. James Parsons – Deputy Port Director - Finance  
Mr. Rich Dyer – Massive Media  
Mr. David Kirkaldy – Massive Media

### **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 30<sup>th</sup> March, 2017**

**IT WAS NOTED** that the Minutes of the Meeting held on 30<sup>th</sup> March, 2017 were approved by the Board; moved by Mr. Woodward DaCosta and seconded by Mr. Stran Bodden.

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

- a) There has been no response to date from the Attorney General's Chambers or Mr. Lawrence Paul Williams with respect to PACI's response to the AG advising that Mr. Williams should submit a detailed claim.

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

The Port Director's (PD) Report for March 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 nine months ending March 31, 2017 indicates an improvement in comparison to 2016. PACI recorded a net profit of KYD\$1M for the nine-month period in comparison to a loss of KYD\$433K for the period ending March 2016. The third quarter profit of \$1M exceeded the \$521K budgeted net profit for the period by \$558K or 107%. The \$1.7M underspending on staff costs was the major contributor to the variance, as the expected pace of recruitment and salary adjustments have not materialized to date. Income also underperformed by \$587K.

On the operating expenditure side, PACI spent \$319K or 3% more than the 2016 period (See page 23). When combined with the 2% overall increase in income there was a flat 1% increase in gross profit this year of \$25K. When compared with Budget, we did 17% better or \$651K more gross profit than expected for the nine-month period. This was a mix of the 3% or (\$587K) lower revenues than expected and 9% or \$1.2M less spending than projected.

All the income categories did worse than expected, with rental income of (\$120K) and maritime services (\$117K) accounting for the major negative variances. Budgeted total

income was \$17.66M for the nine-month period, but PACI achieved \$17.07M or 3% less than the target. Cargo underperformed by 1%, cruise by 3%, rent by 13% maritime services 9%, other income 50% and diesel sales 31%

The Consolidated statement of financial position showed that overall Equity declined by \$3.7M or 14%, caused mainly by the reduction in fixed assets due to disposals and depreciation, and the increase in defined benefit liability of over \$7.6M.

The Port still has healthy cash reserves of \$6.5M, \$750k of which is reserved in a sinking fund towards meeting the defined benefit health care liability. Accounts receivable is at \$1.5M. Most of the accounts receivables are under 30 days old, so are very liquid. This will further boost the port's cash position. Other current assets except cash and AR total \$2.1M to give a combined \$10.2M in short term assets.

The current liabilities have declined to \$1.2M from \$3.5M reported for the previous period. Included in this is insurance premiums owed to CIG of \$157K. This will be paid off by next month.

The bank loan is currently \$665K, and is scheduled for payoff by September 2017. PACI should end the financial year with a strong balance sheet. The major problem that will need to be addressed on the balance sheet is the ballooning defined benefit health care liability, and the gap between that and our funding provision

### **Matters for Approval**

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

- a) None noted.

### **Strategic Plan Implementation Update**

- a) The purchase Agreement for two new Rubber Tyred Gantry (RTG) from Konecrane was signed on 11<sup>th</sup> April, 2017. Delivery of the equipment will take place in February 2018. As part of the due diligence, the Port Director and Acting Port Director – Cargo Operations, will visit the factories in Finland and China during the manufacturing of the cranes to ensure work is progressing as agreed in the contract and sign off on the progress.
- 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 May 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 approximately USD\$270k 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 at the end of 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 May 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 May 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 Attorney General's office has requested from the PACI Board to pay Mr. Williams an ex-gratia payment of CI\$5,000 for the damages, but the Board voted unanimously that Mr. Williams should present a detailed itemised claim in order to ensure that Mr. Williams is adequately compensated. A written response was sent to the AG to this effect.
- 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 – George Loutas, Associate at Maples, was advised to follow up with Appleby. However, there has been no response to date.
- b) Strategic Plan development commenced with Management Solutions on 20<sup>th</sup> April, 2017 with Management Solutions. Managers were very involved and engaged in the meeting.
- c) Disaster Recovery and Business Continuity – KPMG met with Managers early April, and KPMG will compile a report and send to PACI.

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


- a) Rebranding – presentation by Massive Media  
Rich Dyer and David Kirkaldy presented the rebranding concepts to the Board.
- b) Labour Pool Proposal for Day and Night Wage Employees - The Chairman commended the PD and employees on this proposal that offers cost savings, and benefits employees' work-life balance and improves workforce utilisation.

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

a)

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

There being no further business the meeting was adjourned at 12:20pm. The next meeting is scheduled for 27<sup>th</sup> April, 2017.

  
\_\_\_\_\_  
Mr. Errol L. Bush – Chairman

  
\_\_\_\_\_  
Ms. Robynette Hera – Recording Secretary