



CAYMAN ISLANDS AIRPORTS AUTHORITY (CIAA) BOARD MEETING MINUTES HELD AT OWEN ROBERTS INTERNATIONAL AIRPORT, CIAA CONFERENCE ROOM, ON 27th DAY OF FEBRUARY 2015

BOARD MEMBERS

Present were:

Chairman: Mr. Kirkland Nixon
Deputy Chairman: Mr. Thom Guyton
Director: Mr. John Meghoo
Director: Ms. Vanessa Banks
Director: Mr. Joel Jefferson
Director: Mr. Nathaniel Tibbetts
Director: Mr. Stran Bodden (*arrived during the meeting*)

Apologies

Director: Mr. Bruce Smith

Others Present

CEO: Mr. Albert Anderson (*arrived during the meeting*)
Secretary: Ms. Nadine Ramsay

Presenters

CFO: Ms. Sheila Thomas
CHRO: Mr. David Bailey
Director Financial Reporting, Public Services Pensions Board (PSPB), Ms. Faith Ebanks, CPA

1. WELCOME & APOLOGIES

- 1.1. A quorum being present, the Chairman, Mr. Kirkland Nixon, called the meeting to order at 11:30am.
- 1.2. The Chairman extended a warm welcome to the Directors. He advised the Members that Messrs Bodden and Anderson were away at a conference and were en-route to Cayman. They would be joining the meeting when they arrived. He then handed over the floor to Mr. David Bailey.

2. Performance Management Presentation

- Mr. Bailey gave an overview on the new Performance Management (PM) and how it would work at the CIAA. He discussed Performance Management in general, and the new CIAA PM process. This new performance Management was a continuous process, which supports the CIAA Strategic Goals and required open communication among managers and staff.

- CIAA's appraisal system will not be directly linked to a reward/compensation system but the option to add this component later remained. In implementing this new PM process, training sessions were conducted with all with Managers/Supervisors. .

Messrs Bodden and Anderson arrived at the meeting and were welcomed by the Chairman.

The Board asked the CHRO to give a quick overview of how things were progressing from an HR perspective at the CIAA. The CHRO advised that considering the history, whilst the current team was making progress, they still had a long way to go. The Board confirmed its support of the new performance management process.

- **The Chairman thanked the CHRO for his presentation after which he left the meeting.**
 - **The Secretary advised the Chairman that Ms Faith Ebanks had arrived and he agreed to delay Agenda Item 3 and proceed with Agenda Item 4.**
 - **The CFO also joined the meeting and the Chairman welcomed both to the meeting.**
- 3. Pension Liability** - Ms Faith Ebanks began her oral presentation with an overview of the IAS 19 (Rev 2011) Actuarial Valuation as of June 20, 2014 report (IAS 19). She advised that this report was an indication of what is coming and explained that the \$11m pension liability was based on the assumption that you had to pay out this entire sum to all pensioners as of a specified date.
- 3.1. Past Service Liability (PSL)** - Ms. Ebanks explained that the total obligation was \$14m, assets \$3m, with the difference of \$11m being called the unfunded status/liability. The Board could come up with a payment plan, as similar Authorities with this issue were taking this same approach. It was also noted that the retirement age would be moving from 60 years to 65 years.
- 3.2. Suggestion(s) from the Pension Board Office** – Ms Ebanks explained that the PSPB only ensures that the IAS 19 valuation is done. Once this is completed, they have no further involvement. To address the PSL issue the CIAA should have a look at the current staff composition and use this to decide on how to pay the unfunded liability. Bearing in mind that there are a lot of changing factors, the starting point could be to look at who is due to retire in 2016. Considerations could also be given to doing lump-sum payments along with regular payments towards the unfunded liability. To be proactive, the existing figures in the current IAS 19 valuation report can be used to come up with a plan to fund this debt, again, bearing in mind that there is a moving target.
- 3.3. Understanding Pension Entitlements** - Most employees do not fully understand their pension benefits and entitlements. To address this the PSPB could brief CIAA's HR Personnel so that they are equipped speak with the staff about the current pension realities and specifically about the CIAA's role.
- **The Chairman thanked Ms. Ebanks on behalf of the Board for her presentation after which she exited the meeting.**
 - **For ease of flow the CFO was asked to remain and begin her presentation.**

4. FINANCIAL REPORT

The CFO presented the January 2015 budget YTD management accounts report and Budget Review 2nd Draft to the Board.

4.1. Revenue performance – Improved YTD revenue performance vs previous year is due to an increase in departure tax, despite the agreed reduction in rent payments by Government entities.

4.2. In Transit and Through Passengers Numbers – There was continuous focus on these passenger categories to ensure that accurate and timely numbers are received.

4.3. Non-aeronautical revenues

a) **Parking** – The RFP responses for the parking revenue system was opened this morning at 11am. This system should be in service by end of May 2015 and is expected to significantly improve the payment process for parking.

b) **Other Revenues** – Further details and explanations are needed by the Board regarding this reported figure

[REDACTED]

S.2(b)

4.4. Write off's–Impaired funds - The Audit Office has asked the CIAA to write off 2009/2010 capex expenditures for the airport redevelopment. The back year's financials would have to take a hit and would ultimately affect the Balance Sheet and the Surplus for 2013/2014. CIAA cannot carry forward these balances beyond June 2014. Details of this will be presented at the next Board Audit Committee (BAC) meeting.

4.5. Overtime (OT) Costs – The increase in OT costs were due to the Customer Services team working on the weekends to handle the passenger volumes. Ways to address were being looked at which included hiring students, retirees and perhaps volunteers. The Board advised that they supported this approach especially for the retirees. The Chief Officer expressed that the Government had previously looked at hiring retirees, as it was felt that this group had a lot to offer the country. Although this initiative did not materialise, should the CIAA include this group in their OT cost reduction initiative, this would be supported especially by the Government and it has great social impact.

4.6. Repairs and Maintenance/General Maintenance - It was confirmed that 3rd party contractors were only hired to perform jobs and projects that were outside the scope of staff, particularly where specialist equipment was required that CIAA did not own while *'business as usual'* services were done by current staffs. Some maintenance functions should be outsourced as much as possible as it could make managing performance easier.

4.7. CIAA' Legal Fees - Going forward, where possible appropriate legal issues will be sent to the Attorney General's chambers for his advice. This should assist with reducing current legal costs.

4.8. 2015/16 Budget Preparations – Budget, templates provided by Finance were populated by each Manager. The CEO met with each Manager to review and make the appropriate cost adjustments along with ensuring that there were supporting justification for each spend. This detailed budgeting process was not done before and was new to the Managers and the CEO will ensure that his team is trained, comfortable and competent with this process.

4.9. Weather Radar Fund (WRF) – In March 2009, the CIAA received a grant to contract a Doppler Digital Weather Radar from the European Union. Auditors from the European Union (EU) came to Cayman to conduct an audit on this project. One of their main findings confirmed that there were several ineligible costs associated with the project, which translated to a percentage of the cost being recoverable, by the EU. While the CIAA had made provisions for this, there was a short fall.

4.10. 2015/2016 Budget Board Sign Off – The Chairman advised that there would be no discussions on the budget. The budget will go back to the BAC for scrutiny until they submit it for the Board’s approval.

5. Board Audit Committee (BAC) Chairman’s Report.

5.1. The Chairman handed over the floor to the BAC Chairman after he made a request for the opportunity to provide a verbal update from the recent BAC meetings to the Board. Mr. Jefferson, then proceeded to summarise the BAC issues, which included having to respond to queries raised by the Office of the Auditor General relating to practices from previous CIAA Boards. He highlighted the Financial Secretary’s instructions on how PFC’s should be reported in the financials, which was contrary to what the BAC understood.

5.2. The Parking System collections/revenues did not correlate with the increase in passenger numbers and there seem to be no proper records that would support a detailed audit of this system.

The following actions arose:-

Matter/Actions	Actioned By	Due Date
Write off’s – Impaired funds 2009/2010 present details at the next BAC meeting	CEO/CFO	ASAP
Conduct audit check of existing system to see if any past Board Members and employees have access to parking (short term)	CEO/CFO	
Circulate Public Management and Finance Law to Board Members	CEO	
[REDACTED]	CEO	5.21(b)

The Chairman thanked Ms. Thomas on behalf of the Board for her presentation after which she exited the meeting.

6. CONFIRMATION OF MINUTES

6.1. The minutes of the previous meeting held on 29th of January 2015 with minor amendments (as noted below) were approved.

- a) 2.3 – Change the wording to say CAA offer to ‘lease’ (remove the word ‘purchase’)

b) 4.4 - Rephrase and remove the word 'rumored'

6.2. The Board advised that redacted Board Minutes should be published on CIAA's website. The minutes should start from June 2014.

The following action arose:-

Matter/Actions	Actioned By	Due Date
Publish Redacted Board Minutes on CIAA's Website starting June 2014	CEO/Board Secretary	ASAP

7. MATTERS ARISING FROM MINUTES.

The CEO advised that he would provide updates to actions from the previous minutes during his presentation. These updates are outlined in Appendix A

8. CEO REPORT

The CEO presented his monthly report to the Board. . The follow areas were discussed.

- 8.1. **CIAA Insurance and Liability Impact (ref. Jan 29.15 mins/2.2)** – There are no agreements between CIAA and the airlines. It is not clear if the CEO or the Board would have indemnity if there were any associated issues with the airlines. Since the Public Management and Finance Law speaks to the issue of indemnity, this should be reviewed by the CEO and the Board to determine how they could be impacted.
- 8.2. **Board Tour of ORIA's runway and perimeter** - - It was agreed that this tour was needed to enable the Board to have a better understanding of the Regulatory concerns relating to aerodrome safety.
- 8.3. **Airport Operations CAPS** – The Board acknowledge that a lot is being done on CAPS and commended the CEO on the progress.
- 8.4. **Concession Consultants** – The CIAA has signed a contract with a consultant . These consultants were fully on board and have been working closely with RS&H and provided their input into the airport design. They will now move ahead with evaluating the existing conditions of the current concession program and carrying out survey work. Once they have provided their finding, this would be presented to the Board for review. The Chairman and Deputy Chairman declared their interest and recused themselves from the meeting due to be convened to conduct this review.
- 8.5. **RCIPS presence at ORIA** – This is due to take effect in July 2015, however the associated cost was would have an adverse effect on the Budget. A proposal for an increase in security tax to cover payment for RCIPS costs will be put forward for approval.
- 8.6. **Staff Recruitment** – The CHRO was aware of his contract issue and had expressed his willingness to train his successor, if a qualified replacement could not be identified.

- The Finance procurement officer post/role was pushed out for one year to keep budget costs down. However, the current issues experienced with Project Management e.g. cost overrun could be tied into this role. The potential cost savings could serve as justification for filling this post now. .

The following action arose:-

Matter/Actions	Actioned By	Due Date
Review decision to delay recruitment of Procurement Officer.	CEO	23 April 2015

9. NEW BUSINESS

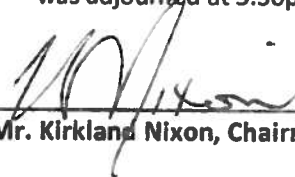
- 9.1. Enterprise Risk Management training secessions** – Details of this was provided to the Board and it was explained by the CEO that the overall objective was to integrate a risk management frame work into CIAA’s strategic planning and management processes. The Board agreed that selected members could attend and the CEO would decide who from his management team should attend.
- 9.2. Security Overtime Issue** - This matter is being reviewed with the CIAA lawyers and the CEO advised the Board of the estimated costs. CEO and CHRO were relatively new to the CIAA and needed another party that was knowledgeable on the historical facts relating to this overtime issue to join them in speaking with the lawyers. The Chief Officer agreed to attend.
- 9.3. Board Payments** - The Board agreed that payments going forward should be done monthly. Payment can be ready in advance and paid to the members once they are present at the meeting and the meeting has concluded.

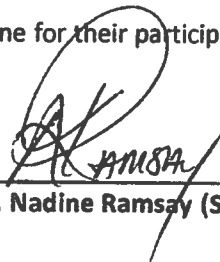
The following actions arose:-

Matter/Actions	Actioned By	Due Date
Confirm the names of persons attending the ERM Seminar and register all attendees	Board Secretary	9 March 2015

10. ADJOURNMENT

There being no further business, the Chairman thanked everyone for their participation; the meeting was adjourned at 5:30pm. .


Mr. Kirkland Nixon, Chairman CIAA Board


Ms. Nadine Ramsay (Secretary)