

**MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF CAYMAN ISLANDS AIRPORTS AUTHORITY
("CIAA") HELD AT BEACON HOUSE CONFERENCE ROOM, ON 24th September 2015**

BOARD MEMBERS

Present were:

Chairman:	Mr. Kirkland Nixon
Deputy Chairman:	Mr. Thom Guyton
Director:	Ms. Vanessa Banks
Director:	Mr. Stran Bodden
Director:	Mr. Bruce Smith
Director:	Mr. Nathaniel Tibbetts

Apologies

Director:	Mr. John Meghoo
Director:	Mr. Joel Jefferson

Others Present

CEO	Mr. Albert Anderson
Secretary	Ms. Nadine Ramsay

Presenters

CFO:	Ms. Sheila Thomas
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1. WELCOME & APOLOGIES

- 1.1. A quorum being present, the Chairman, Mr. Kirkland Nixon, called the meeting to order at 12:30pm.
- 1.2. The Chairman extended a warm welcome to the Directors. Apologies were noted for Messrs Meghoo and Jefferson.

2. REVIEW & CONFIRMATION OF MINUTES

The minutes of meeting of 27th August 2015 approved with minor amendments

2.1. MATTERS ARISING FROM MINUTES

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- b) **CIAA Financials** – Overall high-level overview of financials should be presented to the Board. The Board Audit Committee (BAC) will request any necessary supplemental reports.
 - c) **Master Development Plan** – The updated Master plan, which includes the Government Injection of \$15m, should be kept in the Board's focus. The question was posed as to when would Little Cayman be placed back on the agenda.
 - d) **Parking Management System**. Details are required on the specifics of this new system especially on the revenue assurance features and processes.
 - e) **Cash Flow** – CFO's focus should be on cash flow controls. The Board Audit Committee (BAC) will resume regularly meetings, and meet at least one week before the monthly Board Meetings. The

BAC will go through the details of CIAA's Financials and also provide an update and or forward the minutes to the Board.

[REDACTED]

S.21(aii)

S.21

[REDACTED]

S.21(aii)

S.23/
S.17

3. CEO's OPERATIONAL UPDATE

The CEO presented his operational update which is attached as Appendix A. Highlights of the presentation are below:-

- a. **Developing a Revenue Growth Plan.** In support of this the aeronautical revenues will be broken down and trended to ensure that the CIAA has a revenue contingency plan in place.

[REDACTED]

S.21(aii)

c. [REDACTED]

S.21(aii)

- d. **Developing Operational Efficiencies. ATC's recent implementation of split desk operations.** Details of this function was discussed, however one Member advised that there may be an issue from a pilot's perspective. He would speak with a few pilots for their feedback. The CEO confirmed that the split desk operations would not increase headcount.
- e. **Perimeter Fence Replacement.** The new perimeter fencing excluded the old CAL Commissary site. CAL will be given notice to move to facilitate the clearing and cleaning up of this site which will be used for the construction staging. The old perimeter fencing will be disposed of as per CIAA's disposal policy, and it is likely that it will be sold.
- f. **Implementation of the Approved Organization Chart.** - The qualification, skill set, and size of the Finance Team was discussed. The Board advised the CEO that he should not hesitate to retool the Finance Department as necessary given the fact that the CIAA had to go through so many audits and still manage the daily operational requirements. Consideration should be given to getting another qualified CPA for the Finance Team and the Board would give its full support if the CEO chose to show a finance structure with at least two CPA's.

The stated goal of the Board is to obtain an Unqualified Audit and the specific requirements to get the CIAA to this point should be identified and addressed.

- g. **CEO and Board's Evaluations.** The CEO's evaluation will be done at one of the upcoming Board meetings and will be led by Messers Bodden and Smith. The Board's self-evaluation form will be done in a 'tick box' format. The Board meeting in November 2015 will be a governance meeting.

The CFO joined the meeting and is welcomed by the Chairman.

4. FINANCIAL REPORT

The CFO presented her report of the August 2015 YTD management accounts to the Board, which is attached as Appendix B. Highlights of the presentation were:-

- a. **Master Plan Cash Flow Projections-** The Board raised its concerns as to how this was being tracked. The CEO and CFO confirmed that although they were waiting on some revised numbers from Ms. Stabler, the Project Manager, the projections were on target. Any variables to the cash flow projections are tabled, discussed and approved by the Steering Committee. The Board further reiterated its concerns that :-
 - i. It was at a bit of a loss as to exactly how much of CIAA's net income is funding the terminal redevelopment project.
 - ii. the Board should own the project and ensure that it has visibility of the cash flow projections through to the end of the terminal redevelopment project. *(the Project Manager should now provide regular updates to the Board)*
 - iii. it should agree the terms and conditions before a decision is made on what changes are being made and the associated costs **(need to see a monthly update of how the contingency funds are trending)**
 - iv. there has to be funds available for critical safety issues. When it comes to safety, the CEO should just address these issues as a priority.

THE BOARD HAS UNANIMOUSLY GIVEN ITS APPROVAL FOR THE CEO TO PROCEED WITH ADDRESSING ALL CRITICAL SAFETY ISSUES.

- b. **Pension Liability** – CFO has been accruing monthly to pay off the pension liability of \$500k per annum as instructed earlier this year by the Board; however, a Board Resolution is required to effect this payment.
- c. **CIAA's Public Liability Coverage.** The Board enquired if this covered the cricket field activities and asked for details of the coverage. The CEO reminded the Board that the Enterprise Risk Management assessment and implementation would address the public liability concerns. In relation to the liability coverage for the airlines, he was awaiting copies of agreements for visibility on what other airports in the region were doing.
- d. **Interest on Receivables-** Currently the CIAA does not charge interest on its receivables. Customers are taking advantage of the fact that the receivables is interest free.

The Board and the CFO discussed the Finance Team and its current structure. She was advised of the earlier discussions. The Board reconfirmed its commitment to providing the support that is needed. The CFO explained further that space for additional staff in finance is an issue however, there was a plan to address this issue. Salaries offered for some positions in finance was also an issue, as \$3K per month is at the top of

the salary scale currently offered. Attracting and retaining qualified staff was challenging. The Board commented that the Competency level of the staff is an issue that is critical for the efficiencies of the organisation; however, the CEO was tasked with ensuring that this was addressed.

- e. **Audit Update.** A detailed update on the current issues being experienced with the auditors and the auditing process was provided. There were some concerns about integrity of the documents provided by the Auditor General Office.
- f. **Impairment Loss \$5.5M re 2006-2009 terminal expansion project.** The Board raised its concern that it needed to have an answer as to how the money for the impaired terminal expansion project was specifically spent. A breakdown of this sum was included in CFO's report at the April 2015 Board Meeting and was highlighted in her May and July 2015 reports. The Auditor General had originally advised that this sum would be written off no later than in 2013/14 however upon further research it was determined by Audit that the actual date of the decision to set aside the original plans would be used to determine the period in which the impairment took place. The earliest available unaudited period was 2012-2013. Based on the timeline of events the amounts were then written off in 2012/2013.

WITH REFERENCE TO THE BOARD RESOLUTION SIGNED ON AUGUST 27, 2015 REGARDING THE ABOVE MENTIONED. THE DETAILED BREAKDOWN OF THE COST BELOW IS HEREBY MINUTED AND WILL BE ATTACHED TO THE SAID RESOLUTIONS TO ENSURE TRANSPARENCY OF ALL RELATED COSTS.

v/o 2012/2013
Amount
541,135
74,084
39,351
1,836
4,700,566
147,480
912
17,325
295
9,717
5,053
<u>5,537,754</u>

S.21(aii)

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

5. NEW BUSINESS

- g. **New Government Budget Cycle.** The Chief Officer gave an update on the new budgeting cycle that will run from January to December in line with the calendar year. Changes to the PMFL will allow for an 18-month transition budget.

- h. **ORIA roads access and Circulation Plan** – The CIAA has met with the NRA to discuss the existing traffic flow in and around ORIA, the proposed new terminal building footprint and anticipated traffic flows.
- i. **CIAA Terminal Redevelopment Project Manager.** The CEO advised that PWD had presented a proposal to replace the current ORIA Terminal Building Project Manager with another individual and put the PM in charge of the PWD Project Office, which he had rejected. Given the critical nature of this project to the Cayman Islands, the Board agreed that the PM should be kept on the project.

6. 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)