

**MINUTES OF THE 6th MEETING OF THE 2015 COUNCIL ON 29th JULY 2015, GOVERNOR'S SQUARE
CONFERENCE ROOM, GOVERNOR'S SQUARE, WEST BAY, GRAND CAYMAN, CAYMAN ISLANDS**

ATTENDING:

- Mr. Barry Bodden, President and Chairman
- Mr. Kyle Broadhurst, Vice President (*left the meeting at 4:25 p.m.*)
- Mr. Colin Reid, Secretary
- Mr. Wayne Cowan, Treasurer
- Mr. Johann Moxam, Immediate Past President
- Mr. Paul Byles, Councilor, 2nd Year
- Mr. Steve McIntosh, Councilor, 2nd Year
- Mr. Derrington "Bo" Miller, Councilor, 1st Year
- Mr. Gary Ruddy, Councilor, 1st Year
- Mr. Wil Pineau, CCE, Chief Executive Officer

1. Welcome/Call to order/Confirmation of required five Councilors for quorum

President Bodden chaired the meeting, welcomed Councilors and called proceedings to order at 3:05 p.m. He confirmed the required quorum of five councilors as mandated by the Chamber's Memorandum and Articles of Association. CEO Wil Pineau, CCE, recorded the minutes.

2. Apologies

- Mr. Paul Pearson, President-Elect
- Mrs. Lucy Tibbetts, Councilor, 2nd Year
- Mr. Christopher Kirkconnell, Councilor, 1st Year

3. Review/Approval of draft minutes from the 10th June 2015 Council meeting

Draft minutes for the meeting of the 10th June meeting was circulated to the Council for review prior to the meeting. A motion to accept the draft minutes without amendment was moved by IPP Moxam, seconded by Councilor Ruddy and accepted unanimously.

a. A Letter to Dax Basdeo on 19th December 2014 – SME workshops

A request for proposal for the coordination and facilitation of workshops on business topics of relevance to small and micro businesses was released on 29th May. The Chamber office submitted a response by the deadline of 16th June. The Chamber was informed on 13th July in a letter from Chief Officer (Acting) Tamara Ebanks that our bid was successful. The Ministry will contact us in due course to finalise the contract.

ACTION ITEM: Contact Ministry of Commerce to confirm contract for SME information sessions.

b. Letter to Minister Tara Rivers – Partnership with Ministry

Councillor Bo Miller and CEO Wil Pineau met with Jeremiah Ransome, from the Cayman Institute of Technology on 20th May to confirm his participation and to determine the final budget for the district employment initiative before preparing a detailed proposal to the Minister. In an email dated 24th July 2014, Mr. Ransome confirmed that he will complete the proposal for the Chamber’s review by Friday, 31st July.

ACTION ITEM: Review proposal and submit to Ministry for review and consideration.

c. Large scale development projects

No response has been received to date.

d. George Town Revitalisation and Boardwalk project

No response has been received from the Minister to either letter.

e. Compass editorial “Corruption: An insidious, creeping crime” published on 3rd June 2015

The Council approved a statement for release to the membership and published in the local press on Friday, 12th June. The Premier responded to the Chamber’s statement on 19th June in a statement in the Legislative Assembly.

<http://www.cayman27.com.ky/2015/06/19/premier-responds-to-chamber>

f. Initial feedback from the public meeting to discuss the draft environmental impact assessment for the proposed cruise berthing facility (9th June 2015)

President Bodden, IPP Moxam, Councilor Miller, Chamber representative on the Port Authority Board, Gerry Kirkconnell and the CEO attended the public meeting hosted by the Minister of Tourism to release the findings of the Environmental Impact Assessment for a proposed cruise berthing facility in George Town. The deadline for responding to the EIA was 3rd July. The Council decided to prepare and release a membership survey and to invite representatives from both sides of the debate on 18th June to discuss the matter so that the Council is informed about both sides of the debate. Council members attending that meeting included President Bodden, Councilors Miller, Byles, Kirkconnell and Ruddy and the CEO. They met with John McKenzie (West Indian Marine – non-member), Bud Johnson (Atlantis Submarine-member), Adrien Briggs (Sunset House - member and Red Sail Sports- non-member), Rod McDowall (Red Sail Sports – non-member), Courtney Platt (Courtney Platt Photography- member), Keith Samms (Sunset House - member) and Reginald Delapenha (Holiday Inn – non-member). Based on the results of the membership survey and discussions with various stakeholders a response was prepared and approved by the



Council and submitted to the Department of Environment on 3rd July. A statement was distributed to the membership on 28th July and the media has published reports quoting parts of the statement. <http://compasscayman.com/caycompass/2015/07/29/Chamber-members-have-mixed-reviews-on-port-proposal/>
<https://caymannewsservice.com/2015/07/only-19-chamber-members-back-port-plan/>

The Council agreed to reissue the membership cruise berthing survey. With the recent media coverage of the topic it is hoped that more members would be willing to submit their views on the topic.

ACTION ITEM: Reissue cruise berthing survey to the membership.

4. CEO Report (5th June – 24th July 2015) – Submitted to Council prior to the meeting.

- **Membership renewals:** President Bodden asked about the membership renewal rate and how it compared to the previous year. As of 24th July, 531 members had renewed membership compared to 581 for the same period in 2014. Several renewal notices have been mailed and emailed to members and a letter from the Treasurer has been distributed. Several calls have also been made since the beginning of the year encouraging members to renew. One possible reason for the decline is the Chamber office for the first time in 2015 released invoices electronically in an attempt to improve efficiency and reduce costs. Councilor McIntosh suggested that the past due list could be divided among Council members. One last attempt will be made by the office and then the list will be distributed to the Council for assistance. As of 24th July, 35 new members have joined the Chamber compared with 31 for the same reporting period in 2014.
 - **ACTION ITEM:** Past due listing will be developed and Council members will be asked to contact past due members.
- **Project Future Update Report:** The Council discussed the report and questioned the lack of progress. The CEO, who serves as the Chamber representative on the Project Future Steering Committee (PFSC), informed the Council that work is progressing on six areas that flow from the Ernst & Young Report:
 - The establishment of an Office of the Ombudsman,
 - The raising of the retirement age to 65 within the civil service,
 - The sale of certain excess property holdings,
 - The merger of schools in Cayman Brac,
 - The merger and modernization of Government communications, and
 - The establishment of a Public Utilities Commission.

The implementation framework has also been established. The next steps include:



- Definition of the full scope and detail of Project Future by Cabinet,
- Finalising preparations for portfolio mobilization,
- Continuing support for pilot projects
- Expanding training opportunities.

The Council expressed concern that the Ernst & Young (EY) report which was released in April 2014 remains largely unimplemented. It appears that Cabinet is moving slowly in their assessment of the recommendations and with their decision to authorize business cases. In April 2015, the Premier advised in a press conference that the Government was working to establish a full scope of Project Future, in terms of the complete set of projects to be included. To assist with this work, a new Special Advisor to the Premier was appointed in April 2015. Kiernan Stigant's work is intended to "provide a bridge between the ambitions set by the political leaders of Government and the delivery responsibilities of the civil service" and he will support the work of the Strategic Reforms Implementation Unit (SRIU). The CEO reported that the next meeting of the Steering Committee takes place on 26th August. He informed the Council that staff support for the SRIU has been seconded from various Government departments and the coordinator has requested further funding and assistance in past meetings.

5. Advocacy Agenda Progress Report (6th June – 24th July 2015) - Submitted to the Council prior to the meeting.

Cost of doing business and living – high cost of fuel: Based on membership survey results and the most recent state of business survey, the cost of doing business and living remain the top issues impacting the membership. Councilor Rutty said the cost of fuel impacts all areas of society and he believed should be the focus of the Council's advocacy effort in this area. Recent media reports indicated that the Government discussion with the fuel companies to better understand how margins and pricing is determined have failed to produce any noticeable action to control pricing. Two recent articles <https://caymannewsservice.com/2015/04/fuel-prices-to-be-pulled-in-check/> <http://www.caymanreporter.com/2015/07/23/gas-prices-cause-government-discomfort/> describe the issue. Minister Hon. Kurt Tibbetts recently said Government is now planning to take action by drafting legislation to be considered in the September sitting of the Legislative Assembly. Councilor McIntosh recommended that the Council considers seeking the views of the community to address the high cost of living (specifically the cost of fuel) through crowdsourcing. He recommended putting up a \$5,000 prize for the best suggestion to reduce the cost of fuel. He provided a website that describes the process. <https://www.innocentive.com/about-innocentive>. He said for more than a decade, leading organizations such as Astra Zeneca, Booz Allen Hamilton, Cleveland Clinic, Eli Lilly & Company, NASA, Nature Publishing Group, Procter & Gamble, *Scientific American*, Syngenta, *The Economist*, Thomson Reuters, The Department of Defense, and several government agencies in the U.S. and Europe have partnered with



InnoCentive to rapidly generate innovative new ideas and solve problems faster, more cost effectively, and with less risk than ever before. Other ideas included setting up meetings with individuals who understand the way fuel prices are set for Caribbean Utilities Company Ltd. and at the fuel stations. Some names included Ernie Jakes, Alan Jones and Larry Bang. Councilor Byles offered to meet with some officials to get a better understanding of the issue.

ACTION ITEM: CEO will review crowdsourcing concept and he and Councilor Byles will meet with officials in the fuel sector to recommend some actions for consideration by the Council.

Immigration processing review: Councilor McIntosh informed the Council that the immigration review initiative to develop a new website and processes for work permit applications appears to be at a standstill. He serves as a member of the review committee and he is unaware of any further actions that have been taken for several weeks. He said the review had been conducted by Deloitte and the committee was in the process of reviewing and implementing the recommendations.

Advocacy strategy: Councilor Byles recommended that the Council takes a different approach to advocacy. He suggested that the Council should focus attention primarily on the voting Caymanian members in the Chamber and hold a series of meetings with them directly to hear their views and to establish better relationships. He said the Council could review the voters list and determine which business leaders on the list were Chamber members. He believed that this group would get more attention with the politicians and this would raise the influence and voice of the Chamber on many of the key national issues. The Council supported the approach and recommended that this outreach could be taken to the districts or a series of meetings held in key locations.

ACTION ITEM: CEO will obtain a copy of the voters list to confirm names of voting members so that the Council can determine who to invite to district meetings to discuss key issues, to inform them about the work of the Chamber and to establish direct relationships on advocacy matters.

6. New Business

a. Submissions from tourism stakeholders on cruise berthing proposal

The Chamber office has received additional information and submissions from the Association for the Advancement of Cruise Tourism (ACT) – (statement to be published in the special section of the Compass’ special report to appear on 30th July), an email from the Secretary of the Cayman Islands Tourism Association (CITA) with the Director of the Department of Environment disputing that parts of the EIA were omitted from the final report, and an email statement from the Florida Caribbean



Cruise Association (FCCA). In the email from the FCCA, President Michele Paige said: *“The FCCA and its 19 Member Lines support Grand Cayman’s efforts in fin(d)ing an environmentally-friendly way to develop a cruise pier in the Cayman Islands. Like the government, we forecast that a new cruise pier would improve cruise passengers’ overall destination experience and benefit the destination’s economy through a higher share of cruise passengers disembarking and spending more time and money in the destination. George Town has become a top cruise destination through not only its products and offerings, but also through the constant efforts of the Cayman Islands government, and a new cruise pier presents the opportunity for the Caymans and cruise industry to further grow together. We respect the government; encourage them to continue exploring options in the best interests of both their economy and environment; and trust they will make the right decision.”*

b. Labour Relations Bill – deadline for comment (31st August 2015)

A BE INFORMED session was held on 22nd July with attorneys Huw Moses and Venesha McLean presenting a review of the Bill for Chamber members. Chief Officer Tammy Ebanks from the Ministry of Labour and Mario Ebanks, Director of Labour and Pensions attended the session. The attorneys identified several sections of the bill that require further explanation and drafting changes. They also raised serious concern about the impact the Bill will have on small businesses in particular. The Ministry released a statement following the presentation implying that the attorneys and by extension the Chamber was “sensationalizing” their concerns about the Bill. The Employers Representative from the International Labour Organisation, Anne Knowles, a labour attorney by training, has been asked to review the draft bill. The Council agreed to prepare a draft response to the bill. Councilors McIntosh and Byles agreed to assist the CEO with the submission.

ACTION ITEM: Prepare and submit a response to the Bill based on membership feedback by 31st August.

c. National Pensions Bill – deadline for comment (31st August 2015)

A similar BE INFORMED session is being scheduled to review this bill in early August. Representatives from the member law firm, HSM has agreed to present at the meeting and assist with the preparation of a response to the Bill.

ACTION ITEM: Host a BE INFORMED session in early August to inform members about the bill and prepare and submit a response based on feedback by 31st August.

d. Auditor General reports

The Auditor General’s office recently released three reports:

<http://www.auditorgeneral.gov.ky/>



- National Land Development & Government Real Property
- Government Programmes Supporting Those in Need
- Major Capital Projects – Building Schools

e. Stamp issue and first day cover for 50th anniversary

Designs for the 50th anniversary stamp issue were distributed to the Council for final review. The designs were approved and have been submitted to the Stamp Advisory Committee for final review and approval before being sent to the UK for printing. The goal is to have the stamps printed and returned to Cayman by December.

f. Legislative Luncheon confirmed – 30th September

The Premier has confirmed that he will deliver the keynote address at the Chamber's 8th annual Legislative Luncheon at the Ritz Carlton Grand Cayman.

7. Any other business

Research into Chamber members Class B banking issue: Councilor Byles informed the Council that several Class B banks in Cayman and in other offshore jurisdictions have found it increasingly difficult to open correspondent banking accounts for the past few years as US based banks have become more risk averse to offshore banks.

However in recent years due to pressure from these US based banks, local retail banks in the Cayman Islands have also adopted a similar policy. Specifically, local retail banks will only allow other banks to operate their operational accounts with the local retail banks. This means these Class B banks may open and operate an account solely to deal with their local operational expenses (salaries, rent, other local bills etc) but they are not permitted to have a client omnibus account (an account which holds funds for the Class B bank's clients). This poses a very serious challenge to many Class B banks as it essentially means they cannot offer bank accounts/take deposits relating to clients. There are a few cases where local retail banks have made an exception to continue permitting some of their Class B banking clients to operate client related accounts. But this seems to be the rare exception.

If a Class B bank cannot accept deposits (because it has nowhere to place those funds) it makes little sense to have a banking license and this in turn will have wider implications for the Cayman Islands economy and offshore banking sector. It is also possible some that Class A banks (non-retail) are having similar challenges.

This challenge has become more well known in recent months (as several Retail banks have already written or verbally informed Class B banks that they will no longer be able to accommodate their client omnibus accounts) and it appears that there have been some discussions by other stakeholders, namely the Ministry of Finance, Cayman Finance and CIMA. It is



not known whether there has been much if any progress on this issue but the concern from a Chamber perspective is that the Chamber has several Class B banks as members and would wish to address what appears to be a very serious challenge for this group of our members. Councilor Byles recommended that the Chamber should seek to investigate this issue further to better understand the magnitude of the problem by obtaining information on:

- the number of Class B banks that are Chamber members facing this challenge,
- The total amount of revenues accruing to the Government from these banks,
- The number of employees that these Class B banks employ and,
- the wider economic impact for the Cayman Islands offshore banking model and its economy in general.

He explained that the objective of a Chamber summary report addressing this issue is to serve as additional input to complement any existing efforts by other stakeholders to better understand and hopefully resolve this very serious matter. The Council supported this approach.

ACTION ITEM: Councilor Byles and the CEO will review the Chamber's membership listing to confirm Class B banks and will contact them to obtain information to develop the summary report for Council's review.

8. Upcoming meetings:

- *Chamber Council: Wednesday, 9th September 2015, Chamber conference room, Governors Square, 3:00 p.m.*

9. Adjournment

The meeting adjourned at 4:45 p.m.

Approved as an accurate account of the meeting by the Council on _____

Barry Bodden
President/Chairman

Colin Reid
Secretary

