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EXTRACT

**FROM MINUTES OF THE CABINET
OF THE CAYMAN ISLANDS**

TO: HON MINISTER FOR DISTRICT ADMINISTRATION AND LANDS

**COPIED TO: ACTING CHIEF OFFICER FOR THE MINISTRY OF DISTRICT ADMINISTRATION AND LANDS
FINANCIAL SECRETARY AND CHIEF OFFICER FOR THE MINISTRY OF FINANCE AND
ECONOMIC DEVELOPMENT
FIRST LEGISLATIVE COUNSEL**

The following Extract from Minutes of the Cabinet - Item No 710 of Minutes of Meeting No 31/21 No held on 10th December, 2021 is forwarded to you for:

ACTION

INFORMATION


CLERK OF THE CABINET

DATE:



710 CP 334/21 PURCHASE OF LAND GEORGE TOWN –
INCREASE OF EA 4 VIA SECTION 11 (5) FOR THE ACQUISITION
OF BLOCK 13H PARCEL 166

Cabinet confirmed approval granted by circulation on 8th December 2021 for:

- a) the transfer of funds within the Cayman Islands Government appropriations for the purchase of Block 13EH Parcel 166 under Section 11(5) of the Public Management and Finance Act (2020 Revision) as follows:
 - i. Increase in EA 4 Land Purchase by Five Million Six Hundred Thousand Cayman Islands dollars (CI\$5,600,000);
 - ii. Decrease in EI 85 Ministry of Home Affairs (capital allocation) by Five Million Six Hundred Thousand Cayman Islands dollars (CI\$5,600,000).

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- b) the Hon Minister for District Administration and Lands to make a statement on behalf of the Cabinet at the next sitting of the Parliament detailing this “exceptional circumstance” transaction, including how it complies with the definition of the term “exception circumstance”, the type and amount of the executive financial transactions authorised and the effect on the compliance with the principles of the responsible financial management;
- c) The Ministry of Finance and Economic Development to include these allocations in the next Supplementary Appropriation Bill to obtain Parliamentary approval for the appropriation changes in accordance with Section 11(6) of the Public Management and Finance Act (2020 Revision); and
- d) The issuance of an expedited extract.

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PAPER BY THE HONOURABLE MINISTER FOR DISTRICT ADMINISTRATION & LANDS

PURCHASE OF LAND

GEORGE TOWN

INCREASE OF EA 4 VIA SECTION 11(5) FOR THE ACQUISITION OF BLOCK 13EH

PARCEL 166

Prior Paper: CP 277/21

Proposal

1. This Paper seeks Cabinet's approval to transfer funds within the Cayman Islands Government appropriations for the purchase of Block 13EH Parcel 166 as per the Prior Paper via Section 11(5) of the Public Management and Finance Act (2020 Revision) (the "Act").

Background

2. The subject land has a registered area of 1.05 acres. It is generally flat at approximately 10 ft above sea level at its highest point. The parcel includes an 88ft dock in the southwest corner of the property.
3. The Parcel currently has 5 recognised structures which are being used for short term residential rentals.

Discussion

4. The Parcel is registered to Cayman Falls 2000 Ltd and has been listed for sale at US\$7,500,000 (i.e. CI\$6,150,000 converted at 0.82). The Chief Valuation Officer has undertaken a valuation and is of the opinion that the Parcel has a market value of CI\$5,740,000. Additionally, the owners of the parcel have undertaken and submitted two independent valuation reports which value the Parcel at US\$7,900,000 (CI\$6,478,000)

and US\$7,000,000 (CI\$5,740,000) respectively. Through negotiation the Chief Valuation Officer has been able to agree a purchase price of US\$6,829,268.29 (i.e. CI\$5,600,000) subject to the agreement of the following terms:

- a. Cabinet approval of the acquisition on or before 15 November 2021;
- b. Deposit of CI\$1,000 to be paid prior to Cabinet approval in order for entry into a preliminary contract;
- c. Completion and full payment on or before 15 December 2021; and
- d. Parcel to be transferred to the Crown as vacant possession.



Block 13EH Parcel 166

5. There is no budgeted funding in place from EA4 Land Purchase and as such the purchase would be made through savings identified in the Cayman Islands Government's 2021 budget.
6. Pursuant to Sections 11 (5) and 11(6) of the Act, Cabinet has the authority to approve up to 5% of budgeted executive revenue as supplementary funding in each financial year. A Supplementary Budget and Appropriation Bill is required to be prepared and a Member of the Cabinet is required to advise Parliament of the details of this exceptional circumstance transaction, including how it complies with the definition of the term "exceptional circumstance", the type and amount of the executive financial transactions authorised and the effect on the compliance with the principles of responsible financial management.

Related Broad Outcome(s)

7. 3. Providing solutions to improve the well-being of our people so they can achieve their full potential
5. Supporting climate change resilience and sustainable development
8. Building a modern infrastructure to ensure a successful future for our Islands
10. Improve our tourism, as an industry, product and economic driver

Financial Implications

8. The Ministry of Finance and Economic Development advises that the proposed appropriation changes will not impact the Government's forecast financial position for the 2021 financial year as the changes only involve the transfer of planned capital expenditure within the same capital appropriation category and do not increase overall planned capital expenditure.

Legal Implications

9. Not applicable.

Civil Service Implications

10. Not applicable.

Other Consultation/Implications

11. The National Conservation Council has been consulted pursuant to the requirement under Section 41 National Conservation Act, 2013. It comments: The site is heavily modified and of no environmental concern. The site is adjacent to a Marine Reserve which is a Marine Protected Area under the National Conservation Act. The Department has no concerns regarding the acquisition of this parcel, however this site would not be an eligible use of the Environmental Protection Fund under the National Conservation Council's Guidance Note on the Use of the Environmental Protection Fund, Section 47 National Conservation Act.
12. The Acting Chief Officer responsible for the Ministry of Home Affairs has reviewed and approves the recommendations of this paper.

Assigned Person(s)

13. Wilbur Welcome, Acting Chief Officer

Assigned Entity

14. Ministry of District Administration & Lands

Target Response / Completion Date

15. Purchase of the Parcel is expected to be completed on or before 15 December 2021.

Recommendation to Cabinet

16. Accordingly, the Cabinet is hereby requested to approve:

- a. under Section 11(5) of the Public Management & Finance Act (2020 Revision):
 - i. Increase in EA 4 Land Purchase by Five Million Six Hundred Thousand Cayman Islands dollars (CI\$5,600,000);
 - ii. Decrease in EI 85 Ministry of Home Affairs (capital allocation) by Five Million Six Hundred Thousand Cayman Islands dollars (CI\$5,600,000).
- b. The Ministry of Finance and Economic Development including these allocations in the next Supplementary Appropriation Bill to obtain Parliamentary approval for the appropriation changes in accordance with Section 11(6) of the Public Management & Finance Act (2020 Revision);
- c. In accordance with Section 11(6) of the Public Management and Finance Act (2020 Revision) appointing the Hon. Minister responsible for District Administration and Lands to make a statement on behalf of the Cabinet at the next sitting of the Parliament detailing this “exceptional circumstance” transaction, including how it complies with the definition of the term “exception circumstance”, the type and amount of the executive financial transactions authorised and the effect on the compliance with the principles of the responsible financial management; and
- d. Issuance of an expedited extract to facilitate the swift acquisition of the property

Hon. Juliana O'Connor-Connolly, JP, MP
Minister for District Administration & Lands

7 December 2021