

MILFORD HAVEN PORT AUTHORITY

MINUTES OF 155th BOARD MEETING
HELD AT MHPA OFFICES GORSEWOOD DRIVE
AT 1000 FRIDAY 27th JANUARY 2012

Present:

In Attendance:

1. APOLOGIES FOR ABSENCE



2. DECLARATIONS OF INTEREST

3. MINUTES OF PREVIOUS MEETING

4. MATTERS ARISING

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➤ David apprised Board Members that the refineries had not yet reverted with any suggestions for improved customer service. However, it was noted that discussions were taking place with Valero over the possible requirement to dredge to accommodate larger vessels.

➤ Board members had considered the policy whereby the Harbourmaster is instructed to refuse entry into Port Limits of any leaking vessel where the degree of such leakage could not be adequately contained by local resources, subject to there being no danger of loss of life and no specific instruction from SOSREP and **reaffirmed their approval of the policy as it stood.**

Part A

5. SAFETY, SECURITY AND ENVIRONMENTAL REPORT

Safety

Other incidents occurring within the period included damage to the Caisson gate at Milford Lock, and fire damage within the cab of one of the Tug Masters at PDFT.



The tugmaster fire was centred on the wiring loom and happened to occur over the holiday period when no staff were on site. The Board was informed that the repair costs were £60K, which, given the tugmaster's age, would be uneconomical. Accordingly it is intended to purchase a replacement tugmaster and use the damaged tugmaster for spares. In view of the impact on no-claims rebates, a decision had not yet been taken on whether to make an insurance claim.

A letter of concern had been received from the Chairman of Pilots over the practice of berthing LNG vessels at 0300 hours. A meeting had taken place with management and pilots where it had been agreed that this practice was entirely safe. However, discussions with the terminal operators would take place to see whether more commercially convenient times for berthing could be accommodated.

In response to a query regarding NMR 94/11 when a small release of gas took place at a South Hook loading arm, the Board were advised that the incident had occurred due to a procedural issue. Additional training had since been given to the person involved and the problem should not recur. It was brought to Members' attention that a letter had recently been issued to terminals and all agents giving a timely reminder of the need to retain documentation pertaining to any incident.

The additional measures put in place to prevent line failures at the South Hook terminal appeared to be effective.

6. RISK REGISTER

Paper No. 02/12 was received and noted.

Janet noted that the financial risk of losing a major customer was not listed and suggested that a category for commercial risks be tabulated.

The Board discussed the principle as to whether the information, analysis and commentary being supplied to the Board were sufficient for it to consider itself fully satisfied that significant risks had been identified, assessed and addressed. Members were advised that the Audit Committee had agreed the previous day to introduce an internal audit to test systems.



7. MARINE REPORT

Paper No. 03/12 was received and noted.

Members were updated on the recent collision that took place outwith MHPA jurisdiction between the tanker 'Sea Transporter' and the trawler 'Deborah'. Both vessels had since gone to Falmouth where they would undergo repair. Radar recordings of the incident were being made available to the MAIB.

Lease documentation for the enlargement of Mustang's facilities were due to be signed imminently and progress would then be made with the Oakum building. The Chairman asked that the shoddy fencing be removed from this area.

Power Station

Mark reported that indications were that the Power Station would come on line earlier than expected.

Part B

8. CHIEF EXECUTIVE'S REPORT

Paper No. 04/12 was received and noted.

Results for 2011 had not been as good as anticipated earlier in the year, due to the significant reduction in gas volumes in November and December, but were still significantly ahead of budget. It was clear that revenue relating to gas is volatile and weather dependent. Management are aware of the need to consider CAPEX controls and overheads to mitigate impact on the bottom line. The Ras Laffan shutdown had had an effect and, in relation to the current year, the continuing mild weather and consequential lower gas volume could be expected to have a material adverse impact on turnover and profit in the current year.

Members were advised that re-forecasting is incorporated into the management accounts for each Board meeting.

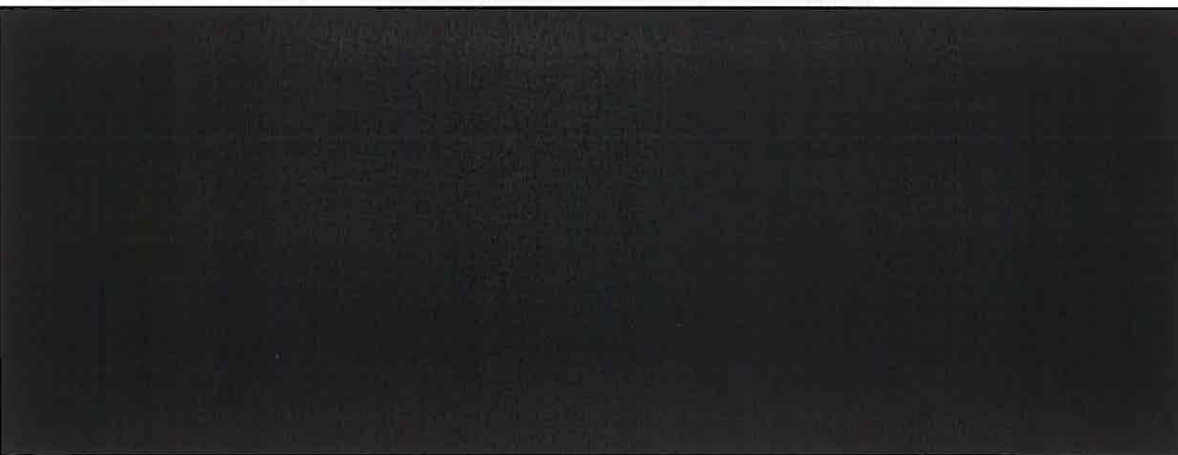
The EU environmental objection process with regard to the Power Station was being monitored by management.



Considerable discussion took place and it was unanimously resolved (including the 3 County Council members)

To proceed with the agreement as drafted and to invite the Cabinet to re-consider its position at the next meeting of the Cabinet on 6th February 2012, emphasising that the Board would be legally obliged to follow (as it is now) the procedures for Board appointment set out in MTP" which are based on the highest standards for accountability.

Planning



Fishguard

A recent objection had been submitted by MHPA to the planning application by Conygar for development in partnership with Stena at Fishguard.

Johnny requested that it be recorded in the Minutes of the meeting that, in his view, our objection, on what he viewed as a strictly planning issue, should be withdrawn.

The Chairman and Deputy Chairman had been aware of the objection made by MHPA and considered it appropriate in the circumstances given that the proposed development at Fishguard was competitive and, could ultimately affect operations by Irish Ferries at Pembroke Port. Johnny stated that it was Welsh Government policy to establish marinas around the Welsh coast. However, the Chief Executive reported that the application envisaged the creation of expansion land for the ferry terminal, that the justifications set out in the planning application for this aspect of the development were misleading, and that the development should probably more properly be consented by means of an HRO or similar. If the development did not involve soft planning or section 106 obligations, the process was fair, and public money was not involved, it is unlikely that our objection would be upheld. However if these conditions are not true the development would distort the market, possibly constitute state aid and result in unfair competition. The Chief Executive indicated that for Board Members not to act in the interests of MHPA as a commercial organisation would be a breach of their fiduciary duty.

Alec suggested there could be other ways to address the issue, one of which would be to invite Stena into discussions to do a deal on a single ferry terminal. The Board confirmed that the Objection should not be withdrawn.



9. FINANCE & HR

Paper No. 05/12 was received and noted.

A positive engineering variance had resulted due to the delay in commencement of the Environmental Impact Assessment for the Port Atlantic project.

| It was confirmed there would be enhanced tax relief on the solar panel spend.

Not done
- see next meeting
notes
JHB


10. CORPORATE AFFAIRS REPORT

11. ANNUAL REPORT AND RESULTS

12. DEEP SEA REPORT

JHB

Members stressed the importance of identifying costs at this juncture prior to the awarding of contracts at the construction stage for Port Atlantic. The project team was due to be formed shortly when work on the project would commence. Consultants would be used in an advisory capacity by the project team.



13. SHORT SEA REPORT

Paper No. 07/12 was received and noted.

The need to press ahead with acquiring more trades despite the impending Atlantic Array project was encouraged as it was crucial to diversify the business. It was noted that it would be a challenge to accommodate all the various business opportunities at Pembroke Port.

14. ENGINEERING REPORT

Paper No. 09/12 was received and noted.

Andrew briefed Members on the latest position regarding engineering. A meeting was due to be held shortly with regard to the dredging survey. The marina re-decking project was progressing well as was the installation of CCTV.

Solar Energy

An addendum on progress of the solar PV installation project was tabled at the meeting. Members were advised that the Court of Appeal had upheld a High Court ruling that the Government cuts to the feed-in tariffs were unlawful. There was the option for DECC to go to the Supreme Court to overturn this decision. This meant that installations that have had solar panels installed and registered by the 3rd March 2012 would receive the original feed-in tariff. MHPA has five weeks to install the panels to secure the higher rates. Every effort was being made to achieve this and Tim James, the Energy Development Manager, was commended for all his efforts.

15. PENSIONS

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16. REMUNERATION COMMITTEE REPORT

17. ANY OTHER BUSINESS

18. DATE OF NEXT MEETING

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