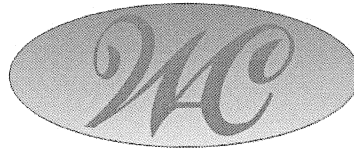


CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 215th Meeting held on 11th of May 2011

Members Present:

Chairman:	Mr J L Hurlston
Members:	Mr J Banks Mr W Scott Mr M Smith Mr O Watler
Secretary:	Dr G Frederick-van Genderen
Apologies:	Mr T Hydes Mrs P McGaw-Lumsden Mr C McLaughlin Ms A Owens Ms R Sharma Mrs I Simms

Call to Order

The Chairman welcomed members and called the meeting to order at 1:35pm after ascertaining that there was a quorum. The Secretary advised that some of the students in the Clifton Hunter Flight Club along with their instructor was present and would like to express their thanks to the Water Authority Board. Two young men and their teacher gave the Chairman a photo of the group's recent visit to Florida and one of the young men presented his words of thanks on behalf of the group. The Chairman and Board members thanked the young men and their teacher and gave them words of encouragement.

The Chairman then opened the meeting with prayer and acknowledged apologies on behalf of Mr T Hydes, Mrs P McGaw-Lumsden, Mr C McLaughlin, Ms A Owens, Ms R Sharma, and Mrs I Simms. The Chairman explained that he would like to complete the meeting as quickly as possible as he needed to leave no later than 2:30pm for a funeral commitment.

Minutes of the 214th held on 20th of April 2011

The Chairman asked for confirmation of the Minutes of the 214th Meeting held on 20 April 2011.

Mr J Banks moved the motion to accept the Minutes, Mr O Watler seconded the motion and the motion passed unanimously.

Declaration of Conflicts of Interest

None were declared.

Matters Arising**a) Divestment of Water Authority Sewerage - Update on WTC.**

The Chairman reported that nothing has changed since reported at the last Board meeting. The Chairman reported that at a meeting with the Honourable Minister on 04 May 2011, the Authority advised that Cabinet consider setting terms of reference for the Wastewater Technical Committee (WTC) with regards to the Chairman of the WTC. The recommended terms of reference would allow for the Committee itself to appoint an Acting Chairman in the event the appointed Chairman prematurely resigns or is unavailable. The Chairman expressed his concern that although this project is a priority for the Cayman Islands Government (CIG) delays not caused by the Water Authority are becoming embarrassing. The Chairman also noted there would be further embarrassment if the Authority has to ask the responsive bidders to again extend the validity of their proposals due to expire 09 July 2011. The Chairman reported that based on the meeting at the Ministry last week, assurance was given that a new Chairman and a new member will be appointed to the Committee shortly.

b) Randyke Gardens - Update.

The Chairman reported that as advised in previous Board meetings Government agreed to provide funding (up to \$40,000) for the emergency repairs of the failing wastewater treatment systems at Randyke Gardens. The relevant information was forwarded to the Ministry of Finance for sign off. The Chairman reported that the Ministry of DAWLA was advised that the delay in moving forward will result in the systems further deteriorating and with the coming rainy season, the public health hazard will increase. The Ministry requested an update from the Ministry of Finance last week but to date there is no response.

c) Update on Negotiations of Cayman Water Company Licence (CWC).

As reported at the previous Board meetings, the Chairman advised that negotiations with Cayman Water Company to renew their licence remained at a stalemate since the last negotiation meeting held on 08 February 2011. The

Hon Minister sent a letter last week on 04 May 2011 to CWC responding to issues brought up by CWC during negotiations and in correspondence. This letter also aims to get beyond the stalemate by informing CWC that a number of their issues do not warrant further discussion and by asking CWC for specific responses on the major outstanding issues. These responses will form the basis for further negotiations, tentatively scheduled for 26 May 2011. The most significant confirmations provided in the Hon Minister's letter are:

1. The licence has been extended from 07 April 2011 through 04 July 2011, Government asks CWC to sign the formal licence agreement.
2. The application of the new legislation (Water (Production and Supply) Law, 2011) to CWC.
3. Government accepts CWC's 2011 annual rate increase; effectively this raises their base water rates by 2.3% over 2010 rates.
4. CWC is invited to provide a complete rate proposal using the RCAM model.
5. CWC is asked to clearly identify any outstanding legal issues.

The Secretary respectfully requested that Board members agree, by resolution, on the signatures for the CWC Licence Amendment for the extension to 04 July 2011.. The resolution was put forward as follows:

It is hereby resolved that the Water Authority recommends to Government that an Amendment to the Licence dated 11 July 1990 To Produce Potable Water From Seawater be granted to Cayman Water Company Limited (CWC) by the Government under the Water Production (Production and Supply) Law 1979 (1996 Revision) to allow for a further extension of the Term of the Licence to 04 July 2011. The Water Authority further authorises Mr John Lemuel Hurlston CVO MBE JP, Chairman and Mr Otto Watler, Board Member to sign the Amendment of the Licence on behalf of the Authority.

The motion to accept the above resolution was moved by Mr W Scott, seconded by Mr J Banks and passed unanimously.

- d) **Field Test of Vacuum Bubble Technology for Onsite Wastewater Treatment.**
The Chairman reported that further to the decision taken at the last Board meeting to accept the MOU between the Authority and International Waterwerks Systems Ltd ("IWS") for phase 1 of the testing of the Vacuum Bubble Technology, the Water Authority communicated its decision. Preparations and arrangements are being made to commence phase 1. The Board will be kept abreast of the outcome of phase 1.
- e) **Miscellaneous Updates.**
- a) *In-House Pipelaying Crews* – The Chairman reported that one crew commenced the upgrade of the 6-inch pipeline in South Sound to 12-inch, starting at Old Crewe Road towards Cayman Crossing. As of 11 May 2011

560-feet of pipe had been installed. During the week of 02 May 2011 the second crew commenced the installation of a 6-inch pipe in Arlington Road (off Frank Sound Road).

- b) *Water Supply Division* - The Chairman reported that during the week of 09 May 2011 Operations commenced work on the replacement of the 12-inch pipe along Bodden Town Road, between Kipling Street and Midland Acres. It is anticipated that this work will take approximately five months to complete and will be carried out in two separate sections.
- c) *Red Gate Water Works - Inspection of Reservoir #1* - The Chairman reported that repair work on the 1.2 MG fibreglass reservoir at the Red Gate site had been completed. During the week of 11 May 2011 the reservoir will be disinfected and filled and returned to service in time for the hurricane season.
- d) *Lower Valley Water Production Facility* - The Chairman reported that during the week of 09 May 2011 Florida Aquastore completed the interior and exterior inspection of Reservoir 1 (1 MG bolted steel tank) at the Lower Valley site. Work included replacement of sealant on both interior and exterior and the installation of new sacrificial anodes. It is planned that on 13 May 2011 the tank will be disinfected and filled. The tank should be returned to service early next week.
- e) *Cayman Brac Site* - The Chairman reported that during the week of 02 May 2011, the Honourable Minister called a meeting to discuss the water situation on the Sister Islands. The meeting was attended by the Chairman, Secretary, Deputy Director and Ministry officials. The Minister expressed concern about the vulnerability of the water production at the existing West End site and her wish to have water production/storage provided at the Bluff site. The Honourable Minister also indicated that a reliable source of potable water is urgently needed for the residents on Little Cayman, as the privately-owned desalination plants on Little Cayman may be unable or unwilling to sell water to local residents, as their own customers will be their first priority. She also indicated that Government does not have any funds to finance these projects and asked Water Authority for suggestions.

The Chairman indicated to the Honourable Minister that the Water Authority would revise the previous plans for West End site and Bluff site, which are already included in this year's and next year's Budget as ON HOLD items (due to budgetary and borrowing constraints). In summary the plans are:

Cayman Brac: The water production capacity of the existing Cayman Brac plant will become inadequate by 2013, particularly during the height of the dry season. The 10-year Capital Projects Plan includes plans to provide additional water production capacity at the current West End site (until the new plant would be constructed on the Bluff). As currently the majority of the water sales (65%) are provided by water

trucks, this additional production capacity can also be provided on the Bluff site, albeit at a higher cost, as an additional water storage reservoir must be provided in addition to significant site preparation costs.

Little Cayman: The 10-year Capital Projects Plan already includes plans to provide a small containerised plant and storage on Little Cayman, with trucking to be provided by PWD staff and equipment and with regular oversight of plant operation and water storage by Water Authority staff.

The Water Authority will prepare a report to the Ministry on the above with options for funding of these projects.

The Chairman also noted that the Honourable Minister indicated that she would be bringing back the Cabinet Paper regarding rate adjustments for the Water Authority that was deferred last year. With more income the Authority would be in a better position to address the needs of the Sister Islands.

- f) *2010/11 Audit* - The Chairman reported that a draft of the 31 March 2011 Trial Balance was sent to the Auditor General's (AG) office on 26 April 2011. Consistent with previous years, the Authority expects staff from the AG's office to be on site in mid-May to conduct interim work on 31 March 2011 data. No exact date has been sent nor is it clear how long they will be on site.
- g) *ESO Request* - The Chairman reported that the Authority received a request from the ESO (Economic and Statistic Office) to complete the Annual National Accounts Survey in mid-March 2011. On 10 May 2011 the Authority presented this information to the ESO office in advance of the prescribed 13 May 2011 deadline.
- h) *Mr John Masters' Court Case* - The Chairman reported that the Authority's lawyer indicated during the week of 02 May 2011 that Mr Masters has a case in Grand Court and it is likely that the 12 May continuation of the case may not be possible. The Chairman reported that the Authority's staff had on numerous occasions rearranged leave schedules in order to ensure staff availability only to have the dates changed near to the last hour. The Secretary advised that the Authority's lawyer had been advised that due to vacations and other commitments, the Authority staff would not be available until September 2011.
- i) *FOI updates* - No request was received as of 18 April 2011 as shown in the Freedom of Information report provided to members.

Current Business

- a) **2011/2012 Estimates of Revenue & Expenditure**

The Chairman reported that this document will be finalised and forwarded to members during the week of 17 May 2011.

The Chairman reported that as members are aware, the Authority received notification on 31 January 2011 indicating that the 2011/12 budget submissions were due on 04 February 2011. The Authority worked diligently to prepare the figures and the Board was able to finalise the 2011/12 ownership agreement on 11 February 2011, this document was subsequently sent to the Ministry. Additional financial information was provided to the Ministry and BMU on 14 February 2011. To date the Authority has not had any feedback from the BMU.

Donation Requests

The Chairman advised that the amount remaining for donations out of the \$39k budgeted is \$9.2k.

a) Cayman Islands Netball Association.

Members agreed to make a donation in the amount of \$500 to the Cayman Islands Netball Association in support of their upcoming fundraiser. The motion was moved by Mr M Smith, seconded by Mr J Banks and passed unanimously.

b) Cayman Rugby Club.

Members agreed to make a donation in the amount of \$500 to the Cayman Rugby Club in support of their youth programmes. The motion was moved by Mr M Smith, seconded by Mr J Banks and passed unanimously.

c) Cayman Islands Law Enforcement Torch Run Committee.

Members agreed to make a donation in the amount of \$250 to the Cayman Islands Law Enforcement Torch Run Committee. The motion was moved by Mr W Scott, seconded by Mr J Banks and passed unanimously.

Any Other Business

There being no other business the Chairman thank members for their cooperation and adjourned the meeting at 2:03pm.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary