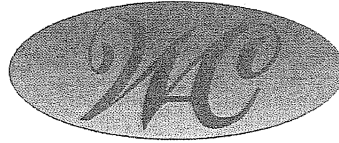


CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 219th Meeting held on 14th of September 2011

Members Present:

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

Call to Order

The Chairman welcomed members and called the meeting to order at 1:40pm after ascertaining that there was a quorum and acknowledging the absence of Mr C McLaughlin. The Chairman then opened the meeting with prayer.

Minutes of the 218th held on 7th of September 2011

The Chairman asked for confirmation of the Minutes of the 218th Meeting held on 07 September 2011.

The Secretary noted that Page 13, Agenda item (h) under Donations, second sentence in the paragraph should be corrected to read "This donation is to be made effective 01 July 2011."

Mr J Banks moved the motion to accept the Minutes, Ms A Owens seconded the motion and the motion passed unanimously.

Declaration of Conflicts of Interest

The Secretary declared that Scholarship Recipient 2009/2010 is her first cousin in reference to Item (a) under "Any other Business" on the Meeting agenda.

Matters Arising**a) Divestment of Water Authority Wastewater Assets - Update.**

The Chairman reported that the Evaluation Report prepared by the Cabinet-appointed Wastewater Technical Committee (WTC) and accepted by the Water Authority Board at the 217th Meeting on 07 September 2011 was forwarded as instructed to the Central Tenders Committee (CTC) on 07 September 2011. As requested by the Board, the WTC Chairman, Mr Isaac Rankine submitted an Evaluation Summary Matrix for appending to the Evaluation Report on 12 September 2011. The Evaluation Summary Matrix was forwarded to the CTC on the same day.

The Chairman reported that on 12 September 2011 the Secretary was advised by Mr Kearney Gomez, the Permanent Secretary (PS) of the Ministry of District Administration, Works, Lands & Agriculture (DAWLA) via telephone that His Excellency the Governor, the Auditor General and CTC had concerns regarding the divestment process of the Authority's wastewater assets. Mr K Gomez also informed the Secretary that the Office of the Auditor General (OAG) would be reviewing the process in more detail. The Chairman reported that the Secretary reminded the PS that the Ministry and Water Authority Board had already been advised that the OAG was reviewing the process and also that he had requested interviews with the Authority's Board Chairman and the WTC Chairman. The Chairman reported that the Secretary advised the PS that as this was a very sensitive and important matter to the Government and the Authority, the Authority would need to receive written instructions from the Ministry on what actions they wished to occur.

The Chairman reported that on 13 September 2011, the Authority received an email from the PS indicating that at a meeting with the Governor and subsequently with the Chairman of the Central Tenders Committee (CTC), he was advised that the Technical Committee's report submitted by the Water Authority is unacceptable and the matter would not be on the agenda of the next CTC meeting. There are several issues which were brought to the Governor's attention and also to the Auditor General by the Chairman of the CTC.

The Chairman reported that the Secretary advised the PS that the two remaining companies were informed last week that the CTC would be

deliberating on the matter of the award on 16 September 2011 and that these companies have extended the validity of their bids until 14 October 2011.

The Chairman reported that the PS was advised that the Water Authority's management had no part in the preparation of the WTC's Evaluation Report. The Chairman reported that the Secretary spoke with the PS this morning and he indicated that he was awaiting instructions from the Honourable Minister and should be able to provide guidance around noon 14 September 2011. The Chairman advised that nothing was received as of meeting time.

The Chairman reported that the CTC Chairman requested additional information from the WTC Chairman, specifically on "the workings which determined the scores awarded for "Lowest Initial Cost to Customer" under both scenarios."

Members discussed the implications of the delay and indicated that they would like to know the specifics of the CTC's concerns with the WTC's Evaluation Report. The Chairman said that he would ask the Authority to seek that information and that it be shared with Board members. At this point the Chairman noted that the Authority awaited further guidance from the Ministry and CTC.

b) Public Piped Water Utility Lease Project - Update.

The Chairman reported that the Authority sent a courtesy email to the Chairman of the CTC on 12 September 2011 informing him that the Authority intends to seek CTC permission to engage KPMG as a sole provider of the required services. On 13 September 2011 the Authority sent over the formal request together with the three (3) draft engagement letters from KPMG, copies of which were provided to members. In summary the Authority is seeking permission to engage KPMG to provide consulting, audit and professional services in connection with the Water Utility Lease Project (WULP) without going to tender. KPMG, in the opinion of the Authority is the best sole provider of services and will provide the best value based on their extensive experience, both globally and also in direct connection with their work with the Authority on the Wastewater Assets sale.

The Secretary noted that the Wastewater Assets divestment review process has the potential to divert the Authority's resources and impact the timing of the above projects.

Mrs P McGaw-Lumsden joined the meeting at this point.

Current Business

a) Request for Bill Adjustment re Customer Account [REDACTED] - [REDACTED]

* Redacted under Section 23 of the Freedom of Information Law, 2007

The Chairman reported that based on a letter dated 22 August 2011 from a [REDACTED], on the above account, a review of the account was undertaken. A copy of the letter, the report from Customer Service Department and additional documentation were provided to members. The complainant requested the bill in question reviewed by the Board, as he is of the view that there is an error which the Water Authority needs to address. The Chairman reported that the Authority's findings are that on 28 June 2011, during meter reading process, movement was found on the customer's meter. The customer was initially advised via a door hanger the same day, followed up by a telephone conversation. The June 2011 bill was for period 28 May 2011 to 28 June 2011, for 176.8 m³ for a total of \$1,104.33. On 13 July 2011 Customer Service (CS) issued a work order to recheck the meter reading for the previous bill and check for a leak. Slow movement was again identified on the meter and the Tenant was informed on 15 July 2011.

The Chairman reported that on 15 August 2011 the account was disconnected for non-payment and reconnected the same day. On the reconnection work order, a tenant at the location was informed of the slow leak. The tenant also informed the meter reader that the yard always has standing water.

In his letter, [REDACTED] requested the matter be reviewed by the Board as they cannot afford to pay for water they feel they did not waste or use. The Chairman reported that the Authority's information on this account indicates that it has a history of slow movements on the meter indicative of a leak on the customer's side. The customer is responsible for all water passing through the meter.

Members discussed the customer's request and the information provided and subsequently made the decision that the bill stands as there were indications of leaks. The usual payment plan should be offered to the customer.

b) Request to Open Account in Son's Name re Customer Account [REDACTED]

* Redacted under Section 23 of the Freedom of Information Law, 2007

The Chairman reported that a letter was received from a [REDACTED] regarding the above account on 30 August 2011. A copy of the letter, the report from Customer Service Department as well as a letter from the family's lawyer was provided to members. [REDACTED] is one of the two sons of [REDACTED] (now deceased) and he has requested that the Board give consideration to waiving the Authority's policy that allows only the property owner to open the account. The Authority's Customer Service reviewed the account and found that on 07 April 2009 various accounts were amalgamated

for [REDACTED] and a payment agreement was provided. The payments continued for 9 months and then stopped. The current outstanding balance is \$2,657.73.

* Redacted under Section 23 of the Freedom of Information Law, 2007

On 23 August 2011 the Authority received a letter on behalf of three of the four children of [REDACTED] indicating that the probate of the estate was being sought. On 30 August 2011 [REDACTED] sent a letter seeking approval of the Board to transfer the accounts into his name and that he would take on the outstanding loans and debts on the property to avoid foreclosure. [REDACTED] indicated that if he could reconnect the accounts he would be able to rent the apartments and pay the outstanding loans and debts. The Authority's policy only allows the landowner to open the account. The Authority has not deviated from the policy where there are multiple offspring inheriting and all are not willing to sign the account opening documentation. The Secretary respectfully seeks the Boards decision on [REDACTED] request.

Members discussed [REDACTED] request and decided that the Authority's policy stands. However, in order to open the account prior to the completion of the probate process, members requested the Authority to suggest to [REDACTED] that he encourage the 4 children to sign the account opening documents.

c) Request to Waive Late Penalties re Customer Account [REDACTED]

The Chairman reported that an email was received from the above customer, [REDACTED] requesting that the Board remove the late fees applied to her account during the time she had a dispute with the Authority on the amount owed. Her email dated 22 August 2011 and the Customer Service report were provided to members with additional documentation being available. The Authority's Customer Service reviewed the account and found that on 31 March 2011 (10 February 2011 to 18 March 2011 billing period) the customer received a bill with recorded usage of 57.2 m³ for a total cost of \$339.10. On 12 April 2011 the customer requested that the reading be checked and the meter tested. The customer was provided with the payment options.

* Redacted under Section 23 of the Freedom of Information Law, 2007

The meter was removed and sent for testing. The customer was informed on 16 August 2011 that the meter had passed the test and subsequently she requested that late penalties applied during the period when the meter was sent off for testing are removed. The account minus the late penalties was paid in full on 30 August 2011. The late penalty applied by the Authority is 1.5% for all past due balances. When a meter is sent off for testing due to a dispute, the legislation states that the bill in question should be paid and the

customer only refunded if the meter is found to be faulty. Therefore penalties are applied to all accounts whether or not there is a pending investigation. The Secretary respectfully seeks the Boards decision on [REDACTED] request.

Members reviewed the request and decided not to waive the late penalties as it is clear from the Authority's legislative framework that late penalties are applied whether or not a bill is in dispute.

Donation Requests

a) **CI Humane Society.**

Members agreed to sponsor the CI Humane Society in the amount of \$500 in lieu of their request for a reduction on their water bills. The motion was moved by Mrs P McGaw-Lumsden, seconded by Mr O Watler and passed unanimously.

Any Other Business

Ms R Sharma joined the meeting at this point.

a)

[REDACTED]

b) **Randyke Wastewater Crisis Situation.**

The Secretary advised members that the situation at Randyke Gardens had reached a critical stage where besides the risk to the public health of the

residents, it was impacting the Authority's ability to carry out activities related to meter reading, disconnections and reconnections. Additionally, as this problem with wastewater persists and escalates there are potential risks to the safety of the public water supply.

Although the government agreed to fund emergency repairs in April this year, the funds have not been forthcoming to date. However, the Secretary said that she had indications from Mr T Hydes that the process to release the funds (\$40,000) was underway. As it is now 6 months since the preliminary quote for the emergency repair was identified, the Secretary said that it is expected that the company revise their quotation and the cost will definitely be higher.

Under the Water Authority Law (Section 57 (1)), the Authority has the authority to enter the property to take the necessary steps to repair the existing wastewater treatment systems and thereby cease the discharge of any sewage onto the ground.

The Secretary proposed that the emergency repairs of the failing wastewater treatment systems at Randyke Gardens will be carried out by the Water Authority, on behalf of the Government of the Cayman Islands. She noted that the Water Authority may be assisted from time to time by specialized sub-contractors. Members discussed the options and the problems experienced with non-functioning strata.

Members agreed that the Authority should proceed with the emergency repairs on the basis that the Strata sign a Waiver of Liability and Hold Harmless Agreement; it is made clear to the Strata that the Government is not prepared to fund long-term maintenance or future repairs, as this is clearly the responsibility of the Strata; and, that the Authority invoice Government for the costs to carry out the emergency repairs.

There being no other business the Chairman thanked members for their cooperation and adjourned the meeting at 2:22pm.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary

