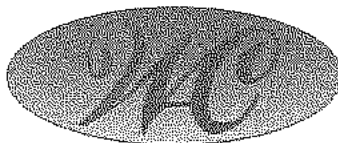


CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 220<sup>th</sup> Meeting held on 19<sup>th</sup> of October 2011

**Members Present:**

Chairman:	Mr J L Hurlston
Members:	Mr J Banks Mr T Hydes Mrs P McGaw-Lumsden 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 Ms A Owens

**Call to Order**

The Chairman welcomed members and called the meeting to order at 1:38pm after ascertaining that there was a quorum and acknowledging apologies from Ms A Owens, late arrival of Mr T Hydes, and the absence of Mr C McLaughlin. The Chairman then opened the meeting with prayer.

**Minutes of the 219<sup>th</sup> held on 14<sup>th</sup> of September 2011**

The Chairman asked for confirmation of the Minutes of the 219<sup>th</sup> Meeting held on 14 September 2011.

Mr J Banks moved the motion to accept the Minutes, Mr W Scott 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 (d) under "Matters Arising" on the Meeting agenda.

### Matters Arising

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

The Chairman reported that the Central Tenders Committee postponed the meeting originally scheduled for 16 September 2011 to 07 October 2011. Therefore the Authority requested the remaining two bidders to extend the validity of their bids to 14 October 2011. Both agreed to do so.

On 20 September 2011, the CTC provided a list of comments and questions regarding the concerns they had with the Evaluation Report prepared by the Cabinet-appointed Wastewater Technical Committee (WTC). Members were provided with a copy of CTC's list of comments and concerns on 26 September 2011 via email. The WTC submitted their responses to the CTC points of concern on 29 September 2011. A copy of this email was provided to members.

The Chairman reported that the WTC's Evaluation Report was discussed at the CTC meeting on 07 October 2011. The Chairman was advised via a letter from CTC that no decision had been made as the WTC's Evaluation Report did not fully satisfy the CTC with regards to the information and documentation provided. A copy of the letter dated 17 October 2011 has been provided to members. Mr T Hydes joined the meeting at this point.

The Chairman reported that in order to ensure that sufficient time will be available for the post-award licence negotiations with the successful company, the two remaining tenderers were asked on 14 October 2011 to extend the validity of their proposals for an additional period of 28 days (i.e., until 11 November 2011). Both companies responded in the affirmative.

The Chairman noted the following:

- The original tender period was only 53 days (as the RFP document was issued on 18 October 2010, and tenders were to be returned no later than noon on 10 December 2010).
- The original validity period for the various proposals was 120 days from Tender Opening (or no later than 09 April 2011).
- The validity period has now been extended five times (on 31 March, 30 June, 01 August, 09 September and 14 October 2011), for a total of 215 days, to allow adequate time for a decision to be made by the WTC, the CTC and for the post-award licence negotiations with the successful company.

The Chairman reported that the Secretary and he met with the Auditor General's Office (AOG) on 22 September 2011, at the Auditor General's request, to discuss the divestment process of the Water Authority's wastewater assets. Various parts of the process were discussed and the Chairman explained that neither the Authority nor he was involved in the decision to divest the assets, nor, the selection of the WTC.

The Chairman advised members that there were a number of very important observations and concerns that he felt were important to be recorded by the Board regarding the entire process. These are as follows:

1. Whereas the Water Authority through its Board of Directors is responsible for the assets of the Authority, the decision to offer the wastewater assets for sale by tender was made by Cabinet and the evaluation of the bids was carried out by a Technical Committee also appointed by the Cabinet whose report is before the CTC for a decision. The Chairman confirmed that the decisions on these matters were completely removed from the Authority's Management and to some extent out of the hands of the Board. It might therefore safely be said that the divestment decision was a "political" one made by the shareholders (the Governor-in-Cabinet) and handed down to the Board members and management of the authority for implementation.
2. The Chairman reported that the Authority advised the Minister that this decision would have significant impact on the authority as well as implications for the customers. Nevertheless upon the decision being made by Government to divest the wastewater assets, the Authority diligently worked to carry out the policy directive within the relevant legal framework.
3. The Request For Proposal (RFP) Document was prepared and approved and bids received in December 2010 following a pre-tender conference in November 2010.
4. The bids were opened and recorded by the CTC and handed over to the Authority to facilitate the assessment and evaluation by the Cabinet-appointed Wastewater Technical Committee (WTC), served and assisted by the Authority's Technical Advisor/Secretary to the committee.
5. Following two failed attempts, one from a resignation and another from non-acceptance of appointment, a third chairman was appointed in May 2011 and it is the report of this group, supported/endorsed by the authority that is before the CTC for a decision.
6. The Authority's board was informed at its last meeting on 14 September 2011, of the views of the Governor, the Auditor General and the CTC Chairman. These had been orally conveyed by the Chief Officer of the Ministry.
7. The key concerns and questions are outlined in a letter from the CTC dated 17 October.
8. The Chairman expressed that his concern is elevated by the withdrawal of one of the three bids narrowing the field to two. Especially as the one withdrawn might have been the one to have made the highest financial cash offer. The Chairman confirmed the protracted delay of the WTC in making a decision resulted in the withdrawal of the company with the highest financial cash offer and the lowest

cost to the customers (particularly in the future after significant capital investments have been made for collection system extensions and treatment plant expansions).

9. The Chairman noted that the report of the evaluation by the Technical Committee is weak in a number of areas and gave rise to a series of questions by the CTC, the answers to which were somewhat short and could give rise to other pertinent questions. The Chairman confirmed that it is the Authority's Management's opinion that the concerns raised by the CTC are valid. Besides the issues identified by the CTC regarding the report, there is no substantial information on the impact that the divestment will have on the wastewater customers and the local cost of doing business. The WTC was provided with all relevant information to calculate various scenarios on future investment and the impact on rates immediately as well as in the medium term. However, this information was not utilised in the report.
10. The Chairman noted that he was not satisfied regarding the level of due diligence on each of the bidding companies. The Technical Committee appears to have assumed that that function was the responsibility of the CTC and visa versa. The Secretary notes that as explained at the 218<sup>th</sup> WAB Meeting on 07 September 2011, the CTC does not carry out due diligence on bidding companies. The issue was raised with the WTC by the Water Authority Technical Advisor/Secretary that one of the companies did not exist as an operating company anywhere and therefore had no experience on its own. In fact, the draft minutes for WTC meeting #10 (held on 3 August) are even more specific: The WTC Secretary commented that the evaluation by the Committee of Cayman Aqua Management's experience and past performance is based in its entirety on that of its experienced partners AECOM and Veolia Water. The WTC Secretary suggested that the Committee include a requirement in the report that, if this company would be successful, these experienced partners must have a significant participation in the ownership of Cayman Aqua Management, as their proposal is vague about the composition of the various international corporations in this company and does not include any information on share distribution, shareholder's agreement etc.
11. The Chairman reminded members that the Water Authority Board insisted that the Government be made aware of the costs associated with this sale including the repayment of debt and all related other expenses. The Chairman advised that this information was sent on 17 October 2011 and a copy has been provided to members.
12. The Chairman reminded members that in the 17 October 2011 letter, CTC had raised the following issues:
  - Documentation regarding the value of the assets is required;
  - Potential impacts on the authority's current and future customers if and when expansion of the service occurs;

- Do bidders acknowledge and have their bids taken into account the potential growth of new developments and the concomitant demands over the next say 25 years?
- Have the bids taken into account the costs to customers in terms of roads disruptions and repairs?
- What about lowest costs to customers taking the two scenarios (initial capital outlay versus projected expansion costs)?
- What consideration should be attached to changing technological advances in systems and methods in the global environment?
- The CTC must be convinced of the market value of the assets as offered by a willing seller and a knowledgeable buyer.

The Chairman advised that the Authority's management had done its best to ensure that the Ministry and the Board were advised of implications regarding the divestment process. The Water Authority prepared a preliminary evaluation report (without recommendations) to assist the WTC in reviewing the proposals, the WTC chose not to use this report (not even for general guidance although it contains a lot of information gathered from the proposals) nor did they follow the format of the document. The WTC did not discuss their Evaluation Report or the format with the Authority.

The Chairman reported that further to the letter from the CTC, he had met with the WTC Chairman to discuss the letter and devise a way forward to address the issues identified by the CTC. Subsequently, the WTC Chairman requested additional information from the Authority such as a copy of the KPMG Vendor Due Diligence (VDD) Report, copy of the proposed License Agreement, rate studies, official documents from the mandatory pre-tender meeting in November 2010, and, other useful documents. The Chairman advised that the Authority will arrange for the VDD Report to be available for review in the office or arrange with KPMG for signing of their non-disclosure agreement. The Terms and Conditions of the proposed License Agreement are contained in the RFP Document which was already in the WTC Chairman's possession.

The Chairman advised members that he had taken the time to read the Auditor General's Report recent report dated 05 July regarding the Management of Government Procurement. The Water Authority was not interviewed for this report. However, it was important that the Board note the contents of this report and the Chairman pointed out that it would be fair to say that as recorded in the conclusions of this report on page 149, this project has indeed suffered a considerable element of a "culture of uncertainty and distrust". The Chairman stated that recommendations numbers 1-4 in particular would be applicable to this project. There is a dearth of experience in proper evaluation reporting and the Technical Committees appointed outside of the Authority will have had no prior experience of this kind of asset sale.

There was considerable discussion regarding the direction that this divestment project has taken and members expressed their concerns that the WTC did not seem to have the expertise to prepare the required level of evaluation and responses to the CTC's concerns. Members also expressed serious concern that the process was nearing a point where salvaging the divestiture to a successful completion was becoming unattainable. The weakness in the process appears to be with the various configurations of the WTC.

Members agreed that the Authority's Chairman should request the WTC to provide a response to the CTC's letter. The Chairman said he had already requested Mr I Rankine to provide a response from the WTC but he would follow up with the request in writing. Members agreed that the Water Authority Board would review and approve for the WTC's response prior to it being forwarded to CTC as the Board has the statutory responsibility for the assets of the Authority. Members also agreed that since the letter from CTC was addressed to the Chairman of the Authority, the Chairman should prepare a supplemental response to the CTC. Members agreed that approval for both documents should be sought by the Secretary via round-robin.

Members agreed that the bidders will have to be advised shortly that although the CTC had met, no decision had been made.

- b) **Public Piped Water Utility Lease Project - Update.**  
Mr T Hydes left meeting at this point.

The Chairman reported that on 20 September 2011 the Authority received written approval from the CTC to engage KPMG to conduct the audit of the Water Supply and Statutory functions for the periods ending 30 June 2010 and 2011 as well as a Strategic Option Analysis (SOA) for the Public Piped Water Utility Lease Project (PPWULP) project. The Financial Controller and Assistant Financial Controller met with representatives from KPMG on 07 October 2011 to provide a high level overview of the controls and processes in place at the Authority. As this is a new engagement for KPMG they have strict guidelines to follow to ensure compliance with IFRS (International Financial Reporting Standards). KPMG conducted internal planning the week of 10 October 2011 and has been in the Authority's office since 17 October 2011. They will be in the Authority's office for a period of 4-6 weeks, with the objective to produce draft financial statements prior to the Christmas holidays (i.e. middle of December 2011).

The Chairman reported that working in tandem with the audit is the SOA - whereby KPMG will be compiling information on the PPWULP project and assessing the available options. The SOA is dependent on the information provided by the audit and therefore had not yet commenced.

## c) 30 June 2011 Audit - Update.

The Chairman reported that the auditors from the Office of the Auditor General (OAG) had completed their field work and the audit working paper file was with the Audit Manager for review. So far the process has gone smoothly and there is nothing out of the ordinary to report. Both the Authority and OAG continue to aim for the 31 October 2011 reporting deadline.

*Register of Interest*

The Chairman reported that as part of the new International Financial Standards - International Reporting Standards and to ensure compliance, the OAG's office is asking for a register of interest from all key management (HoD's) and Board members. Copies were provided to members. There was no objection to signing the forms and members agreed that the Secretary could arrange to collect the forms on 21 October or on 24 October 2011. Some members were able to complete the form during the meeting and provided same to the Secretary.

*Annual Report 2010/11*

The Chairman reported that the Authority had drafted the 2010/2011 annual report and will submit it to the OAG's office for their review the week of 17 October 2011. There is very little to report as the Authority has minimised capital investment and generally maintained the status quo. It is the expectation of management that a copy of the annual report will be made available to members for their review and sign off at the 16 November 2011 board meeting. After approval by the Board the report will be sent to the Ministry.

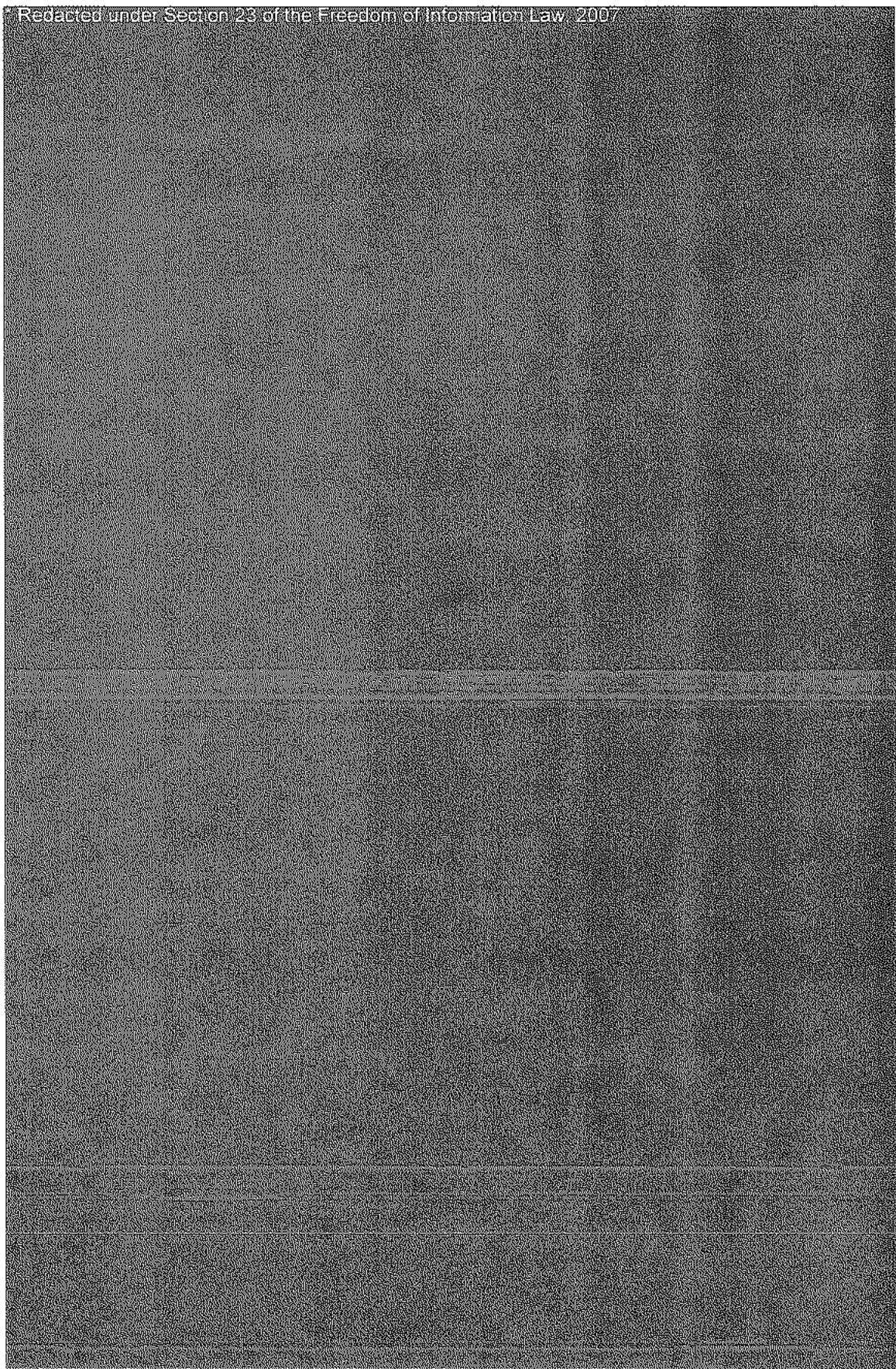
*Request for Write-off*

The Chairman reported that as it stands now, the Director is able to authorise write-offs up to an individual dollar value of \$50.00, management respectfully seeks the Board's approval to raise the limit to \$500 for an account. Any amount in excess of \$500 will have to continue to be approved by the board. This authorisation will facilitate the Customer Service and Finance Departments to clean up the accounts and write off accounts that have already been provided for. Members agreed to the request. The motion to raise the Director's authorization to allow write-offs for an individual dollar value from \$50.00 to \$500.00 was moved by Mr O Watler, seconded by Mr J Banks and passed unanimously.

## d)

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e) **Randyke Gardens - Emergency Repair of Wastewater Treatment Systems - Update.**

The Chairman reported that following the Board's decision at the 14 September 2011 meeting that the Authority addresses the emergency repairs of the failing wastewater treatment systems at Randyke Gardens, the Authority had been in communication with the Strata. The Waiver of Liability and Hold Harmless Agreement ("Agreement") relieving the Authority of liability from possible damages caused during the repairs, along with a cover letter was sent to the Strata on 04 October 2011. The preparation of the Agreement took some time as a result of obtaining legal advice on the matter. It was not clear whether Mr Mitchell Bodden, who informed the Authority in February 2011 that he was the new chairman, actually was the chairman. Ms. Leticia Catanghal, the previous chairman had resigned, however Mr Bodden confirmed that the Strata did not hold an official meeting to appoint him as the new chairman. According to the Authority's legal advice, this matter and various other issues regarding the Agreement would have to be resolved first before the Strata could officially sign the waiver. Although the legal validity of the signed document may be questionable, the Authority deemed that time was of the essence and decided to proceed and request that both the last chairman on record and the current "informal" chairman sign the Agreement. The cover letter clearly stated that Government was prepared to provide funding for the emergency repairs, but that it was not prepared to fund any long term maintenance or future repairs. Another condition was that the Strata enter into an annual service contract with one of the registered service providers, so that the systems, once repaired would be properly maintained and operated and so that minor failures would not lead to a repeat of the current situation. The Chairman reported that last week Government provided the Authority with a cheque of \$40,000 for the repairs.

The Chairman reported that on 27 September 2011 the Water Authority requested quotations from the registered septage haulers to pump out the existing tanks (total volume approximately 16,000 US gallons) using their trucks, all work to be done in one day. This would be one of the first tasks to be carried out. Within 24 hours all contacted companies had responded.

The Chairman reported that this matter was reported in the media with a report on News 27 and an article in the Caymanian Compass. The Authority cooperated with both media houses and the reports were quite thorough and explained that the problem is caused by the non-functioning Strata.

The Chairman reported that the signed Liability Waiver was received on 05 October 2011. Following the report Cayman 27 on 07 October 2011 stating that the Strata's electricity bills had not been paid, the Authority enquired on 10 October 2011 about the status of the four CUC electricity accounts that serve the Randyke Gardens wastewater systems. On 11 October 2011 the Strata Chairman confirmed that the CUC bills had NOT been paid. In his e-mail of

13 October 2011 the Strata Chairman stated that he was hopeful he could have funds soon to turn on two of the meters. However the Authority advised him that **all four** CUC accounts that serve the eight Randyke Gardens wastewater systems must be active, before work can be started as it would not be a good use of Water Authority resources to deal with some and not all of the plants.

The Chairman advised that the Authority's management is concerned that the Strata, once the repairs are completed, will not pay its bills to the service providers and to CUC and that they will be back in a similar situation with a failing wastewater system in less than 12 months. As long as the Strata does not function and Strata fees are not paid by owners, this situation will perpetuate. This situation is unsustainable, the Authority and Government cannot continue to step in to fund emergency measures and resources when the situation gets out of hand. It is likely that once repairs are completed a similar situation will occur and the Authority will ask that the matter be prosecuted for violation of the Water Authority Law, or alternatively that Government has a close look at this development with consideration that it be condemned as it is unsuitable for human habitation.

The members discussed the state of affairs at Randyke and expressed concern that the deeper problem of owners not meeting their obligations means that even if the Authority and Government repair the wastewater systems, the owners will not pay the required CUC bills and maintenance contract.

After further discussion members decided that the Strata should be advised that the CUC accounts need to be brought current within 10 working days otherwise the Authority will recommend that Government withdraw the offer to assist.

f) **Miscellaneous Updates.**

a) *In-House Pipelaying Crews* - The Chairman reported that on 04 October 2011 one crew completed the replacement of approximately 400 feet of 100mm pipelines, deepening of approximately 200 feet of 63mm PE pipelines and reconnecting 20 plus service connections in Belford Estates. This work was required as the NRA had lowered the road elevation as part of their efforts to improve the storm water drainage in this area. As a result the cover to the Authority's pipe was reduced to approximately 22-24-inches (compared to the required 30-inches). The total cost for this work was \$31,500, and as indicated previously NRA will not reimburse the cost for doing this (not-budgeted) work.

On 14 October 2011 this crew also completed the installation of 300 feet of 150mm pipe and 100 feet of 100mm pipe (to provide service to the soon to be constructed Foster's Food Fair Distribution Centre). This crew then moved to East End to install a 200mm pipeline in the new road to the Blue

Iguana Reserve. Although this road is approximately 6,000 feet long, initially a pipeline will only be installed as far as Block 74A Parcel 115 extends (around 2,600 feet), which should be completed towards the end of November 2011. It is anticipated that the entire pipeline will be installed in solid rock.

The other crew is presently working in Admiral's Landing, off Shamrock Road in order to upgrade/replace approximately 3,000 feet of pipelines. To date approximately 1,900 feet of pipe was replaced.

- b) *Water Supply Division* - The Chairman reported that Operations completed the work on the replacement of the 12-inch pipeline along Bodden Town Road, between Kipling Street and Midland Acres, which started on 17 May 2011. On 21 September 2011 all customers were connected to the new main.

On 29 September 2011 Operations commenced the replacement of approximately 1,100 feet of 4-inch pipe in Hinds Way, off Walker's Road, between Aspiration and Bebee Close. It is anticipated that, weather permitting, this replacement should be completed in early November.

- c) *Red Gate Water Works - Replacement of Reservoir #1* - The Chairman reported that on 10 October 2011 tender documents for the supply and erection of a 1.8 million US gallon capacity glass-fused-to-steel bolted-steel storage tank, to be constructed at the Red Gate Water Works Site were sent to interested contractors.

Advertisements for this project were placed in the Caymanian Compass on 30 September and 07 October 2011. As of 19 October 2011 four companies expressed an interest in providing a Tender. (Tenders must be returned by 04 November 2011). By the end of November (end of Hurricane Season) Water Authority staff will start dismantling the existing 1.25 million US gallon capacity fibreglass tank (Reservoir #1) to create the necessary space for this new tank.

- d) *Wastewater Division* - The Chairman reported that on 04 October 2011, the Authority took delivery of the trailer-mounted diesel-driven trash pump that was ordered through Wharton-Smith Inc. to deal with the existing wastewater flows at PS1. Due to the uncertainty on the wastewater assets sale, a decision was made to purchase the pump (with accessories), rather than rent as it appears this pump may be needed for much longer than was originally anticipated. The total purchase cost was around C\$36,000 (US\$43,028.09). The rental fee would have been US\$3,812.00 per month (plus approximately US\$3,500 for shipping the pump back to USA upon finalisation of wastewater divestment process), or after approximately 10 months rental, pump purchase would be more economical. This break-even period would be much shorter if the resale value of the pump is included. This expenditure was not budgeted for but is necessary to avoid a major catastrophe and potential claims for damages.

On 14 October 2011 CUC replaced the large transformer at the wastewater treatment plant, as the existing one was leaking. The change-over took almost a full day, but the treatment of the wastewater (and the condition of the activated sludge) was not too adversely affected as one blower was kept running on the emergency generator and the treatment was quickly restored back to normal.

- e) *Cayman Brac Site* - The Chairman reported that after many years of requesting quotes, the road and parking/turning area at the West End Water Works has been paved with hot mix by the National Roads Authority through the Ministry of District Administration, Works, Lands and Agriculture. The Authority is very grateful for this especially as it was done *gratis*.
- f) *FOI updates* - The Chairman reported that no new requests have been received as of 14 October 2011 as shown in the Freedom of Information report provided to members. The Secretary sought members' approval to only submit reports when there is FOI activity to which members agreed.
- g) *New Billing System* - The Chairman reported that this project is progressing and a technical expert from Cogsdale is expected to be on island during the week of 14 November 2011 to carry out testing on the bill template, meter reading, bar code scanner and rugged laptops in the field. The project team is also coordinating with the website developer so that the Cogsdale expert can test the online bill payment process while he is here as well. "Go live" is expected in the early part of 2012.
- h) *Laboratory Audits* - The chairman reported that in mid-September the laboratory underwent the external audit which is required to maintain its accreditation granted by the A2LA (American Association for Laboratory Accreditation). The auditor gave the laboratory a positive report, he identified a few deficiencies, which were relatively limited and of an administrative nature. The Laboratory Manager provided the deficiency response to the A2LA. The A2LA has not yet communicated a decision yet on the extension of the accreditation status of the Lab.

The internal lab audit, which the A2LA mandates to be carried out on an annual basis, is scheduled to take place in early November 2011. Dr Jennifer Clancy, an independent auditor, who performed the previous internal audits will again conduct the internal audit.

- i) *Proposed Bodden Town Landfill* - The Chairman reported that the Authority had its first meeting with Dart and Apec consultants about the proposed new landfill in Bodden Town on 21 September 2011. The For Cayman Alliance agreement between Dart and the Cayman Islands Government includes Dart taking over the existing George Town Landfill and capping the facility. In turn they will provide a new site to Government where landfill operations can continue. Dart has a large piece of land, between Bodden Town and Breakers, just east of the Midland

Acres residential subdivision. They have applied for Planning Permission to subdivide this property and a piece of 100 acres is designated for the new landfill facility. Dart will develop a partial landfill facility and hand it over to Government, so that landfill operations can commence there upon closure of the George Town facility. Government will be responsible to develop the elements that Dart does not provide. For example, Dart will build the first of the seven waste cells, Government will have to provide the other six. The facility will include lined waste cells and a leachate treatment system, the design horizon is 20 years. The Authority has been asked to provide input in the Environmental Impact Assessment (EIA) proposed by Apec. Apec has provided the Terms of Reference for this study for the Authority's review. The Authority will work closely with the Department of the Environment and other Government agencies so that the EIA process is carried out in a comprehensive manner and in a similar fashion as the review of the East End Seaport.

- j) *Electricity, Renewable Energy, Water and Wastewater Subcommittee of the National Energy Policy Committee* - The Chairman reported that in the last quarter of 2010, the Water Authority was invited by the Electricity Regulatory Authority (ERA) to serve on the Electricity, Renewable Energy, Water and Wastewater Subcommittee of the National Energy Policy Committee. This subcommittee is tasked to carry out specific reviews of the electricity, renewable energy, water, and wastewater sector and to provide specific policy recommendations in these areas for the Cayman Islands energy sector. The policy horizon is 2032. This subcommittee is chaired by the ERA and has broad representation from relevant stakeholders such CUC, Cayman Brac Power and Light Company, Cayman Water Company, Water Authority, Department of the Environment, Department of Environmental Health, Cayman Contractors Association and companies active in the renewable energy sector. The report from the subcommittee is due by the end of November 2011. Meetings have been held on a regular basis and the Authority had significant input in issues relating to the water and wastewater sector. Ms Catherine Crabb, Senior Development Control Technologist and Mr Hendrik-Jan van Genderen, Water Resources Engineer represent the Authority on this committee.
- k) *Masters Court Case* - The Chairman advised that the matter of the Masters vs the Authority was heard in Summary Court over the two day period of 06-07 October 2011. The Chief Magistrate indicated that she would provide her decision on the matter on 21 October 2011. Mr Masters was not satisfied that he had enough time for his closing argument and has subsequently written a letter to the Judge expressing his concern.
- l) *Update on Negotiations of Cayman Water Company Licence (CWC)* - The Chairman reported that since the update provided at the last Board meeting, no substantial progress had been made in the negotiations with Cayman Water Company. Based on the meeting between CWC and the WA legal teams in July 2011, the Water Authority will advise the

Honourable Minister on its position and the way forward after convening a meeting with the Government's Lawyer and Mr T Hydes. As Board members are aware, Government has agreed to the 6<sup>th</sup> extension of CWC's licence until 31 January 2012.

### Current Business

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

Redacted under  
Section 23 of the  
Freedom of Information  
Law 2007

The Chairman reported that the Authority received a telephone call from [REDACTED] on 11 October, 2011, regarding a bill on the above account. The high bill was the result of broken pipe. Additionally, the customer sent a letter dated 11 October 2011 explaining the situation. The complainant would like to have the Board review the account and give consideration to allowing a discount on the bill. A copy of the letter, the report from Customer Service Department and additional documentation were provided to members. The Authority's findings are that on 02 September 2011, while executing a zero consumption check, the meter reader identified that there was a possible leak at the property as the meter was moving very fast. The customer was contacted, who then went to the site immediately and found that where his pipe came out of the building, it had been maliciously tampered with and as a result was broken. The September 2011 month-end bill created for customer indicated usage of 868.10 cubic metres amounting to \$5,428.45 (for the billing period 12 August 2011 to 16 September 2011).

On 11 October 2011, [REDACTED] called requesting assistance in the form of a discount on the bill. She was informed that only the Board has the discretion to discount a bill, and also of the various methods to resolve a complaint. Customer stated that the accuracy of the meter was not in question as she was aware that there was a leak at the property, instead she was very concerned as to how they were going to pay for a leak that in their view was caused maliciously by the son of a previous tenant. As there was no evidence to support such a view, the customer indicated that she was not able to involve the police. On 12 October 2011, the customer then requested service to be disconnected until further notice and delivered a letter addressed to the Board requesting discounting of the bill.

It is the policy of the Authority that all issues downstream of the meter are the responsibility of the customer; therefore no adjustment to the bill was possible by the Authority's management. Any discretion to reduce a bill lays with the Board, therefore customers, [REDACTED] requested the Board to look favourably at their situation and grant a discount due to the cause of the bill and the fact that they are retired school teachers and on meagre pensions. The

Secretary respectfully sought the Board's decision on the request from the customer.

Members discussed the customers' circumstances and decided that the customer should be advised that the Board reviewed the request and decided in consideration of the extenuating circumstances faced by the customer, to take the "un-precedent setting" decision to waive 50% of the September 2011 water bill. The motion to discount the 3 month period bills by 50% was moved by Mrs P McGaw-Lumsden, seconded by Mrs I Simms and passed unanimously. A payment plan workable for the customer should be offered for the remaining amount. Additionally, the customer should be advised to install a lockable shut-off valve next to the meter and ensure that they shut off the water when the property is empty for extended periods.

b) Request for Bill Adjustment re Customer Account [REDACTED]

[REDACTED] The Chairman reported that a letter was received from [REDACTED] on 17 October 2011, in regards to a meter test requested in December 2007 to which no results had been received. A copy of the letter and the report from Customer Service Department were provided to members. A review of the account was undertaken and the Authority's findings are that on 21 November 2007, the customer complained of a high bill for the month of October 2007 and requested the reading be rechecked. The October 2007 bill was for period of 27 September 2007 to 15 October 2007, for 249.6 cubic metres at a total of \$1,466.08. No movement was seen on the meter indicating at that point in time there was not a leak. On 06 December 2007, a further complaint was received with regards to the November 2007 bill. This bill was for the period of 15 October 2007 to 16 November 2007, for 175.7 cubic metres at a total of \$1,029.41. Again the Authority visited the site and found no indication of a leak at that point in time.

On 28 December 2007, the meter was removed for testing as requested by customer. The December 2007 bill was for period 16 November 2007 to 28 December 2007, for 123.5 cubic metres at a total of \$721.76. The Authority's records show that the meter was sent for testing and customer informed on 07 January 2008. The account was subsequently disconnected for non-payment.

On 03 October 2011, the customer requested a copy of the test results from the 2008 meter test. Unfortunately, the Authority could find no record regarding the meter test results or customer being informed of results. Subsequently, on 14 October 2011 the Customer wrote a letter requesting the Board to average the 3 high bills for the months of October, November and December 2007 due to the unavailability of the test results.

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

The Chairman reported that both the Customer Service and the Engineering Services Departments searched their records for the required information and unfortunately the documentation cannot be found. Although it is not an excuse, the Secretary noted that during that specific period four years ago the Authority was in the process of transferring the responsibility for meter testing from the Customer Service Department to the Engineering Service Department and it is possible that the records were misplaced. As there are no test results to confirm or refute the accuracy of the said meter, averaging the bills seems to be an equitable resolution. The Secretary respectfully sought the Board's decision on the customer's request.

Members discussed the customer's situation and agreed that the customer should be advised that they had reviewed the request and considered the Authority's failure to locate the meter testing results and inform the customer accordingly in 2007. The Board decided that the three months of high water bills (October-December 2007) should be averaged and all related late penalties waived. A payment plan workable for the customer should be offered for the remaining amount on the account.

### Donation Requests

The Chairman advised that the amount available for donations is \$28k.

**a) Cayman Brac Veterans' and Seamen's Society Annual Picnic.**

Members agreed to donate 5 gift certificates for 1,000 gallons of trucked water each to the Cayman Brac Veterans' and Seamen's Society Annual Picnic in Cayman Brac. The motion was moved by Mr J Banks, seconded by Mrs I Simms and passed unanimously.

**b) Clifton Hunter High School Flight Club.**

Members agreed to sponsor the Clifton Hunter High School Flight Club in the amount of \$500. The motion was moved by Mrs P McGaw-Lumsden, seconded by Mr J Banks and passed unanimously.

**c) East End Primary School - Community Afterschool Programme.**

Members agreed to sponsor the East End Primary School - Community Afterschool Programme in the amount of \$500. The motion was moved by Mr J Banks, seconded by Mrs I Simms and passed unanimously. The Secretary noted that the Authority also allows one of the Meter Readers to assist the programme a few hours once a month in the afternoon.

**d) Cayman Islands Civil Service Association Credit Union - Pirates Week Float.**

Mrs I Simms declared her interest as an employee of the Credit Union and did not participate in the vote. Other members declaring that they are



accountholders/members of the Credit Union were the Chairman, Ms R Sharma, Mr W Scott, Mr J Banks, and the Secretary. It was agreed by members that this declaration was sufficient as none were involved in the day-to-day business of the Credit Union. Members agreed to sponsor the Cayman Islands Civil Service Association Credit Union's Pirates Week Float in the amount of \$250. The motion was moved by Mrs P McGaw-Lumsden, seconded by Mr M Smith and passed by majority with Mrs I Simms abstaining.

- e) **Cayman Brac - Dispenser Lawford Lawrence Scholarship Fund.**  
Members deferred a decision on this request pending the Authority requesting and receiving further information on the programme.
- f) **Trinity Performance Track Club.**  
Members agreed to sponsor the Trinity Performance Track Club as a "Gold Sponsor" in the amount of \$2000. The motion was moved by Mrs I Simms, seconded by Mrs P McGaw-Lumsden and passed unanimously.
- g) **Bodden Primary School PTA.**  
Members agreed to sponsor the Bodden Primary School PTA in the amount of \$500. The motion was moved by Mrs I Simms, seconded by Mrs P McGaw-Lumsden and passed unanimously.

#### Any Other Business

- a) [REDACTED] - Request from Employee for Refund of Tuition to obtain Bachelor's Degree at ICCI. The Chairman reported that the Authority's [REDACTED] [REDACTED] had written to the Board requesting consideration to refund [REDACTED] tuition paid to ICCI for a Bachelor's Degree.

The Authority provided the following points for the Board to consider regarding [REDACTED] letter dated 12 October 2011 whereby [REDACTED] requested a refund for tuitions fees spent in obtaining [REDACTED] Bachelor's Degree in Business Administration from ICCI:

- [REDACTED] had satisfied all requirements to obtain the degree and it will be awarded during graduation in January 2012.
- [REDACTED] requires at least an Associate Degree. [REDACTED] has been in post since [REDACTED] [REDACTED] obtained [REDACTED] Associate of Science Degree in November 2009.
- [REDACTED] resumed [REDACTED] AS degree programme in September 2006 after taking a break of several years. [REDACTED] continued attending classes at night until [REDACTED] completed not only [REDACTED] Associate Degree but the Bachelor's Degree as well.


- From an informal assessment it would appear that [REDACTED] had developed professionally from pursuing and successfully completing these degree programmes. This was supported by [REDACTED] Head of Department and the Chief HR Manager.
- In light of [REDACTED] request for full reimbursement the Board was provided with three options to consider:
  1. Grant [REDACTED] request in full, i.e. reimburse [REDACTED] \$17,150 that was spent on [REDACTED] studies since August 2006.
  2. Grant [REDACTED] request in part, i.e. reimburse [REDACTED] for the amount [REDACTED] has spent since obtaining [REDACTED] associate degree which [REDACTED] should have had coming into the job. The amount should be roughly half of the above but the exact amount for this period would have to be calculated.
  3. Not to grant [REDACTED] request, however, it must be noted that [REDACTED] most likely would have obtained financial sponsorship from the Water Authority if [REDACTED] had applied for it during the course of his studies.

The Chairman reported that a copy of [REDACTED] transcripts from ICCI had been requested but they said it will take a week. Members discussed [REDACTED] request and the various options. Members queried why [REDACTED] did not seek assistance during the time [REDACTED] was undertaking the degree programmes. The Secretary reported that [REDACTED] was encouraged to do so but [REDACTED] preferred to continue on [REDACTED] own. Members agreed to reimburse 50% of the costs and requested the Secretary to congratulate [REDACTED] on [REDACTED] achievement on the Board's behalf.

The Secretary advised members that she would be off island from the afternoon of 10 November 2011 and returning on 14 November 2011. There being no other business the Chairman thanked members for their cooperation and adjourned the meeting at 3:33pm.

This is a true and accurate account of the proceedings.

  
\_\_\_\_\_  
The Chairman

  
\_\_\_\_\_  
The Secretary