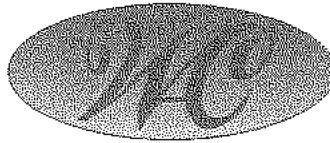


CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 224th Meeting held on 8th of February 2012

Members Present:

Chairman: Mr J L Hurlston

Members: 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 J Banks
Mr C McLaughlin

Call to Order

The Chairman welcomed members and called the meeting to order at 1:41pm after ascertaining that there was a quorum and acknowledging apologies from Mr J Banks and the absence of Mr C McLaughlin. The Chairman then opened the meeting with prayer.

Minutes of the 223rd Meeting held on 25th of January 2012

The Chairman asked for confirmation of the Minutes of the 223rd Meeting held on 25 January 2012.

Members pointed out on page 7 that in the second paragraph, seventh line down should be corrected to read "...the Discovery Day (May) weekend..."

Members pointed out on page 13 under Agenda item (e), that in the first sentence, fourth line down the paragraph should be corrected to read "under the Public Management & Finance Law 2010."

Ms A Owens moved the motion to accept the Minutes as corrected, Ms R Sharma seconded the motion and the motion passed unanimously.

Declaration of Conflicts of Interest

None were declared.

Matters Arising

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

The Chairman reported that the Water Authority had not received any response to the Water Authority Board Chairman's letter to the Minister of District Administration, Works, Lands & Agriculture (DAWLA) dated 17 November 2011. However, on 30 January 2012 the Authority received an email from the Ministry indicating that the Honourable Minister approved the re-tender although no mention was made of establishing a proper business case and a detailed cost-benefit analysis. The Ministry indicated it will arrange a meeting to discuss the changes to the RFP document, procedures, timeline, technical committee etc. In anticipation of this meeting the Water Authority has drafted a tentative time line for the re-tender process.

Mr T Hydes advised that the Ministry saw no need for doing a business case and cost benefit analysis as the process was already underway. The Chairman said that especially in light of the Central Tenders Committee (CTC) response of 09 November 2011 the Ministry and Board should ensure that the divestment process is fair, transparent and compliant with the relevant regulations and commitments. The Chairman noted that doing something the same way and expecting a different result will not work. The Chairman also voiced his disappointment that almost three months since he wrote to the Honourable Minister there was no response to or acknowledgement of his written communication. Additionally, the Chairman pointed to the meeting scheduled on 19 December 2011 to discuss this issue where the Honourable Minister did not make the appointment. Mr T Hydes said that he would brief the Honourable Minister accordingly.

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

The Chairman reported that as reported at the last Board meeting the Strata had been given the final notice to comply with the following conditions by 03 February 2012:

1. Restore electrical supply (4 CUC services) to the 8 wastewater treatment systems;
2. Provide a signed service contract with one of the registered service providers for monthly service of the systems, service to commence when the Authority has completed repairs;
3. Put a system in place for monthly collection of funds from strata members to pay for ongoing operation and maintenance and utility bills of the wastewater treatment systems once repairs are completed.

The Chairman reported that on 03 February 2012, Water Resources staff carried out a site inspection which determined that the situation was the same as at the 12 December 2011 site inspection: raw sewage continues to be discharged onto the ground and into adjacent properties. 1 of the 4 CUC meters is still inactive. The developer of the property east of Randyke Gardens has commenced the construction of a road in his property, this will block the flow of sewage and it will now accumulate on Randyke Gardens property. The illegal discharge of raw sewage is now going on for over one year.

The Chairman reported that the Strata Chairman emailed an update to the Authority on 06 February 2012 as follows:

1. Electrical service has not been restored yet to 2 of the 8 wastewater systems (1 of the 4 CUC services). The Electrical Inspector has imposed a number of conditions that need to be met before that particular service can be reconnected. The Strata Chairman referred to an electrician who conducts the work; however the electrician could not be reached on the phone number provided. The Strata Chairman indicated that the arrears with CUC had been paid.
2. The Strata has signed a quarterly maintenance contract with Mac Plumbing with an option to do more frequent maintenance if needed. However the Water Authority's requirement was for a monthly and not a quarterly contract. Mac Plumbing requires payment up front before providing service.
3. A spreadsheet has been provided showing the monthly financial assessment per owner; there is an allocation of \$8,400 per year for the wastewater systems. If quarterly service is provided it will cost \$2,700 per year, if the service is monthly it will be \$10,800 per year. Spare parts and incidental repairs are not covered by the contract. No detail was provided regarding how the strata will deal with owners who do not pay these fees.

The Chairman advised that at this point the Authority needed to decide whether to proceed with the repairs on the basis of what the Strata Committee has been able to do or whether to transfer the matter to the Attorney General. As the Strata has made some effort to address the issues, the Authority would suggest that upon verification with the electrician that power is restored to the

last electricity meter, the repair work should commence in order to be completed before the rainy season.

Members discussed the situation and decided that the Authority should communicate back to the Strata advising that since they had shown some good faith in getting some of the meters electricity restored, the Authority would allow one additional week for them to get the remaining meter in working condition. However, members instructed the Authority to inform the Strata that if they did not meet the new deadline the matter would be referred to the Attorney General for prosecution.

c) **Miscellaneous Updates.**

a) *In-House Pipelaying Crews* - The Chairman reported that the existing 1.25 million US gallon capacity fibreglass tank (Reservoir #1) at the Red Gate Water Works Site was now fully dismantled. It is anticipated that the remainder of this work (i.e., cutting of concrete base to accommodate the new bolted-steel tank) will be completed by 10 February 2012.

Last week one of the in-house pipelaying crews work commenced work on the pipeline upgrade in Mangrove Avenue (additional valves and temporary service lines were installed).

The other crew will soon continue with the installation of a 200mm pipeline in the new road to the Blue Iguana Reserve, subject to availability of the trencher.

b) *Water Supply Division* - The Chairman reported that the pipeline replacement project in Hospital Road is nearly completed; pipeline installation was completed last Thursday. The pressure test started the weekend of 04 February 2012, and the road was temporarily reinstated as well. By 10 February 2012 all customers should be connected to the new 8-inch pipe in Hospital Road.

The Water Authority has not yet received a response to its request to the Ministry regarding the pipeline upgrade work in Shedden Road. It is therefore anticipated that the next project will be replacing the 4-inch pipe on Apollo Link/East Boulevard (Windsor Park area, off Walker's Road).

c) *Wastewater Division* - The Chairman reported that to date no response had been received from CUC to the Water Authority's letter dated 03 January 2012 in response to their claim of \$487,283.78 for the electricity account at the Grand Cayman Wastewater Treatment Plant, resulting from a mistake with the billing multiplier for the period December 2004 through May 2011.

d) *Red Gate Administration Building-AC Replacement* - The Chairman reported that in late January 2012 Water Authority met with Andro to go over the payment terms, project schedule and contract details. The contract was signed last Monday.

- e) *Red Gate Water Works - Erection of New Bolted Steel Tank* - The Chairman reported that there were no further developments to report. It is still anticipated that the first shipment of the tank panels will arrive in late February 2012 so construction of the foundation and tank will start soon thereafter. The area for a new tank will be prepared prior to the arrival of the first shipment.

Mrs P McGaw-Lumsden indicated that she would have to leave the meeting at this point. Before leaving, Mrs P McGaw-Lumsden advised that further to the Minutes of the 223rd Meeting held on 25 January 2012 and in reference to sponsorship for KyStar Athletics, she was able to confirm that KyStar Athletics is registered as an "ordinary company" and therefore is not a "registered not-for-profit company". Mrs P McGaw-Lumsden noted the confusion may have arisen as the company does not expect to make a profit from the planned Invitational Track Meet.

Mrs P McGaw-Lumsden also advised that, as promised in the Minutes of the 223rd Meeting held on 25 January 2012, she had spoken with the mother of Ms Crystal Byrd. Mrs P McGaw-Lumsden confirmed that the young lady's Spanish Class teacher was organising bake sales to raise funds and that Ms Byrd was working on weekends to raise funds for her trip. Members agreed that the Authority should sponsor Ms Byrd in the amount of \$150.00.

At this point Mrs P McGaw-Lumsden and Mr T Hydes left the meeting as they had other commitments.

Current Business

- a) **Cayman Water Company (CWC) Interim Licence Extension.**

The Chairman reported that the CWC License extension expired on 31 January 2012 and the Ministry advised that Cabinet was expected to approve the seventh interim extension on 07 February 2012. It is important to deal with this without delay to ensure that there are no regulatory issues with CWC being in breach of The Water (Production and Supply) Law.

The Board agreed to recommend to Government that it grants CWC an amendment to their licence to process Seawater to Water for sale and to distribute and sell Water by means of pipes during the interim period and passed the resolution below to that effect.

Resolution

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 to 30 June 2012, in order to facilitate the ongoing negotiations. 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 pass the resolution was moved by Ms R Sharma, seconded by Mr W Scott and passed unanimously.

b) 2012/2013 Ownership Agreement.

The Chairman reported that the Ownership Agreement for the 2012/2013 fiscal period between the Cabinet of the Cayman Islands Government and the Authority is required to be submitted by the Authority under the Public Management & Finance Law 2010. The purpose of the Ownership Agreement is to ensure that ownership performance expectations for the year are clearly specified and agreed by both parties.

The Authority had originally prepared the 2012/2013 Ownership Agreement for review by the Board at the 25 January 2012 meeting. This original document had re-introduced Wastewater operations into the daily operations of the Authority due to the uncertainty of when the divestment process will be completed. However, the Authority was informed on 30 January 2012 that the divestment process must be restarted and completed by the end of the fiscal year. The Chairman advised that this meant that the Ownership Agreement previously provided had to be revised to only include the wastewater operations until 31 December 2012 to allow for a transition period.

The financial data as presented in the 2012/2013 ownership agreement will be consistent with that presented to the Board in May 2012 as part of the Authority's comprehensive Business Plan budget document. Members were provided with the income statement showing the revised numbers for 2011/2012 and the 2012/2013 budget numbers. The cash flow presented shows only two years of operations as there is considerable uncertainty to the future of the Authority making long term financial planning difficult.

The Chairman reported that the Secretary had prepared a brief overview of the 2011/2012 Financial Performance and the 2012/2013 Budget Projections. The Secretary proceeded to make a PowerPoint presentation of the highlights of the budget. A copy of the slides presented is attached as part of the record of these minutes.

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Redacted under Section 18 of The Freedom of Information Law, 2007



Ms A Owens expressed her satisfaction that the Authority's budget cycle was now more in sync with the Government's required timetable under the PMFL.

Members discussed various points in the 2012/2013 budget projections in the Ownership Agreement and expressed satisfaction with the document. There was further general discussion on the budget and members indicated their agreement with the proposed financials pending the amendments to salaries and the donations accounts.

The Chairman stated that the Board was respectfully asked to approve the 2012/2013 Ownership Agreement, the revised 2011/2012 Revised Budget and the 2012/2013 Budget Projections as amended. Mr W Scott moved the motion to approve the 2012/2013 Ownership Agreement, the revised 2011/2012 Revised Budget and the 2012/2013 Budget Projections as amended. Mrs A Owens seconded the motion and it was passed unanimously.

The Chairman and members thanked the Secretary for the presentation and the documents provided. The Secretary thanked members and noted that she must also give much credit to the Financial Controller and her staff. Members

requested that their appreciation be passed on to the Financial Controller and her staff as well as Department Heads.

Donation Requests

The Chairman advised that the amount available for donations was \$2,000 (including the commitment to the Pines).

a) **Chamber of Commerce Earth Week 2012 - Earth Day Roadside Clean-Up.**

Members agreed to sponsor the Chamber of Commerce Earth Week 2012 - Earth Day Roadside Clean-Up in the amount of \$500. The motion was moved by Mr T Hydes, seconded by Ms A Owens and passed unanimously.

b) **John Gray High School - Personal Planners for 2012/2013 for Students.**

Members decided not to sponsor the John Gray High School's request to provide Personal Planners for 2012/2013 for Students.

c) **Clifton Hunter High School - Uniforms for Netball Teams.**

Members agreed to sponsor the Clifton Hunter High School's request for assistance to provide uniforms for Netball Teams in the amount of \$500. The motion was moved by Mr T Hydes, seconded by Ms A Owens and passed unanimously.

d) **Cayman Rugby Football Union - CI National Sevens Squad Olympic Qualification.**

Members agreed to sponsor the Cayman Rugby Football Union's request for assistance in preparing the Cayman Islands National Sevens Squad for Olympic (2016) Qualification in the amount of \$500. The motion was moved by Mr T Hydes, seconded by Ms A Owens and passed unanimously.

e) **CI National Dance Company-Dance Unlimited.**

Members agreed to sponsor the CI National Dance Company-Dance Unlimited's request for assistance for the 23rd Annual Dance Performance in the amount of \$500. The motion was moved by Mr T Hydes, seconded by Ms A Owens and passed unanimously.

f) **[REDACTED] - Request for financial assistance to participate in 2012 Olympics.**

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of The Freedom of
Information Law, 2007

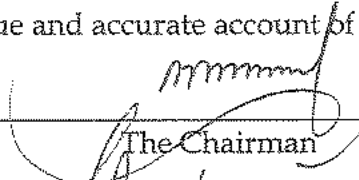
[REDACTED]
2012 Olympics. Members requested that [REDACTED] be referred to the CI Olympic Association for guidance.

As the donations account is practically depleted, it was suggested that the Secretary advise those requesting donations that the Authority's funds were depleted for this fiscal period.

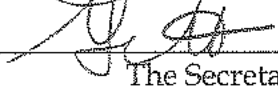
Any Other Business

There being no other business the Chairman thanked members for their cooperation and adjourned the meeting at 3:50pm.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary