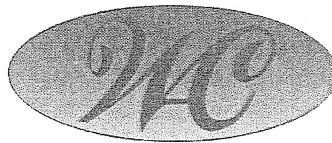


CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 225<sup>th</sup> Meeting held on 28<sup>th</sup> of March 2012

**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
Guest:	Mr David Fawcitt ( <i>from DAWLA Ministry</i> )
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 1:40pm after ascertaining that there was a quorum and acknowledging apologies from Mr T Hydes, Mrs P McGaw-Lumsden, Ms A Owens, Ms R Sharma, Mrs I Simms, and the absence of Mr C McLaughlin. The Chairman welcomed Mr J Banks back from his sick leave and also welcomed Mr David Fawcitt from the Ministry of District Administration, Works, Lands, and Agriculture (DAWLA). The Chairman then opened the meeting with prayer.

**Minutes of the 224<sup>th</sup> Meeting held on 8<sup>th</sup> of February 2012**

The Chairman asked for confirmation of the Minutes of the 224<sup>th</sup> Meeting held on 8<sup>th</sup> February 2012.

Mr W Scott moved the motion to accept the Minutes, Mr M Smith seconded the motion and the motion passed unanimously.

**Minutes of the Extraordinary Meeting held on 5<sup>th</sup> of March 2012**

The Chairman asked for confirmation of the Minutes of the Extraordinary Meeting held on 5<sup>th</sup> March 2012.

Mr M Smith moved the motion to accept the Minutes, Mr O Watler seconded the motion and the motion passed unanimously.

The Chairman thanked the Secretary for providing detailed and clear minutes.

**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 a response to his letter to the Minister of District Administration, Works, Lands, and Agriculture (DAWLA) dated 17 November 2011. On 16 February 2012 a meeting was held at the Government Administration Building (GOAB) to familiarise the Ministry of DAWLA's new Chief Officer, Mr Alan Jones with the developments to date on the wastewater assets sale.

The Chairman reported that on 28 February 2012 an e-mail was received from Mr T Hydes, Deputy Chief Officer, Ministry of DAWLA indicating that in the interest of time, the CTC Chairman had suggested that updated proposals should be obtained from the 3 original tenderers, and which should be based on the updated financial data instead of completely retendering. Additionally, as per the new CTC Chairman's instructions, a business case outlining the basic principles for selling the asset should be put forward, done in conjunction with the ESTAR report. The Ministry would reorganise the Technical Evaluation Committee (TEC) to allow the evaluation process to be carried out thoroughly and expeditiously. The Chairman reminded members that at the Extraordinary Board Meeting held on 05 March 2012, the Board agreed on the composition of the TEC and for the Water Authority to commence work on the business case.

The Chairman reported that on 04 March 2012 the Ministry received advice on the matter of retendering versus soliciting updated proposals from the Government's Legal Department and subsequently on 06 March 2012 the Ministry requested that the Authority seek independent legal opinion. The

\*Redacted under section 17 (a) and section 21 (1) (a) of The Freedom of Information Law, 2007

The Chairman advised that as requested by the Ministry, on 07 March 2012 the Authority wrote to Maurant Ozannes requesting a legal opinion, taking into account the Public Management & Finance Law, the FCO Framework for Fiscal Responsibility, the Water Authority Law as well as the historical documentation to date. A copy of the Authority's letter to the Maurant was provided to members. The lawyers were asked to clearly identify the related risks of each option, to allow the Authority and the Ministry to make decisions appropriate within the current relevant legal framework.

The Chairman reported that the Secretary and the Deputy Director met with the Authority's lawyers on 21 March 2012 to provide additional background information. The lawyers confirmed that their legal opinion would be available on 26 March 2012. The official letter was sent on 27 March 2012 and subsequently forwarded to the Ministry. A copy of the letter from the Authority's lawyers was provided to members.

\*Redacted under section 17 (a) and section 21 (1) (a) of The Freedom of Information Law, 2007

The Chairman stated that the Ministry now had in hand legal advice from the Government's Legal Department, the Water Authority's lawyers, plus advice from the Auditor General and feedback from the Central Tenders Committee Chairman. The Chairman advised that the Authority now awaits the letter from the Honourable Minister responding to his letter of 17 November 2011 inclusive of the directives on how the Government expects the Water Authority to proceed with the wastewater assets divestment process. The Chairman reported that in the meantime, the Authority's management would continue to work on the business case document which should be available next week. The Financial Controller is sick and unable to be in office this week thus completion of the document will depend on her availability.

Mr D Fawcitt acknowledged that the Ministry had received the legal advice provided by the Authority's lawyers however they had not had the time to review the advice thoroughly. Mr D Fawcitt also committed to ensure the response to the Chairman's 17 November 2011 letter plus the directives to the Water Authority in light of the various advices provided would be forthcoming.

The Chairman spoke in general to the level of maturity and integrity required of Boards as they operate in conjunction with Ministries. Tensions can emanate if Boards are inhibited or fettered in carrying out their duties by Ministries. Having the relevant Ministry represented on a Board helps but when the political policy makers make decisions without involving Boards, carrying out those directives becomes complicated at times.

\*Redacted under section 17 (a) and section 21 (1) (a) of The Freedom of Information Law, 2007



The Chairman reminded members that the Board and the Ministry have had the benefit of advice from the Office of the Auditor General (OAG) both from the document produced last year on procurement and most recently the confidential advice provided to the Ministry. The Chairman noted that in his opinion the Board has done the best it could under the circumstances to carry out the Government's directives while still trying to discharge its statutory duties. He reminded members of the awesome legal responsibility the Board has to safeguard the assets of the Authority on behalf of the people of the Cayman Islands and the Government and, to ensure that these are not subject to a fire sale.

**b) Public Piped Water Utility Lease Project (PPWULP) - Update.**

The Chairman reported that the Authority was under pressure from every angle and further to that, on 29 February 2012 the Authority was advised via email of the Ministry's suggested timeline to complete the lease process for the Authority's water utility's assets. The Ministry was advised that the Authority's main priority is to complete the wastewater assets divestment process before the end of this fiscal period (2011/2012) as the Ministry had directed.

The Chairman advised that on 06 March 2012 the Authority meet with representatives from KPMG to discuss the Strategic Options Analysis (SOA). KPMG requested additional information which the Authority is in the process of preparing. Via Ministry email on 26 March 2012, the Authority was informed by the Ministry had now been directed to report to the Financial Secretary this week on a firm timetable for this disposal (from a financial perspective, the expected date of the capital receipt being the important

aspect). The email also stated that the Ministry is under considerable Ministerial pressure to complete this transaction no later than December 2012.

The Chairman reported that the Authority's management had responded that a draft timeline would be available for the Board's review at 28 March 2012 Board meeting. A copy of the draft timeline was provided to members. The Secretary explained that the proposed timeline was tentative and remained dependent on several factors. The Chairman noted that the Ministry had offered to provide additional resources if that would assist the process. The Secretary acknowledged the offer but explained that adding additional persons at the appropriate level who are not familiar with the Authority's business operations will still require the time of senior staff to ensure proper training and familiarisation takes place. The Secretary also asked that members take into consideration the Authority's other commitments and priorities such as the uncertainty of how to plan the timeline for the wastewater divestment; the pending water utility lease project; the Bodden Town Waste Management Facility; normal operations; Randyke Gardens repairs; Go-Live for the billing project; reviewing ICC Codes for plumbing, buildings, and onsite waste disposal; staff sick leave; and senior managers' leave, etc. The Secretary explained that it becomes complicated when trying to juggle all of these very important matters that involve many of the same senior staff. Nevertheless, Secretary advised that the Authority understands CIG's need for the lease to be done before the end of the year and the Authority will do its best to ensure it meets that requirement whilst following due process and with a realistic timeline.

Additionally, the Secretary noted that it is very critical that all understand the implications and changes that need to occur simultaneously to establish the regulatory Water Authority. For example, there are implications such as how many of current staff will the new owner of the Lease be able to absorb and, where will the Water Authority be housed. The internationally accredited laboratory will go with the regulatory function so it is likely that the Water Authority will have to rent the current facilities from the new owner of the Lease in the short/medium-term. Working through all of these details are best not rushed.

In reference to the timetable proposed, Mr D Fawcitt asked when the Cayman Islands Government would get the cheque for the PPWULP. The Chairman advised him that based on the timetable submitted it would likely be available the first week of January 2013.

After some further brief discussion, members agreed to approve the timetable for the PPWULP.

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

The Chairman reported that further to the updates at previous Board meetings on the failing wastewater treatment systems at the Randyke Gardens development, and after missing several deadlines, the Strata managed to meet the Authority's requirements in order to start the repairs. On 27 February 2012 the Authority was notified that the electricity supply had been restored to all wastewater treatment systems. As a result the Authority had confirmed with the Strata that it will carry out the repairs.

The Chairman informed members that as many of the apartments have illegal additional structures; the Authority requested the Planning Department to follow up to ensure that these structures are in compliance with Planning and Building requirements as they impact the wastewater treatment systems.

The Chairman reported that the Water Authority's engineering staff carried out a preliminary inspection in early March 2012. All pre-tanks were emptied by Watler & Hislop on 20 March 2012, and all disposal wells were blown out 2 days later.

So far it has been determined that 3 pump tanks are cracked and will be replaced with concrete tanks, which have been ordered through CI Precast. This preliminary investigation showed that nearly all blowers and the majority of the pumps are still operable. A more detailed inspection of the electrical portion of the system will be carried out during the week of 26 March 2012 week, after which all necessary parts will be ordered.

All work will be carried out in-house using resources and equipment from both New Works and Operations-Wastewater.

d) **Miscellaneous Updates.**

a) *In-House Pipelaying Crews* - The Chairman reported that one of the in-house pipelaying crews commenced work on the pipeline upgrade in Mangrove Avenue. By 12 March 2012 all temporary service lines had been installed on the first section. To date approximately 900 feet of 8-inch pipeline has been installed (of a total of approximately 3,800 feet).

The Chairman noted that one of the trenchers is still unavailable. A new cutting chain was ordered and it is expected that this machine should be available by mid-April, at which time work will continue with the installation of a 200mm pipeline in the new road to the Blue Iguana Reserve.

In the meantime, some of the second pipeline crew members have been assisting with the preliminary work at Randyke Gardens. Also this crew

has installed a 4-inch pipeline (320 feet in length) in July Street for water service to the new affordable housing project (in Windsor Park).

- b) *Water Supply Division* - The Chairman reported that the pipeline replacement on Apollo Link/East Boulevard (Windsor Park area, off Walker's Road) started in late February 2013. The first section (from Walkers Road along Windsor Park Road to the junction with Apollo Link) was completed during the week of 19 March 2012 and all customers have been connected to the new pipeline. Work on the second section (Apollo Link to Walkers Road) will commence this week.

The Chairman reported that the Water Authority had not yet received a response to their request made in December 2011 to commence the pipeline upgrade work in Shedden Road. As the present Cabinet had previously agreed to lift the moratorium for new trench work by July 2012, work in Shedden Road will now be scheduled to start in early July 2012. Unfortunately this means that work will be carried out during the rainy/hurricane season.

- 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 their mistake with the billing multiplier for the period December 2004 through May 2011.

The Authority continues to replace electrical wire at the wastewater treatment plant, due to electrical shortages as a result of deterioration of the insulation. The electrical engineer Carlos Vargas has identified a better alternative, but in view of the impending sale of the wastewater assets, a wholesale change-out to this alternative is not considered at this time, due to the cost and available resources. The Secretary noted that the delay in undertaking the required investigations and rehabilitation of the collection system is resulting in increased maintenance and electricity costs.

- d) *Red Gate Administration Building-AC Replacement* - The Secretary reported that Andro started 28 March 2012 with the installation of the AC unit for the Lobby Area. Both the 5-ton condensing unit and air-handler are on island. An access hatch to the attic space (for the air-handler) was provided by the Authority's Building & Equipment department during the week of 19 March 2012. It is anticipated that Andro will have completed all work related to the stand-alone AC unit for the Lobby Area by early next week.

During the weekend of 24-25 March 2012, Edgewater Development Ltd started the preliminary work required to construct the two housekeeping pads for the new 17 Ton condensing units for the administration building (to be constructed between the Administration Building and the Operations Building).

The shutdown of the existing system for the Administration Building is scheduled to take place over the long weekend in May (Discovery Day), thus minimising the impact on the Authority's customers.

- e) *Red Gate Water Works - Erection of New Bolted Steel Tank* - The Chairman reported that the tank panels arrived on island. Construction of the tank foundation and tank will start the week of 26 March 2012.
- f) *Cogsdale Billing System* - The Chairman reported that the training sessions held 19-23 March 2012 went well. Training focused mainly on Customer Service and Finance staff; however users from various other departments, including Cayman Brac were involved. The majority of activities required to be completed to support the Go-Live on 10 April 2012 have been done inclusive the notification to customers of impending changes.

The Secretary noted that the Cayman Brac staff was instructed to ensure that when recording orders in the billing system for trucked water delivery that a "specific amount" is requested by the customer. In the last few years they have taken requests to "fill up" tanks. This billing management process requires an amount to be specified in order to generate a service order. This will enable the Authority better audit and track the amount of water sold.

There are several items remaining to be dealt with before, during or immediately after the Go-Live on 10 April 2012 however the Chairman reported that the above items are deemed achievable prior to Go-Live.

- g) *Review of Plumbing Code, Private Sewage Disposal Code and the Building Code* - The Chairman reported that the Planning Department/Building Control Unit invited the Authority to participate in the review of the International Plumbing Code, International Private Sewage Disposal Code and the International Building Code. These codes are already in use in the Cayman Islands; however out-dated versions are in use. These codes are published by the International Code Council and are revised on a 3 year cycle. Planning/BCU intends to adopt the 2009 version of the codes. The purpose of the review is that, where applicable, specific requirements for the Cayman Islands are adopted. The Authority with its role as regulator of wastewater treatment and disposal, licensing of plumbers and its general activities in construction is a stakeholder in this review and as such has been asked by Planning/BCU to participate. Senior staff will represent the Authority at the meetings that are scheduled in April 2012.
- h) *For Cayman Investment Alliance - George Town Landfill Closure and new Waste Management Facility in Bodden Town* - The Chairman reminded members that the For Cayman Investment Alliance (FCIA) is the agreement between CI Government and Dart Realty Cayman Limited (DRCL) to stimulate the economy by Government creating specific conditions to facilitate DRCL's development plans. A major component is the proposed George Town Landfill (GTLF) closure and development of



the new Waste Management Facility in Bodden Town (WMF). In September 2011 the Authority received the application for the subdivision of a property of 500+ acres in Bodden Town to create an approximately 100 acre property for the WMF. In September 2011 DRCL also met with Water Resources staff to present the preliminary plans for the WMF. Limited activity took place on this issue until early February 2012, when a meeting was organised by DRCL with Minister Scotland, Minister O'Connor Connolly, MLA's, Ministry staff, Government agencies, DRCL representatives, APEC and other consultants working for DRCL. At this meeting the overall plans for the George Town Landfill Closure and the Waste Management Facility in Bodden Town were presented and the Government agencies were invited to provide feedback on these proposals. DOE and the Authority advised the Ministers that it would be best that the various Government agencies work together to carry out a comprehensive environmental review of these proposals.

The Chairman reported that Government then agreed to a comprehensive review of the plans by the Environmental Advisory Board. This Board is not an official body under current legislation, but is established under the draft National Conservation Law and serves to review projects that have major environmental impacts. The Department of the Environment chairs the Board and the National Roads Authority, Department of Environmental Health, the Petroleum Inspector, Planning and the Water Authority are represented on this board, in addition Mr Darrel Rankine; the Ministerial Council also participates in the EAB meetings that review the landfill proposals. Since the initial February 2012 meeting the EAB has commenced its detailed review of the plans.

The Chairman reported that, in summary, DRCL's proposal is to provide Government with a 100 acre property in Bodden Town (east of Midland Acres) for a Waste Management Facility, DRCL will build phase 1 of the WMF, this includes 1 of the proposed 7 lined landfill cells, site roads, buildings and the infrastructure to facilitate the commencement of the WMF. The facility will include a leachate collection and treatment system. A Waste to Energy Facility (WTE) is not provided by DRCL and is an option for Government to pursue later on. Government will be responsible for future phases of the WMF beyond phase 1. Upon completion of phase 1 of the WMF, the Department of Environmental Health will cease operations at the George Town Landfill and commence operations at the WMF. DRCL will take ownership of the GTLF and close that landfill including capping of the waste mound, carry out environmental monitoring and remediate the landfill.

The Chairman reported that upon request from the Ministers, the EABs priority was the review of the WMF. The Ministers instructed the EAB to limit the review to the proposals as presented by DRCL and not to carry out a review of the most suitable overall waste management solution for Grand Cayman. Also the Ministers instructed the EAB not to examine

alternatives for the location of the WMF in Bodden Town. The EAB meets weekly to move the reviews along as quickly as possible; in addition there are bi-weekly meetings with Government and DRCL/APEC. To date the EAB has completed its initial review of the WMF including the Environmental Review that DRCL proposed. As a result comprehensive Terms of Reference (TORs) are now being developed for the Environmental Impact Assessment of the WMF. Ministers have agreed that both the TORs and the draft Environmental Report are subject to public consultation. The Authority's focus as member of the EAB is on the issues relating to protection of groundwater and surface water, geology, hydrogeology and stormwater management. In the course of last week the EAB commenced its review of the closure, aftercare and remediation plans for the GTLF.

The Chairman reminded members that both the GTLF closure and WMF in Bodden Town are major infrastructural projects that have significant impacts on Grand Cayman including considerable environmental impacts. These projects are also subject to a high level of public scrutiny, especially in Bodden Town, where many residents are concerned about the impacts of the new facility on the district and their way of life. The Authority is represented on the EAB by Catherine Crabb, the Senior Development Control Technologist and Hendrik van Genderen, the Water Resources Engineer.

- i) *FOI updates* - The Chairman reported that three new requests were received as of 20 March 2012 as shown in the Freedom of Information (FOI) report provided to members. The Chairman noted there was a request for Board minutes and that the Authority's FOI Manager is responsible to ensure Minutes are redacted where necessary. The Secretary said that she does not have a role in the release of documents unless the person requesting is not satisfied and requests an internal review of the process.
- j) *Annual Report 2010/11* - The Chairman reported that 57 copies were delivered to the Ministry for presentation and approval in the Legislative Assembly.
- k) *Meeting with the FCO Economic Advisor* - The Chairman reported that the Governor's office had requested that the Authority's management meet with the Mr Richard Holmwood, the FCO's Economic Advisor to the British Overseas Territories. The Secretary and Deputy Director met with Mr Holmwood on 15 March 2012. Mr Holmwood is on a familiarisation trip but was also taking the opportunity to discuss public finances. Mr Holmwood requested to be briefed on the Authority's wastewater divestment process and the potential lease of the water utility which was done. Mr Holmwood also indicated that the FCO would be able to arrange for contact with OFWAT and other relevant agencies to assist the Authority in the development to its regulatory arm.

### Current Business

a) **Request for Bill Adjustment re Customer Account** \*

\*Redacted under section 23 of The Freedom of Information Law, 2007

The Chairman reported that a letter was received from \* dated 22 November 2011 but received at the Authority on 31 January 2011 regarding a high water bill on the above account. 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 05 October 2011 the customer made a complaint that his meter box had been run over by a car and was badly damaged. The meter box was replaced on 11 October 2011 by the Authority. On (Saturday) 22 October 2011 the Authority's Operator on emergency call-out received a call regarding a leak at the above account. The Operator repaired the broken PVC pipe which was on the customer's side of the check valve. The customer requested that the Board consider reducing his bill as he is elderly, retired, and diabetic and the apartment served by the meter provides him and his elderly wife with an income.

The Chairman noted that 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 Management. Members discussed the customer's situation and agreed that the customer should be advised that they reviewed the request and decided not to discount or waive the bill as the customer is responsible for all usage downstream of the meter. However members directed that, in consideration of the customer's personal circumstances, a payment plan should be offered with a repayment time manageable (up to 18 months) to the customer along with offer to waive late penalties.

### Donation Requests

The Chairman advised that the amount available for donations was approximately \$1,600 (including the commitment to the Pines).

a) **Lions Club of Grand Cayman for White Cane Week.**

Members agreed to sponsor the Lions Club of Grand Cayman's White Cane Week in the amount of \$100. The motion was moved by Mr J Banks, seconded by Mr W Scott and passed unanimously.

b) **Cayman Crisis Centre - 2012 Jingle Bell run/walk.**

Members decided to defer a decision on this request until after the start of the 2012/2013 fiscal period and the organisation should be requested to contact the Authority in July or August 2012.

**c) Botanic Park – Request for Sponsorship/voucher or Preferential Rate.**

Members agreed, in reference to the Botanic Park's request for sponsorship/voucher or preferential rate, to provide a gift certificate voucher for water in the amount of \$100. The Botanic Park should also be reminded of the Authority's support by installation of pipelines several years ago. The motion was moved by Mr J Banks, seconded by Mr W Scott and passed unanimously.

**d) Cayman Islands Netball Association – Stella Maris Dance Ensemble Fundraising Event.**

Members agreed to sponsor the Cayman Islands Netball Association's Stella Maris Dance Ensemble fundraising event in the amount of \$100. The motion was moved by Mr J Banks, seconded by Mr W Scott and passed unanimously.

**e) Alexandra Franklin – Global Young Leaders Conference in China summer 2012.**

Members agreed to defer a decision on this request until after the start of the 2012/2013 fiscal period.

**f) Cayman Brac Red Cross – Annual Karaoke Fundraiser.**

Members agreed to sponsor the Cayman Brac Red Cross' Annual Karaoke Fundraiser by providing 5 gift certificates for 1000gallons each of trucked water. The motion was moved by Mr J Banks, seconded by Mr W Scott and passed unanimously.

**g) Ratification CI Basketball Association Donation of 4 Gift Certificates.**

Members agreed to ratify the decision, solicited via round robin email to members, to sponsor the CI Basketball Association by providing 4 gift certificates for water each one valued at \$25.00 for a total value of \$100.00. The motion was moved by Mr J Banks, seconded by Mr W Scott and passed unanimously.

**h) George Town Primary School.**

Members agreed to hold \$500 to reserve a plaque and suggested that the Water Authority staff be encouraged to contribute if possible up to a total amount of \$500 to match the \$500. The George Town Primary School is trying to raise funds to establish a playground. The motion was moved by Mr J Banks, seconded by Mr W Scott and passed unanimously.


**i) National Gallery of the Cayman Islands.**

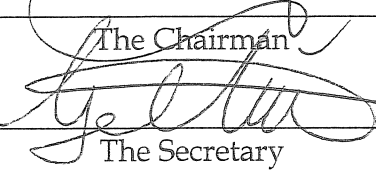
Based on a request from the National Gallery of the Cayman Islands dated 26 March 2012, members agreed to vary the decision made on 07 September 2011 at the 218<sup>th</sup> Meeting of the Authority to donate one of the Sculptural Water Fountains for the new gallery. The National Gallery's request to allow the full donation of \$50,000 to be made to the Building project with the Water Authority maintaining the privilege to name the

"Water Fountain" feature to be placed in the National Gallery gardens was approved.

There being no other business the Chairman thanked members for their cooperation and adjourned the meeting at 2:59pm.

This is a true and accurate account of the proceedings.

  
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The Chairman

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

