

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 229th Meeting held on 15th of August 2012

Members Present:

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

Call to Order

The Chairman welcomed members and called the meeting to order at 1:43pm after ascertaining that there was a quorum and acknowledging apologies from Ms A Owens, Mrs I Simms, and the absence of Mr C McLaughlin. The Chairman then opened the meeting with prayer.

Minutes of the 228th Meeting held on 06th of June 2012

The Chairman asked for confirmation of the Minutes of the 228th Meeting held on 06th June 2012.

Ms R Sharma and Mr W Scott noted the following corrections:

Page 3, 4th paragraph, 4th line should read "...same time as the Tender....."

Page 3, 4th paragraph, 6th line should read "...should seek updated proposals"

Page 6, 2nd paragraph, 1st line should read "...reported that it is now....."

Page 6, 3rd paragraph, 2nd line should read "...pipelaying crews continued work....."

Page 8, last paragraph, last line should read "...provides considerably more....."

Page 10, last paragraph, 4th line should read "...with the OAG signing off....."

Page 11, 3rd paragraph, last line should read "...to update this information as requested by the Ministry....."

Mr W Scott moved the motion to accept the Minutes as amended, Mr J Banks seconded the motion and the motion passed unanimously.

Declaration of Conflicts of Interest

Mrs P McGaw-Lumsden declared a conflict of interest with item (f) under the Donations Requests section of the agenda.

Matters Arising

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

The Chairman reported that by 22 May 2012 the Water Authority had completed the Request for Proposal document (RFP) and the relevant financial documents for release to potential bidders, and the Central Tenders Committee (CTC) had accepted the sections of the RFP that reference CTC's involvement in the tender process and the tender assessment criteria.

The Chairman noted that CTC and the Water Authority await the policy statement justifying the need and urgency for an island-wide wastewater collection system, as requested by the CTC Chairman. Additionally the Water Authority Chairman awaits a response from Government to his letter dated 28 May 2012 requesting Government's response to the Business Case.

The RFP document cannot be issued and the divestment process cannot proceed until these matters have been resolved and the Authority is confident that the open tender process will be facilitated by the CTC.

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

The Chairman reported that KPMG provided scanned versions of the audited special purpose financial statements on 12 June 2012. The Authority subsequently received two hard copies of these statements. This engagement for 30 June 2011 is complete.

As noted at the last meeting, the Chairman reported that budget financial information used in the analysis was provided in early 2012 and had since been updated with the new 2012/2013 budget. The Authority and KPMG feel it is prudent to use the most recent actual (vs. budget) information to provide the most comprehensive and relevant financial analysis and hence will use the 30 June 2012 figures to complete the SOA. As the 30 June 2012 financial information is still pending the SOA progress is temporarily on hold until that information is made available. Once the 30 June 2012 financial information is available a solid draft of the SOA will be available post haste and it is still the expectation that the draft will be available for the September 2012 meeting.

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

The Chairman reported that the 8 pumping stations were operational since mid-June 2012 and therefore no untreated wastewater has been discharged unto the ground for the last two months (with the exception of some discharges from illegal building extensions).

The Chairman reported that although the actual wastewater treatment plants are operational, not all work is completed: new vanes must still be installed on 3 blowers (to replace the worn vanes and increase the air output); these replacement vanes arrived late during the week of 06 August 2012. In addition, a few pump floats remain to be installed.

The Chairman explained that the Water Authority also experienced some setbacks as a result of bad weather and instances of vandalism. In mid-July 2012 one of the pump control panels was badly damaged, and during the weekend of 04 August 2012 another pump control panel was completely destroyed, possibly by a truck reversing over the pump station. Photos of the damage were made available for members' review. Concrete bollards are being installed around all pre-tanks and pump stations to stop any vehicular traffic. A new box for the damaged pump control panel has been ordered (miraculously the control panel still works). The Chairman reported that the Authority intends to hand-over the responsibility for the treatment systems at Randyke Gardens to the Strata no later than the end of August 2012.

d)

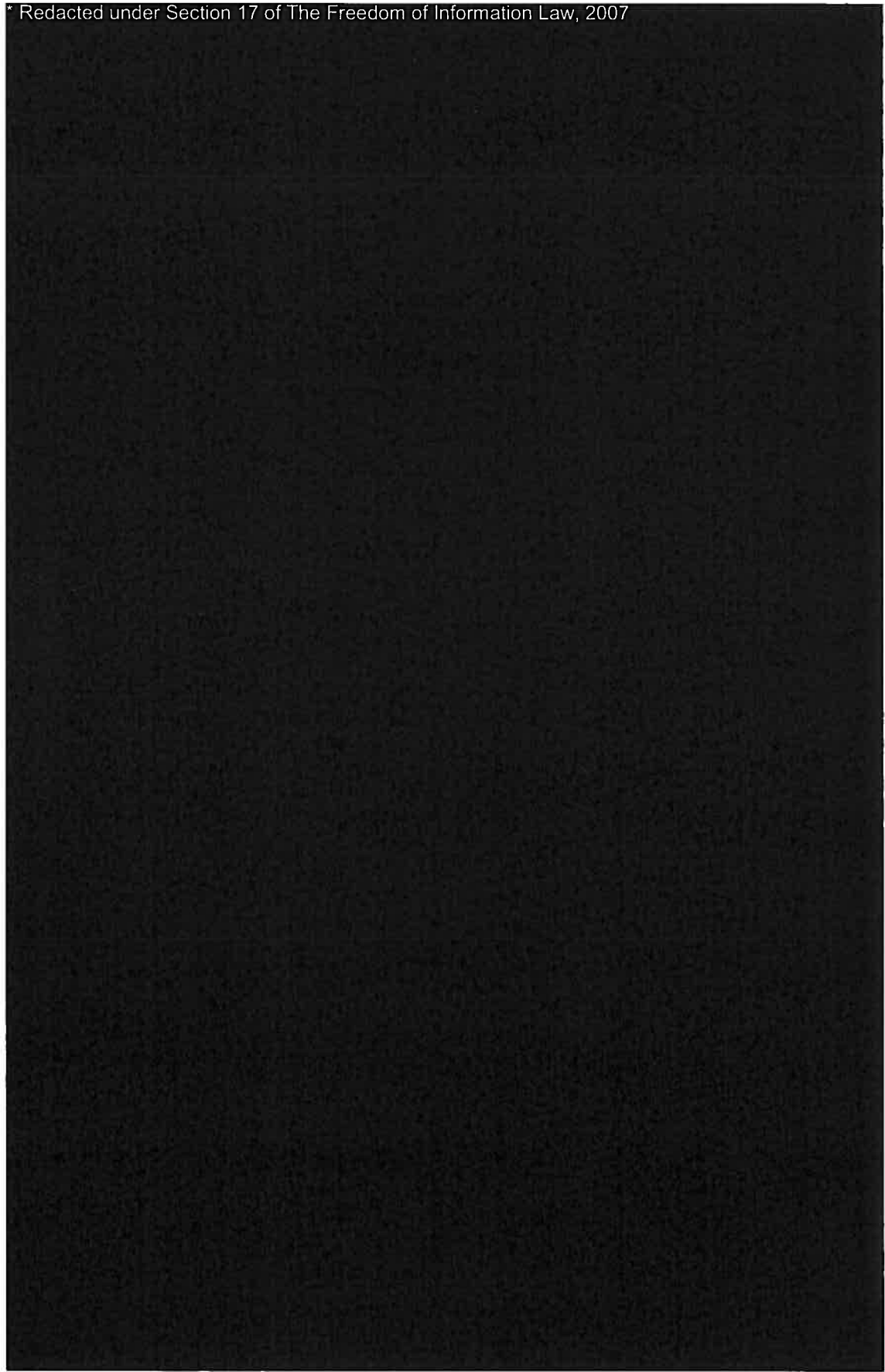
* Redacted under Section 17 of The Freedom of Information Law, 2007




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e) **30 June 2012 Audit.**

The Chairman reported that the Authority had received written confirmation from the CTC and the OAG to use KPMG to conduct the 30 June 2012 annual audit as well as the special purpose financial statements for the three divisions of the Authority. This will substantially reduce the workload for the Authority as there will only be one audit and not two as in 2011. The letters of engagement have been drafted and will be finalised during the week of 20 August 2012 when the Financial Controller is back in office. Communication with KPMG indicates that they are planning to be onsite the first week of September 2012 to conduct the audit. Both teams (WA and KPMG) expect to meet the 31 October 2012 Public Management and Finance Law deadline for completed statements.

f) **Miscellaneous Updates.**

a) *In-House Pipelaying Crews* - The Chairman reported that one of the in-house pipelaying crews continued work on the pipeline upgrade in Mangrove Avenue. The third and last section, comprising 1,300 feet of 8-inch pipe between Almond Avenue and Orange Drive, has now been completed and has been tested. This section was disinfected on 13 August 2012. It is anticipated that by the end of the week of 13 August 2012 this last pipeline section will have been commissioned and all properties connected to the new pipeline.

The Chairman reported that on 26 July 2012 the other pipelaying crew completed the installation of a 3-inch pipeline at South Sound for Mr

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

* [Redacted]. On 02 August 2012 this crew completed the connection of a new sub-division off the Queen's Highway including the disinfection and flushing of the pipeline. This crew also continued the work in Randyke Gardens.

- b) *Water Supply Division* - The Chairman reported that on 15 July 2012, Operations-Water Supply commenced the pipeline upgrade (from 8-inch to 12-inch) in Shedden Road, between Dr Roy's Drive and Harbour Drive and a small section at the intersection with Elgin Ave.

The first section, between Harbour Drive and the intersection with Main Street will be completed on 15 August 2012 and will be tested and disinfected during the week of 13 August 2012. The second section will be a short section in Elgin Avenue, between the intersection with Shedden Road and Louise Llewellyn Way. The crew will then progress along Shedden Road from the intersection with Main Street to Dr Roy's Drive.

All work is carried out at night, between the hours of 10pm and 6am, to minimise the inconvenience to businesses, residences, motorists and pedestrians. It is anticipated that all work will be completed by early October 2012.

- c) * Redacted under Section 21 (1) (a) (ii) of The Freedom of Information Law, 2007



* Redacted under Section 21 (1) (a) (ii) of The Freedom of Information Law, 2007

completed these projects. Based on the report the Board agreed that the Authority should seek to carry out recommendations #1 through #4 during this fiscal period utilising the funding set aside for replacement of Reservoir #2 at the Red Gate Water Works site. The ESD will comprehensively review the impact of delaying this project and whether it is feasible to decommission the reservoir and do without it during the 2013 hurricane season. Members requested that the Authority advise the Ministry of this change upon finalisation of the review by the ESD regarding the removal of Reservoir #2. Recommendation #5 in the ESD report would need to be done in 2013/2014 if the wastewater assets are not divested by then.

d) * Redacted under Section 21 (1) (a) (ii) of The Freedom of Information Law, 2007

e) *Red Gate Administration Building-AC Replacement* - The Chairman reported that the UV disinfection lights had been installed. This project is now complete.

f) * Redacted under Section 21 (1) (b) of The Freedom of Information Law, 2007

- g) *Cogsdale Billing System* - The Chairman reported that on the customer service side, Cogsdale was working well with the exception of one unresolved issue. This issue relates to multiple e-bill notifications being sent to customers. Cogsdale identified this as an inherent issue in the software that should be resolved as soon as the new release of the software is in place. The Authority's Information Department is working on resolving the remaining issues with the month end bill printing process that are related to hardware/setup/electricity source.

The Chairman reported that on the finance side the Authority faced significant challenges after the implementation of Cogsdale which have yet to be satisfactorily resolved. Specifically the Authority observed that the individual systems (Cogsdale and GP) appear to be working well in isolation and the challenge appears when the systems are to integrate, more specifically the Cogsdale transactions appear not to be following the pre-determined G/L distribution coding, and hence the transactions are being distributed to the wrong accounts. All resources (IT, Customer Service, Finance and Cogsdale) have given this their highest priority and steps have been made to solve these issues, however it does appear that there are some pending outstanding issues that have yet to be resolved with the proposed "fixes".

Some of the issues being experienced have been identified by Cogsdale as "bugs". Two of these issues are: (1) Payment import creating negative bill amounts, Finance now has a "fix" from Cogsdale for these transactions when the problem occurs. Cogsdale has a solution in the software upgrade that the Authority will undertake once all of the issues prior to 30 June 2012 are fixed. (2) Posting of payment transfers, Cogsdale is in the process of creating a list of these transactions so that Finance can make the necessary adjusting entries in the bank rec.

The Chairman reported that prior to the bill run on 31 July 2012; fixes were made to the G/L set-up that fixed most of the earlier issues. However, some additional issues were identified after the July bill run, some of these are user issues that have been addressed with the relevant staff being re-informed on the correct entries/selections to make. Other issues relate to postings being correct but not able to see the journal entry in the detailed customer service management detailed distribution list.

The Chairman reported that the finance related Cogsdale issues create a significant challenge for the Authority as the 31 August 2012 deadline for submission of audit working papers is approaching and the Authority finds itself in the unique position of not being able to produce accurate and timely information which hinders management's ability to present accurate financial information to the Board and also the preparation of the 30 June 2012 financial statements. The Finance Department has shifted focus and is spending 100% of efforts on getting the required financial information for 30 June 2012. Issues identified in the July/August 2012 will have to be

dealt with at a later date as the immediate priority is to meet the 31 August 2012 deadline. Additionally, the Authority is working with Cogsdale on whether it is necessary to have onsite resources to assist with urgently resolving these issues.

The Chairman reported that the Financial Controller was on leave, however she recognises the importance and significance of this issue and will work diligently with her team upon her return (20 August 2012) to solve the outstanding issues. The Board and specifically Board member Ms A Owens will be kept abreast of all progress. The Secretary apologised and asked for the Board's patience as even with the best planning and implementation programme with massive software changes such as the move to Diamond from Cogsdale it is expected that there would be unpredictable issues for several months as the "bugs" are worked out. Members noted the situation and asked that the Authority's management do everything possible to meet the relevant reporting deadlines.

- h) For Cayman Investment Alliance - George Town Landfill Closure and new Waste Management Facility in Bodden Town* - The Chairman reported that further to previous updates on the proposals of the For Cayman Investment Alliance (FCIA) to close the George Town Landfill (GTLF) and to establish a new Waste Management Facility (WMF) in Bodden Town, the Authority continued to work closely with the Environmental Advisory Board (EAB) on both projects. The draft Terms of Reference for the Environmental Impact Assessment are close to being agreed upon between the EAB, Dart Realty Cayman Ltd (DRCL) and their consulting team consisting of APEC, a local consulting firm, and Cardno Entrix (CE), a global environmental consulting firm. The EAB recommended that DRCL included an environmental consultant in their team with experience in Environmental Impact Assessment. CE was accepted by the EAB as a suitable candidate from 3 consultants proposed by DRCL. DRCL funds this consultancy. With regards to the WMF, the EAB has queried the suitability of the single liner system as proposed by DRCL versus a double liner system, the leachate collection system and the master plan for the site. The next step for the WMF is to take the draft Terms of Reference to the public for consultation and public input. Public meetings are planned in Bodden Town and George Town; dates for these meetings have not been established yet.

The Chairman reported that with regards to the closure of the George Town Landfill, DRCL has asked the EAB to accept their proposed plan in principle. This plan intends to:

- 1) Put a marl cap with vegetation over the landfill;
 - 2) Use risk based criteria to protect the environment;
 - 3) Develop a targeted environmental monitoring plan to verify that no unacceptable levels of contaminants are released to the environment;
- and

- 4) If unacceptable releases/exposures are detected, DRCL will implement additional monitoring and remediation to address unacceptable exposures.

The Chairman reported that the EAB had not endorsed the proposal and is seeking clarification about Government's liability, regulatory issues and the technical soundness of the closure proposal. In order to move forward on the proposal to close the GTLF, the EAB recommended to Government that an independent third party review of the proposal is carried out.

The Department of Environmental Health commenced solicitation of bids through the Ministry of DAWLA for an independent third party consultancy for the technical issues of the GTLF and the WMF. The Ministry asked some of the EAB members, including the Water Authority, to review the proposals from third party consultants. Recently several meetings took place to review the bids, it is expected that the contract will be awarded shortly to the consulting firm that scored the highest in the evaluation out of the 5 firms that submitted a proposal. The evaluation awarded points for the general technical level of the firm, the technical specifics of their proposal and the cost of the third party review. The third party review will be funded through the Ministry of DAWLA.

- i) *FOI updates* - The Chairman reported that two new requests were received as of 15 August 2012 as shown in the Freedom of Information report provided to members.
- j) *Annual Report 2010/2011* - The Chairman reported that the Water Authority had sent the over 57 copies of the approved annual reports on 23 March 2012. It is expected that the documents will be tabled in the Legislative Assembly at the next sitting of the House.
- k) *Rate Adjustment Revision* - The Chairman reported that that with the Cogsdale issues having priority and the update financial data dependent on the resolution of the Cogsdale issues, the Authority had not completed the work on this project. As soon as the Cogsdale issues are dealt with the Authority will be able to complete this work, hopefully prior to the September 2012 Board meeting.

Current Business

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

[REDACTED]

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

The Chairman reported that in a letter dated 09 July 2012, [REDACTED], manager of [REDACTED] wrote to the Water Authority on behalf of the Strata of [REDACTED] requesting consideration to remove a late fee of \$10. This late fee was applied by the Water Authority because payment was received late. The Strata of [REDACTED] requests that this fee and any additional fees be

removed as they are a respectable company and make their payments in a timely manner.

The Authority applied the late fee as it does for many other customers when their payments are received late and [REDACTED] was advised that management had no basis upon which to reverse the late charge. The Secretary respectfully sought members' guidance on this request. The Secretary received an update from Customer Service regarding the current late fees outstanding of the amount of \$39.36. Members discussed the customer's request and agreed that the customer should be advised that the Board reviewed the request and decided that as per the Water Authority's policy regarding late fees, the late fees of currently \$39.36 owed by the customer remained due and payable to the Authority.

b) **Request for Extension of Mains to [REDACTED]**

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

[REDACTED].
The Chairman reported that a letter was received from [REDACTED] dated 08 June 2012 requesting the Board's consideration to extend the water mains her property [REDACTED]. She indicated that both her and her sister [REDACTED] situated on [REDACTED] (via submission of application forms for water service) would like to have water connections. The Water Authority (WA) requires that its water meters are installed just inside the property they serve. Therefore the water meter/s must be installed on [REDACTED].

The Chairman reminded members that the Water Authority's policy (in place since 2001) regarding the extension of water pipelines into private roads (which includes Private Rights of Way, such as the access road to this property) limits the available options, and can be summarised as follows: the Water Authority will extend the public water supply system within private roads at no cost, up to a maximum length of approximately 100 linear feet per single residential customer.

The Chairman advised that the pipeline extension to the boundary of the abovementioned property is approximately 300 linear feet (excluding the work in the public road). It is anticipated that the entire trench will be in solid rock. The current cost estimate for this work is \$60.00 per linear foot. The total estimated cost to the Water Authority for this pipeline extension is therefore \$18,000.00. [REDACTED] contribution for this pipeline extension under the WA policy would therefore be \$6,000.00 (comprising 100 feet @ CI\$ 60.00/ft.), as the cost for the first 200 feet (2 customers @ 100 feet each) will be absorbed by Water Authority. Once a pipeline has been installed up to [REDACTED] this pipeline would also provide water service to the adjacent property [REDACTED], when it gets developed.

The Land registry was checked and confirms that [REDACTED] is owned by [REDACTED].

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

The Secretary respectfully sought members' guidance on [REDACTED] request. Members agreed for the Water Authority to extend the water distribution to accommodate the request of [REDACTED] to extend the water mains to accommodate both her and her sister [REDACTED] (via application for water connection) and that they should contribute the amount of \$6,000 towards the cost. This decision was taken on the basis of the two applications for service connection allowing the Authority to apply the policy of 100-foot allowance for each new customer. The total distance to Block [REDACTED] is 300 feet, with the application of the policy the customers are responsible for payment of \$6,000. The Authority will ensure that both applications for service have been received by Customer Service and deposits paid prior to proceeding.

Members also discussed the performance of the current policy regarding allowances on the basis of 100-feet in private roads and subsequently indicated that they would be interested in re-visiting this policy. The Secretary indicated that the Authority would prepare a report in this regards for the Board.

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

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

The Chairman reported that in a letter dated 18 May 2012, [REDACTED] on behalf of the [REDACTED], wrote to the Water Authority regarding a high water bill for the above Customer. It should be noted that [REDACTED]. A copy of the letter and the report from Customer Service Department was been provided to members. [REDACTED] does not have signing authority for this account. Nevertheless, a review of the account was undertaken and the Authority's findings are that on 26 April 2012 the meter was read and the bill for the amount of \$708.54 was mailed out on 04 May 2012. On 10 May 2012 the Customer complained of a high bill which was then investigated on 11 May 2012. The meter was found to be moving and the Customer was advised accordingly by phone on the same day. The Authority's Utility Auditor was subsequently requested to audit the location and he determined that there was still movement on the meter indicative of a leak. The Customer was again advised.

The Customer did not make this complaint as the bill was paid by the Strata since the leak was due to a broken pipe in the area of the property that the Strata is responsible for. The Chairman noted that the meter was read on 26 April 2012 that covers usage during the period 20 March-26 April 2012. Meter

reading is a monthly cycle and the changing of the billing software would not have changed the fact that the customer had a leak for the period. The Authority makes every effort to advise each customer of a leak when found and will also make every effort to investigate accounts where the bill is higher than normal. The Authority does this as a courtesy service. 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. The bill has been paid and the Customer herself did not make the complaint.

Members agreed that the customer and Strata should be advised that the Board reviewed the request and decided not to discount or waive the bill because there was a leak on the customer's side of the meter. Additionally, the Water Authority's policy is clear that the customer is responsible for all usage downstream of the meter. The Board noted that the request was not made by the customer but by the Strata which did not appear to be authorised to act on behalf of the customer.

d) **Request for Bill Adjustment re Customer Account** [REDACTED]

[REDACTED].
The Chairman reported that in a letter dated 03 July 2012, [REDACTED] wrote to the Water Authority regarding a high water bill. A copy of the letter and the report from Customer Service Department was provided to members. A review of the account was undertaken and the Authority's findings are that on 04 May 2012 the Customer complained of a high water bill. The site was checked by the Authority and no leaks or movements were found plus the meter reading was also found to be correct. The Customer in his request to the Board asked that the bill for April 2012 in the amount of \$6487.62 and the May 2012 bill in the amount of \$6875.79 be investigated and reasonable consideration given due to the extreme financial hardship his business is experiencing in this tough economic climate.

The Chairman reported that the Customer was made aware of his option to have the meter tested and he chose not to do so. The bills for June and July 2012 show his normal usage. The Customer established a payment agreement to settle the balance pending the Board's decision. 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. The Secretary respectfully sought the Board's decision on the request from the Customer.

Members 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

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responsible for all usage downstream of the meter. Additionally, it was noted that the customer chose not to have the meter tested when given the option to do so. However, late fees should be waived as usual providing the payment agreement is adhered to.

Donation Requests

The Chairman advised that the amount available for donations is \$35,000 for the fiscal period 2012/2013.

a) Ratification of Sponsorship of Ms Tyleisha Galbraith.

Members agreed to ratify the decision, solicited via round robin email to members, to sponsor Ms Tylesiha Galbraith to attend the Global Young Leadership Conference in China 24 July - 02 August 2012 in the amount of US\$500. The motion was moved by Mrs P McGaw-Lumsden, seconded by Mr W Scott and passed unanimously.

b) Pines Retirement Home.

Members agreed to provide 12 gift certificates each in the amount of \$500 for piped water each month to the Pines Retirement Home. The motion was moved by Mr T Hydes, seconded by Mr J Banks and passed unanimously.

c) CI Seafarers Association.

Members agreed to sponsor the CI Seafarers Association in the amount of \$500. The motion was moved by Mrs P McGaw-Lumsden, seconded by Mr W Scott and passed unanimously.

d) Lions of Tropical Gardens - Breast Cancer Awareness Campaign 2012.

Members agreed to sponsor the Lions of Tropical Gardens - Breast Cancer Awareness Campaign 2012 in the amount of \$500. The motion was moved by Mr T Hydes, seconded by Mrs P McGaw-Lumsden and passed unanimously.

e) Breast Cancer Gala.

Members decided not to sponsor the Breast Cancer Gala but wished the organisers great success in this cause.

f) Youth Community Excellence Award.

Mrs P McGaw-Lumsden left the meeting at this point due to a declared conflict of interest. Members agreed to sponsor the Youth Community Excellence Award in the amount of \$400. The motion was moved by Mr J Banks, seconded by Mr W Scott and passed unanimously.

g) FC International - Summer Football Camp.

Members agreed to sponsor the FC International - Summer Football Camp in the amount of \$300. The motion was moved by Mr W Scott, seconded by Mr M Smith and passed unanimously.

h) International Car Racing Sponsorship Request - Mr Donald Francis.

Members decided not to sponsor the International Car Racing Sponsorship Request from Mr Donald Francis but wished him great success in his endeavours.

i) Jambrac Choral Cayman Brac - Independence Concert.

Members decided not to sponsor the Jambrac Choral Cayman Brac - Independence Concert as the event had already taken place.

j) East End Primary School Afterschool Programme.

Members agreed to sponsor the East End Primary School Afterschool Programme in the amount of \$1000. The motion was moved by Mrs P McGaw-Lumsden, seconded by Mr T Hydes and passed unanimously.

k) CI Crisis Centre - Jingle Bells Run/Walk.

Members decided to defer a decision on this request until the September 2012 Board Meeting.

l) KyStar Athletics Final Expense Report.

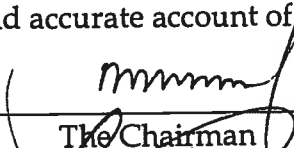
Members reviewed and noted the final expense report provided by KyStar Athletics which showed that the budget was closely followed.

Any Other Business


The Secretary mentioned that there was staff interest in being a corporate member of the National Museum. Members had no objection to the Authority becoming a corporate member.

There being no other business the Chairman thanked members for their cooperation and adjourned the meeting at 4:13pm.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary