

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 230th Meeting held on 19th of September 2012

Members Present:

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

Call to Order

The Chairman welcomed members and called the meeting to order at 1:32pm after ascertaining that there was a quorum and acknowledging apologies from Mrs I Simms, Mr O Watler, and the absence of Mr C McLaughlin. The Chairman then opened the meeting with prayer.

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

The Chairman asked for confirmation of the Minutes of the 229th Meeting held on 15th August 2012.

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

Page 10, 3rd paragraph, 12th line should read "...DRCL includes an....."

Page 11, item (j), 2nd line should read "...had sent over"

Page 11, item (k), 1st line should read "...reported that with....."

Page 12, 3rd paragraph, 3rd line should read "...extend the water mains to....."

Mr W Scott moved the motion to accept the Minutes as amended, Ms R Sharma seconded the motion and the motion passed unanimously.

Declaration of Conflicts of Interest

The Secretary declared a potential conflict of interest with item (d) under the Donations Requests section of the agenda.

Matters Arising

a) Divestment of Water Authority Wastewater Assets – Update.

The Chairman reported that on 21 August 2012, the Water Authority was requested to meet with Cabinet and the Government's Budget Management Unit (BMU) to discuss its 2012/2013 Budget/Ownership Agreement. At this meeting Cabinet informed the Water Authority that there was no confidence that the divestment of the wastewater assets would succeed in the upcoming fiscal period and hence no proceeds from the sale were reflected in the 2012/2013 national budget. Consequently the wastewater assets will remain with the Authority until such a time that the sale process is resumed and completed.

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

The Chairman reported that as noted at the last meeting, KPMG plans to use the actual 30 June 2012 figures to complete the Strategic Options Analysis (SOA). The budget financial information used in the analysis has since been updated with the new 2012/2013 budget (August 2012 version). The Chairman reported that on 06 September KPMG was contacted and provided with an update regarding the financial statements. The audited financial statements will be available on 31 October 2012 and upon completion of the 2012/2013 budget the project will resume. The Chairman noted that the challenge is going to be the budget for future years as the Authority will have to completely re-do the budget, incorporating the 2012/2013 August version as well as future years in light of the new directive from Government and also the pending rate increase.

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

The Chairman reminded members that as reported at the August 2012 meeting, the Randyke Gardens wastewater systems have been operational since mid-June 2012. On 03 September 2012, after more than 2 months of successful operation the system was officially handed over to the Randyke Gardens Strata Committee together with a folder containing documentation relating to the wastewater treatment system (outline drawings, pump and treatment system details, etc.). The Chairman noted that the Randyke Gardens Strata Committee confirmed it has entered into a maintenance contract with Mac Plumbing & Maintenance Services Ltd. to maintain the system and to quickly deal with any operational issues that might arise in the future.

The Chairman reported that a Completion & Handing-Over Report, providing a brief history and summarising the remedial actions carried out by the Water Authority, was prepared and a copy was provided to Board members. The Chairman advised that a copy of the report would be sent to the related Government Agencies for their record this week.

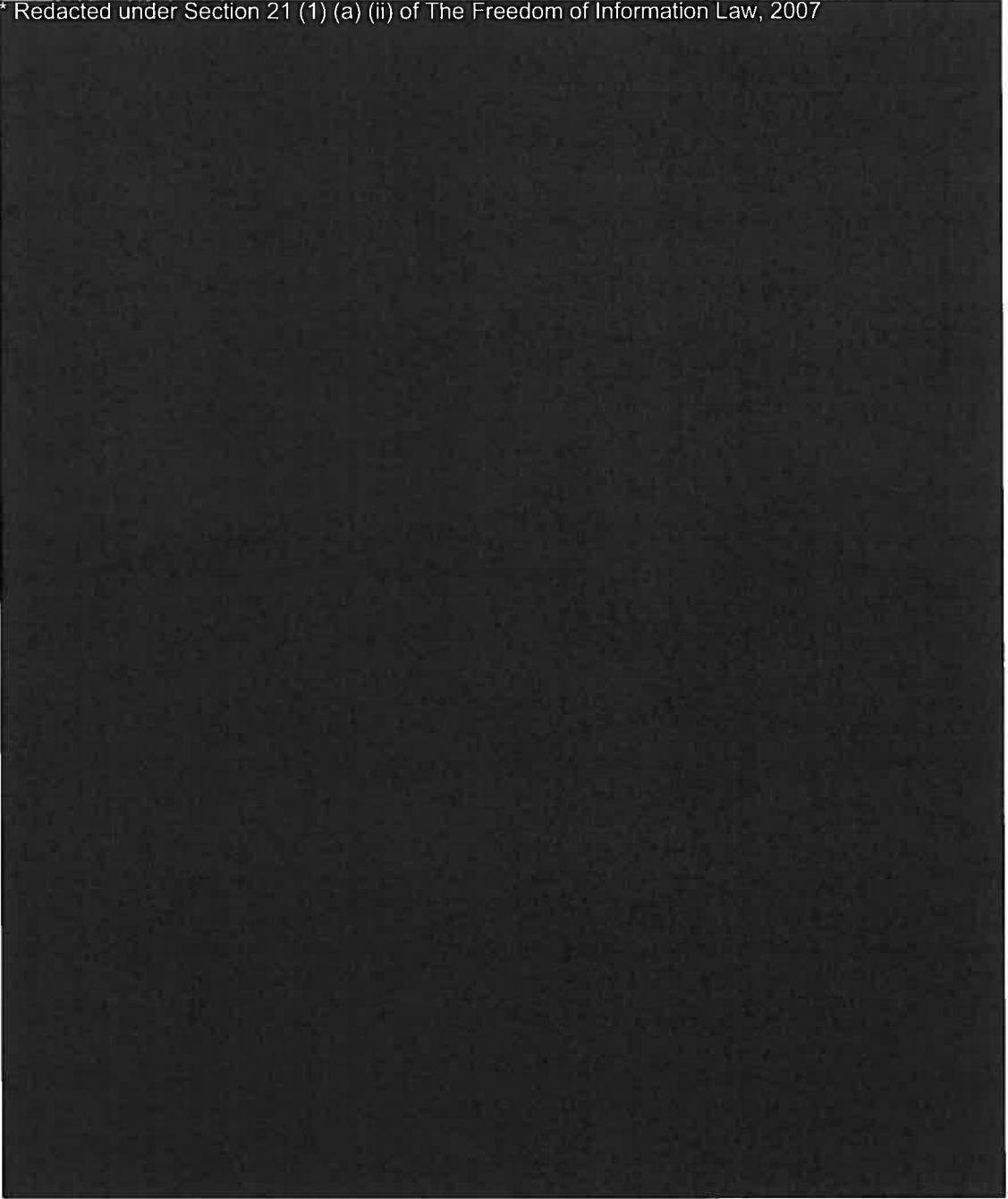
The Chairman reported that the Water Authority was very concerned to find out via Central Planning Authority (CPA) minutes that 7 of the illegal structures had been granted after-the-fact approval. This is without consideration of the well documented chronic wastewater violations and neither was the after-the-fact plans routed to the Water Authority for review as they should be in accordance with the Water Authority Law.

The Chairman reported that the Secretary raised the matter on 31 August 2012 with the Planning Director via email inclusive relevant attachments. The email was resent on 18 September 2012 as the Planning Director was on vacation until 10 September 2012.

d) * 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



e) **30 June 2012 Audit.**

The Chairman reported that the Authority is in the middle of the audit of the financial statements, working together with KPMG to complete the audit for the period ending 30 June 2012, KPMG has been on site since 03 September 2012 doing control testing and system documentation. Although the Authority is currently facing some challenges with respect to the accounting system and new utility billing software all resources are allocated to the completion of the necessary working papers as well as the draft financial statements. While it has been a tremendous undertaking the Office of the

Auditor General (OAG), KPMG and the Finance Department expect to meet the 31 October 2012 deadline for the audited accounts.

The Chairman reported that there will be several adjustments that are expected to lower the estimated net income for the period 30 June 2012. There are primarily three main factors influencing the reduction in net income. One of these factors is related to how KPMG requires certain transactions to be recorded. For example, KPMG requires that the entire amount of the CUC agreement be recorded as an expense in the 2011/2012 fiscal period as that is when the error was noted. Additionally, The Chairman reminded members that in the 2010/2011 audit, the Authority adjusted the life cycle of water storage tanks from 50 years to 25 years and simultaneously expensed the remaining value all in the 2010/2011 fiscal period. However, KPMG, in compliance with IAS 8, requires that the change in accounting estimate for the tanks be amortised over the remaining life of the assets rather than expensing all in one period. This adjustment will increase the net income of 2010/2011 and impact the 2011/2012 net income by approximately \$350k.

The Chairman reported that another factor is the minimal amount of capital projects done by the Authority. Normally, wages for the New Works crews are accumulated on the balance sheet and then transferred to associated capital projects, however in 2011/2012 the crews worked primarily on upgrades (Admirals' Landing, South Sound Road, etc.) and hence the associated wages had to be brought to the income statement as the Authority does not capitalise upgrades. In addition, with regards to road re-instatement, depreciation, repairs and maintenance on vehicles, fuel – a significant portion of these costs have traditionally been expensed as incurred and then transferred to completed eligible capital projects, however in 2011/2012 there were minimal capital projects and hence these expenses have remained on the income statement as they are related to upgrades rather than extensions.

The Chairman reported that another factor is increasing business costs such as electricity, increase in audit and professional fees, Randyke Gardens, OCL rates etc. The Chairman reported that the Authority will provide full explanation for the decrease in net income upon presentation of the final financial statements at the October 2012 Board meeting.

The Chairman noted that some of these changes are "one offs" and will not be reflected again in 2012/2013, for example the depreciation for the water storage tanks will only be \$130k as compared to \$350k, there will not be the CUC settlement agreement and ideally there will be no more *pro bono* work on Randyke Gardens. The Chairman reminded members that as the Authority moves into more operational work than new works, the New Works Crew's remuneration will be transferred from the Construction In Progress (CIP) account to the income statement and hence will be reflected in the wage

expense in 2012/2013 which will definitely show an increase, which is not new hires, but rather a re-allocation of existing staff. Only when a capital project is completed will those costs be transferred to the fixed asset register. When the Authority is able to take on major projects such as Cayman Brac those wages can once again be capitalised.

The Chairman reported that it is possible that the Authority will be asked to record the unbilled revenue (revenue unbilled for the last part of the month of June but not billed and collected until July) into the 2011/2012 fiscal period, which would increase the net income by approximately \$500k, however at this time it is unknown whether the OAG will approve this entry.

Ownership Agreement 2012/2013

The Chairman reported that after reviewing the Water Authority's 2012/2013 Ownership Agreement published in the Government's 2012/2013 National Budget it was noted that projects placed on hold in the Authority approved revision were inadvertently shown as actual projects for 2012/2013. This matter was raised with the Ministry's Chief Financial Officer and the Authority awaits her feedback. This inadvertent change means that the Authority has to provide explanations to the OAG as to why these projects did not occur.

Internal Audit Unit (IAU) Report

The Secretary referred members to the report provided to them from the IAU entitled "2011/12 Follow-up Review Water Authority Audit Report" and dated September 2012. The Secretary explained that the report referred to Management Letters received after the annual audits over the last 3 years and explained that the IAU was satisfied that the Authority had addressed the points raised in the Management Letters.

f) Rates Adjustment Request - Update.

The Chairman reported that as members are aware the Authority was requested by CIG to make adjustments to the Authority's 2012/2013 budget in order to achieve a higher net income similar to the unaudited estimates for end of year 2011/2012. To assist in reaching the required goal, the Government gave verbal approval for the Authority to adjust base water rates within a range of 5-10%. Members were provided with and approved the report on proposed adjustment of Water Authority rates. The report also proposed adjustments for other Water Authority rates as these are long overdue for adjustment. The report was sent to the Ministry and subsequently a Cabinet Paper was prepared. Mr T Hydes advised that the Paper should to go to Cabinet on 25 September 2012.

The Chairman noted that the adjustments and relevant projected income were based on the rates being made effective 01 October 2012. At this point, that

deadline is likely not achievable and if approved by Cabinet, will have to be made effective 01 November 2012 and which will hinder the Authority's ability to meet the 2012/2013 budget figures.

g) Miscellaneous Updates.

a) *In-House Pipelaying Crews* - The Chairman reported that the new 8-inch pipeline in Mangrove Avenue was commissioned on 14 August 2012, and all properties connected on 20 August 2012. All remaining work (e.g., temporary reinstatement, installation of valve box covers) was completed on 04 September 2012.

The Chairman reported that one of the pipelaying crews commenced work on 05 September 2012 on the pipeline upgrade (from 6-inch to 12-inch) in South Sound, between Crewe Road and Old Crewe Road. This work comprises the installation of approximately 1,300 feet of 12-inch pipeline, and will be carried out in two sections (east and west of the Sunrise Phase 1 entrance). As of 19 September 2012 all customers east of the Sunrise entrance have been connected to the temporary pipeline. Actual pipelaying started on 17 September 2012. It is anticipated that this work will be completed by late October 2012.

On 11 September 2012 the other pipelaying crew resumed the installation of an 8-inch pipeline in the new road to the Blue Iguana Reserve. Approximately 1,000 feet (out of a total of around 2,600 feet) is still outstanding in this first phase, and it is anticipated that this phase will be completed by early October 2012.

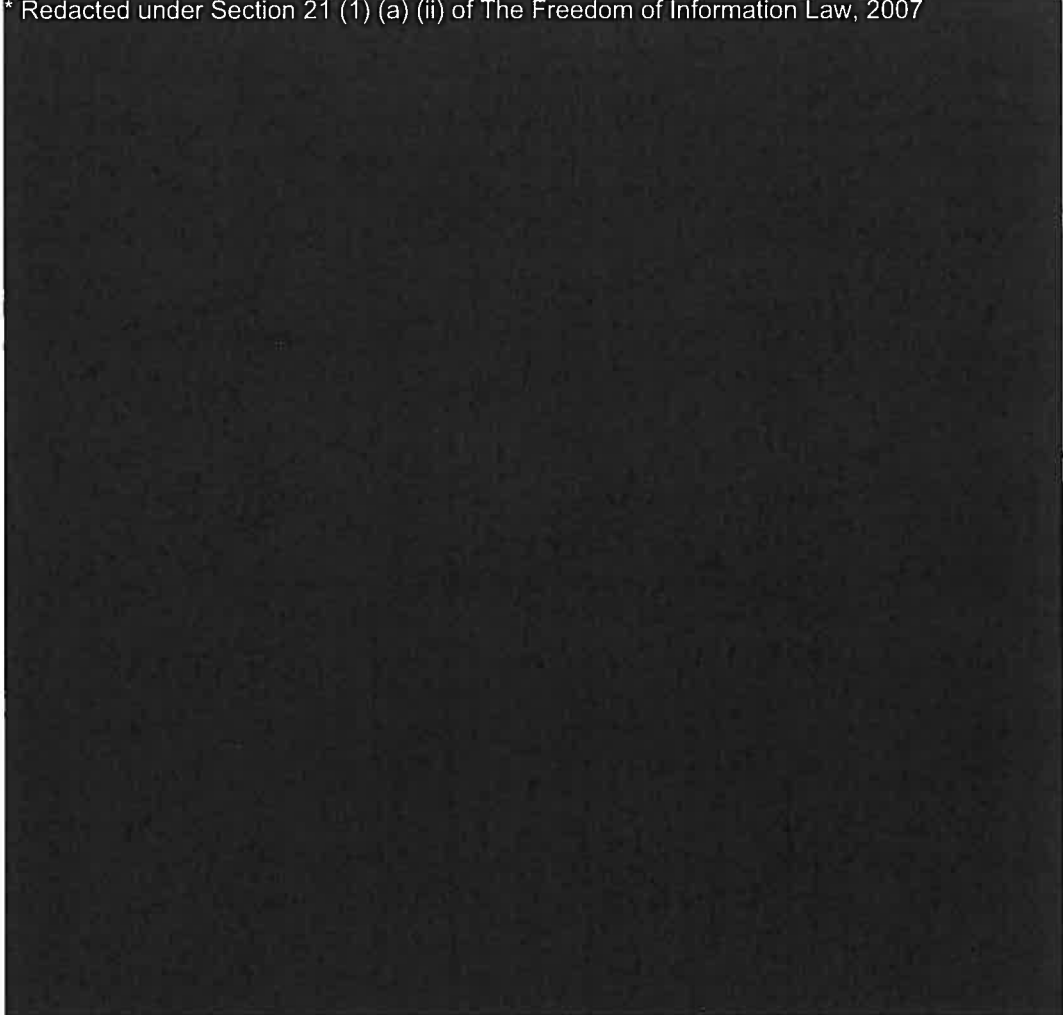
b) *Water Supply Division* - The Chairman reported that on 14 September 2012, Operations-Water Supply completed the installation of pipes for the pipeline upgrade (from 8-inch to 12-inch) in Shedden Road, between Dr Roy's Drive and Harbour Drive including a small pipeline section at the intersection with Elgin Ave. The last pipeline section, between the intersection with Main Street and Dr Roy's Drive, will be tested and disinfected this week. It is anticipated that all properties will be connected to the new pipeline before the end of the month, which is 1-2 weeks ahead of the original schedule. All work was carried out at night to minimise the inconvenience to businesses, residences, motorists and pedestrians. The Ministry representative noted that he has received general complaints that roads are being dug up several times. The Secretary advised that the work being done on Shedden Road was an upgrade in size for operational purposes as well as to address the frequent leaks in that area. The Authority should not have to return to dig up that road upon completion of the project.

The Chairman reminded members that a few years ago the Authority upgraded the pipeline in Eastern Avenue, but the last section (near the intersection with Shedden Road) was omitted due to the presence of a large Cable & Wireless junction box which would have made this work

very difficult. It appears that this junction box is now obsolete and can be removed. As soon as the Authority receives written confirmation from LIME that it can be removed, Operations will install a short section of 12-inch pipe in Eastern Avenue (near LIME building) finally completing this pipeline upgrade.

- c) *Wastewater Division* - The Chairman reported that over the last few weeks the Operations - Wastewater Division responded to several operational issues, primarily electrical issues at the wastewater treatment plant (due to breakdown of the insulation of the electrical wires) and at the main pump station PS1 (broken contactor due to corrosion). Between 21 May 2012 and 31 August 2012 the design hydraulic capacity of the plant (2.5 mgd) was exceeded nearly 84% of the time (86 days out of 103 days).

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



- d) *Cogsdale Billing System* - The Chairman reported that on the customer service side, Cogsdale continues to work well. There are two issues remaining, as previously noted, one is the multiple e-bill notifications (expected to be resolved with upgrade); and, the second one is "freezing" of accounts which impacts 13 accounts. Cogsdale is working on this and it is likely this may be resolved with the upgrade and user training. The

Authority's Information Department is still working with the Xerox printer supplier on resolving the remaining issues with the month end bill printing process that are related to hardware/setup/electricity source.

The Chairman reported that the finance related Cogsdale issues remain a challenge for the Authority; the Authority was able to meet the 31 August 2012 deadline for submission of the draft statements through the hard work and dedication of the staff in Finance, IT and Customer Service Departments. Together staff in these departments continues to work through the challenges and setbacks to ensure the various "fixes" from Cogsdale are implemented. Two of the bugs relate to cashiering and transfer payments; Cogsdale maintains that these "bugs" will be addressed when the Authority moves to the new version. There is also modification required to cashiering and trial balance reporting. One reporting challenge is the accurate extraction of CSM data, a key report within the CSM module is currently unavailable, the Authority is working with Cogsdale to extract this data (historical aged receivable balances) from the CSM module as it is key for the audit and future financial reporting. The new version is currently going through extensive testing by Customer Service and the Finance staff will commence testing near the end of the audit.

- e) ***For Cayman Investment Alliance - George Town Landfill Closure and new Waste Management Facility in Bodden Town*** - The Chairman noted that the Environmental Advisory Board (WAB) had one progress meeting and no meetings were held with Dart since the August 2012 Board meeting. The evaluation report to select an independent consultant for the third party review on behalf of Government was completed and signed off by relevant EAB members. At this point, the Authority is not sure whether the contract for the third party review has been formally awarded.

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



- g) ***Sterling Estates (14E520) Failing Onsite Wastewater Treatment System*** - The Chairman reminded members that on previous occasions the Board has been informed about the failing wastewater treatment system at Sterling Estates, a Strata complex, consisting of 46, 2-bedroom homes at Coemer Drive, George Town. This Strata has a non-standard constructed onsite wastewater treatment system with a chronic history of poor performance and overflows of wastewater onto the ground. Despite extensive efforts by the Authority to assist the service provider and Strata

the system continued to fail and proved beyond repair. In November 2011 the system once again overflowed and the Strata was served a Notice of Violation, which required 1) emergency repairs to stop the overflow, and 2) the Strata to obtain a quotation for a complete replacement of the plant with a standard system having third-party certification to facilitate discussion of replacement which was to be made an agenda item at their December 2011 annual Strata meeting. The Authority made clear that the existing system could not be salvaged in case of further failures. At the time the Strata dealt with the immediate overflow and obtained a quote for an approved system and making discussion of same an agenda item at the annual Strata meeting.

The Chairman reported that in August 2012 the Authority was notified by a concerned resident that wastewater works of questionable quality were being carried out at the site. A site inspection by Water Authority staff found that sewage lines had been precariously diverted to an above-ground, undersized septic with the outlet discharging to the well in a manner that allowed overflow from the fouled well. At the request of the Water Authority, enforcement officers from the Department of Environmental Health and Planning met Water Authority staff on site during one of their visits to make them aware of the cross-agency issues. The Authority followed up by sending the Strata a Notice of Violation, which required immediate actions to stop the discharge of sewage onto the ground and to submit details and a timeline for the works underway. The Strata and the service provider advised that they had contracted for repair of the old system and that the above ground septic tank was a temporary measure to allow works on the existing tank.

The Authority reminded the Strata of the requirements set out in the November 2011 Notice of Violation (which had been copied to all 46 units) and told that no "repair" of the existing system would be approved. The open trench was subsequently piped to the well, preventing discharge of sewage onto the ground. The Authority followed up by providing the Strata and service provider an onsite treatment system proposal form with details on the type and capacity of replacement system required at the site. The Strata and service provider were further advised that their temporary solution of putting 8,000 to 10,000 gallons of sewage per day through a tank designed to provide primary treatment for a maximum of 1,300 gallons per day must not be prolonged. The Water Authority will continue to pressure the Strata to expedite the replacement of the system to the satisfaction of the Authority's requirements. Members discussed the situation and noted that the Authority's attempts to have legal action taken against offending properties have not been successful through the Attorney General's office in the past. Members agreed that the current legislation for enforcement is due for substantial review. It was noted however that the Authority is going through various changes and therefore addressing this area will be dealt with in due course.

h) Update - Caribbean Utilities Company cooling water discharge - The Chairman reported that in April 2012 the Board was informed that low levels of petroleum hydrocarbons appeared to have been detected in CUC's cooling water discharge into the North Sound and that the Authority was working closely with CUC and the DOE to review this further. These results were reason for concern at the time. Since April 2012, CUC submitted further lab test reports as required per discharge permit and the testing was reviewed in further detail. CUC, DOE and the Authority met on 28 August 2012 to further assess the cooling water discharge data.

The review determined the following: the test that showed positive results was the test for Total Recoverable Petroleum Hydrocarbons (TRPH), Method EPA 1664. The positive results were all above the analytical method detection limit of 1.3 parts per million (milligram per litre) but below the practical quantitation limit of 3.9 parts per million (milligram per litre), this means that the sample had a positive result, but that it could not be quantified. The lab has confirmed that it is possible to have false positives if the results fall in the range between the analytical detection method limit and the practical quantitation limit.

CUC submitted a blank along with other samples to the laboratory. The result for this sample was positive (2.1 parts per million or milligram per litre) and fell between the method detection limit and the practical quantitation limit. It is therefore clear that results between the method detection limit and the practical quantitation limit should not be interpreted as positive results and that the results submitted before should not be viewed as positive results.

As a result of this review the Water Authority determined that CUC is not required to continue testing for Total Recoverably Hydrocarbons in the discharged cooling water. Further, this test is not required under the licence and CUC did it on their own accord. Instead the Authority relies on monthly test results for BTEX and MTBE (benzene, toluene, ethyl-benzene, xylene and methyl tertiary butyl ether), which are specific parameters of concern for hydrocarbons and are detected at a level that is approximately 1,000 times more sensitive than what the test for Total Recoverable Petroleum Hydrocarbons can achieve. CUC is also required to carry out annual testing for priority pollutants, these are 126 pollutants identified by the United States Environmental Protection Agency. Both the testing for BTEX and MTBE and priority pollutants provides sufficient detail to identify whether there are chemicals of concern in the cooling water discharged by CUC.

i) FOI updates - The Chairman reported that 2 new requests were received as of 19 September 2012 as shown in the Freedom of Information report provided to members.

j) *National Roads Authority (NRA) Issues* - The Chairman reported that over the last three weeks (since 24 August 2012) there was extensive e-mail correspondence between the Water Authority and the NRA regarding reinstatement of public roads, which started when the Water Authority questioned NRA's cost estimate for the spray and chip reinstatement of Mangrove Avenue. The initial estimate comprised the reinstatement of Mangrove Avenue to a width of 30 feet, although the actual paved surface only averages a width of 24 feet, and the damaged area averages 4-6 feet. Ultimately agreement was reached on the cost estimate with an average reinstated width of around 10 feet (nearly one lane width).

The correspondence then quickly extended to general comments on road reinstatement and the NRA commented that the Water Authority should budget for HMA repairs to be done for one full lane width, not just the damaged area. The Authority noted that for the last 5+ years the NRA (with work outsourced to IPL or ARCP) has carried out reinstatement of roads throughout the island affected by the Authority's trenching operations, and the reinstated width has typically been 4-6 feet. Although these reinstated areas have been very satisfactory structurally, apparently some people have complained to the NRA that they were unhappy with the reinstatement as 'it does not look good' to have a visible joint in the pavement in the middle of a lane.

The Chairman informed members that in early 2007 the then Minister informed the Authority that no statutory undertaker or private entity would be allowed to carry out repairs on any public road. Consequently since then the Authority has paid the NRA for the requisite road reinstatement (HMA or spray and chip), including a 20% NRA mark-up for outsourced work in addition to NRA Project Management Services Cost. When questioned why the NRA has not held other entities (e.g., ABC Trenching, Cayman Water Company, Weststar, Logic etc.) to that same standard, the NRA responded on 30 August 2012 that it was the Authority's choice to not undertake the process of soliciting estimates and requested the NRA to do so instead. A week later (06 September 2012), however, the NRA indicated that neither the Water Authority nor any other entity can apply spray and chip to any public road, and that the NRA will do this.

However on 10 September 2012, the Chairman noted that the NRA sent an amended trench specification (including spray and chip reinstatement specs) and application form (authorisation to excavate a trench) to all entities.

The Chairman reported that in response to the significant deviation from previous practice, the conflicting information from different NRA staff, inconsistencies in how policies are applied and the impracticalities of some of the requirements/specification, on 12 September 2012 the Water Authority wrote a letter requesting clarification to the Acting Managing

Director of the NRA to which as of 19 September 2012 no response had been received.

The Chairman noted that the Authority understands that damage done to the road must be repaired to the appropriate standards. There is the question of whether the Authority is acting in accordance with the PMFL if it does not seek competitive bids for services over \$50K because it is forced by the NRA to use their services which are substantially higher than the private sector for the same work. The Authority looks forward to having these issues resolved in a fair, transparent, and equal manner to all utilities. Members noted that it was important to resolve these differences and the Ministry representative on the Board indicated that he would like to be present when the Authority meets with the NRA.

Current Business

a) **Request for Reduction of Water Rates in Cayman Brac re Customer Account**

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

The Chairman reported that in a letter dated 11 September 2012, [REDACTED] manager of [REDACTED] wrote to the Water Authority requesting that the Board give consideration to charging a lower rate for the piped water used [REDACTED].

The Chairman reported that the Water Authority has to charge the rates as outlined in the Water Authority Law and Regulations. The Authority cannot on its own decide to charge any customer water rates that deviate from what is in the Regulations. Board members noted that the water rates in Cayman Brac have not been adjusted since 1995 at which time they were lowered not increased. The Secretary was instructed to respond to Mr Scott advising that the Board had reviewed the request and that water rates charged by the Authority are prescribed in the Water Authority Regulations. Therefore, the Authority is required to charge customers accordingly.

b) **Report on Red Gate Water Works Reservoir# 2.**

The Chairman reported that the Engineering Services and Operations Departments had recently carried out an investigation on the physical state of and the amount of water loss from Reservoir # 2 at the Red Gate Water Works site. The purpose of the investigation was to determine whether it was reasonable to delay the decommissioning of the reservoir and the construction of the new glass-fused steel reservoir planned for in the 2012/2013 budget. As agreed by members at the last meeting the Authority, is considering to use the funds assigned to the new reservoir to carry out urgent and necessary rehabilitation work on the wastewater collection system.

The Chairman advised that in order to protect the wastewater infrastructure and Authority's investment and to reduce the risk of catastrophic failures, some of the operational challenges must be addressed with some urgency (e.g., manhole rehabilitation, pipeline rehabilitation (following the CCTV survey of the entire system), new pump control panel for main pump station (PS1), etc.). As the Authority cannot borrow any funds, these important projects will need to be funded from revenue.

The Chairman noted that the report on the Red Gate Water Works Reservoir #2 had been provided to members for their review and guidance. In summary, the report showed that Reservoir #2 loses approximately 1.3 m³/hr (8,250 gpd). This is 35% less than Reservoir #1 (2.0 m³/hr (12,700 gpd)) did before it was taken out of service in December 2011.

The Chairman advised that based on the findings during the investigation, the following three options were presented in the report for consideration:

1. Do nothing and continue to allow the reservoir to leak.
2. Remove the reservoir from service and from site.
3. Replace the reservoir with a glass-fused-to-steel tank.

The Chairman reported that in considering the various options, it was recommended to adopt Option 1 in a slightly modified form until funds are available to construct a new glass fused bolted steel reservoir. Expectations are this will be possible in 2013/2014. The modification to Option 1 is basically the manner in which the reservoir is operated. The set-point for the water level in the reservoir was lowered which in turn reduces the leakage rate. In the event of an approaching hurricane the reservoir would be filled in accordance with the Authority's hurricane plan. Members agreed to Option 1 as amended and that the funds previously assigned to replace the reservoir #2 be now assigned to address the rehabilitation work required on the wastewater assets.

c) Request to open an Additional Bank Account at FirstCaribbean International Bank.

The Chairman reported that as part of the Cogsdale conversion, multiple transactions enter the bank account / reconciliation from the Cogsdale system, making the corporate chequeing account difficult and time consuming to reconcile, primarily due to the high number of transactions. The Authority sought the Board's approval to open a second chequeing account at FCIB/CIBC which would be an account designated specifically for cheques and loan payments. All moneys associated with the cash receipting process would continue to go to the original account.

The Chairman reported that the Bank advised that there no paperwork was required as the Authority has an established relationship with them. The Authority respectfully requests permission to open an additional bank account at FCIB / CIBC specifically for cheques and loan payments.

Members agreed and the following resolution was passed unanimously after being moved by Ms A Owens and seconded by Ms R Sharma.

RESOLUTION 1

"The Water Authority hereby resolves to authorize the Secretary, Dr Gelia Frederick van Genderen to open a new Chequeing Account at the Authority's Banking Facility, FirstCaribbean International/Canadian Imperial Bank of Commerce in Cayman Islands and be it resolved that the authorized signatories are the Director, Dr Gelia Frederick van Genderen, Deputy Director, Mr Tom van Zanten, Financial Controller, Ms Lori Bergman and Assistant Financial Controller, Mrs Trecia Hew".

d) Draft Retirement Policy.

The Chairman reported that, historically, the Water Authority has not had a formal retirement policy or an established normal retirement age for its staff other than what was available under the now defunct General Orders. Earlier this year, the Secretary reminded members that there was discussion regarding the establishment of a retirement policy for the Authority's staff. The Secretary subsequently requested the Chief HR Manager to prepare a draft retirement policy for Board consideration. A copy of the draft policy was provided to members.

The Chairman reported that as of 01 September 2012 the Authority had 12 of 122 employees over the age of 60, or around 10% of its staff complement. The figure goes up to 24.5% if staff 50 years and older is included. Of those older employees, more than half are in job positions that involve heavy manual labour, which may cause a lot of physical stress to their bodies as they age. It is therefore essential that the Water Authority institute a retirement policy to manage older employees in a fair, consistent and appropriate manner whilst meeting the business needs of the organisation. The draft retirement policy was developed to standardise the Authority's response to its employees' retirement, in accordance with relevant laws, and to be flexible where possible due to individual circumstances. Members discussed the draft policy and indicated their support in principle. Members were concerned that after staff officially retire and are hired back on contract that they would have access to their pensions while continuing to work.

The Secretary explained that she was not sure whether legally it was possible to prevent someone from accessing their pension benefits when they are entitled to. Members said they are concerned that re-hired employees would

be double-dipping and therefore those that chose to access their pension benefits should be re-hired at a lower end of the salary scale for their job. Members suggested that re-hire contracts should commence at no higher than the mid-point of the salary scale. The Secretary pointed out that there is also a difference between staff that participate in the Public Service Pension (PSP) plan and those that are in the British Caymanian plan. There is already a number of staff that has officially retired from the PSP and no longer participate in the plan. The Authority has not inquired into their personal arrangements with the PSP Board. The Secretary was asked to review various options with the Chief HR Manager and return the draft policy to the Board in due course for review.

Donation Requests

The Chairman advised that the remaining amount available for donations was \$25,900 for the fiscal period 2012/2013.

a) CI Crisis Centre - Jingle Bells Run.

Members agreed to sponsor the CI Crisis Centre - Jingle Bells Run in the amount of \$1,000. The motion was moved by Ms A Owens, seconded by Mrs P McGaw-Lumsden and passed unanimously.

b) UCCI Science Technology Engineering Math Conference - STEM Carib 2012.

Members agreed to sponsor the UCCI Science Technology Engineering Math Conference - STEM Carib 2012 in the amount of \$500. The motion was moved by Mr W Scott, seconded by Mr J Banks and passed unanimously.

c) NCVO Request for Support of Annual Radio Telethon.

Members agreed to sponsor the NCVO's Annual Radio Telethon in the amount of \$500. The motion was moved by Mrs P McGaw-Lumsden, seconded by Mr T Hydes and passed unanimously. Mrs Pearlina McGaw-Lumsden will go the Radio Station and deliver it on behalf of the Water Authority Board during the Telethon.

d) Request from Ms Bianca Douglas re Volunteer Work in Tanzania.

Members decided not to sponsor Ms Bianca Douglas to carry out Volunteer Work in Tanzania but wished her all the best and congratulated her on volunteering to assist those in desperate need.

e) Request for Donation of Material Spoils by Cayman Prep and High School PTA.

Members agreed to support Cayman Prep and High School PTA's request for donation of material spoils by allowing up to 4 truckloads of spoils left over from Water Authority projects. The motion was moved by Ms A Owens, seconded by Mrs P McGaw-Lumsden and passed unanimously.

Any Other Business**a) 2012/2013 Scholarship Award.**

The Chairman reported that for the 2012/2013 scholarship a total of three applications were considered. The Scholarship Interview Committee (SIC) consisted of Mrs P McGaw-Lumsden, Board Member; Tom van Zanten, Deputy Director; John Bodden, IS Manager; and Pat Bell, Chief HR Manager. None of the other Board members were available. Interviews were held 16 August 2012.


The Chairman reported that the panel recommended 19-year old Lydia McField for the Water Authority (WA) 2012/2013 Scholarship. She plans to attend University of Florida to complete a Bachelor Degree in Business Administration. Lydia was involved in Junior Achievement in high school for two years and represented Cayman at two leadership conferences, namely the Rotaract Youth Leadership Assembly (RYLA) in Florida and the Next Generation Leader's Conference (NGLC) at Queen's University in Canada. She also worked for several months at Eats Restaurant as a Hostess, while attending UCCI.

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

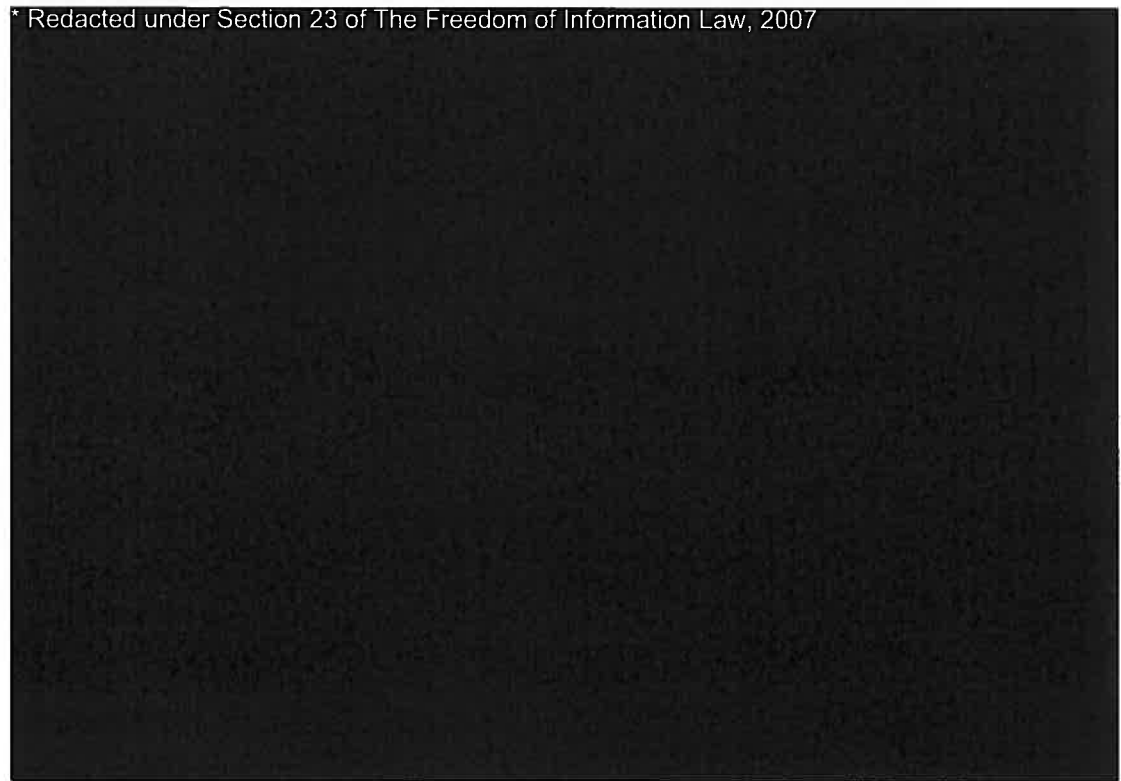


The Chairman reported that the other applicants were:


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



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

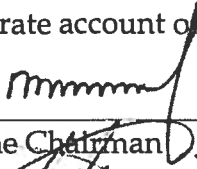


* Redacted under Section 23 of The Freedom of Information Law, 2007

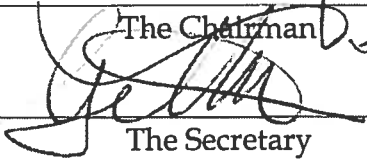


There being no other business the Chairman thanked members for their cooperation and adjourned the meeting at 3:25pm.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary

