

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 231st Meeting held on 17th of October 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 Mrs I Simms Mr M Smith Mr O Watler
Secretary:	Dr G Frederick-van Genderen
Apologies:	Mr C McLaughlin Ms A Owens

Call to Order

The Chairman welcomed members and called the meeting to order at 1:34pm after ascertaining that there was a quorum and acknowledging apologies from Ms A Owens, and the absence of Mr C McLaughlin. The Chairman then opened the meeting with prayer.

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

The Chairman asked for confirmation of the Minutes of the 230th Meeting held on 19th September 2012.

Ms R Sharma moved the motion to accept the Minutes, Mr J Banks seconded the motion and the motion passed unanimously.

Declaration of Conflicts of Interest

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

Matters Arising

a) **Lower Valley Reverse Osmosis Plant - Update.**

The Chairman reminded members that as noted at the previous WAB meeting, on 06 September 2012 Ocean Conversion Ltd (OCL) provided two proposals for the continued operation of the Lower Valley Reverse Osmosis (LVRO) Plant. The current agreement will terminate on 11 January 2013. In addition to the requested proposal for an agreement based on the vendor loan principle, OCL provided a 20-year lease back offer.

The Chairman reported that the Authority's management reviewed the proposals and had prepared a report with recommendations for the Board's review. A copy of the report was provided to members. The report reviewed the two proposals submitted by OCL for the continued operation and maintenance of the LVRO plant as well as the alternative option of the Authority taking over the operation of the facility. The Chairman proceeded to summarise the report for the members.

The Chairman reported that after review, it appears that with the moratorium on borrowings issued by the Cayman Islands Government (CIG) neither proposal will be possible under the related constraints. This is because any arrangement with an outside vendor would require capital, either in the form of a vendor financing/lease-back arrangement or alternatively a traditional debt vehicle from a financial institution to carry out the required remediation of the Lower Valley Plant.

The Chairman reminded members that it had always been the Water Authority's intention to eventually operate the Seawater RO (SWRO) plants originally built, operated and maintained by OCL. However due to other priorities such as expansion of the water distribution network in Grand Cayman the Water Authority had over the years decided to delay taking on water production operations in Grand Cayman. On the other hand, the Cayman Brac RO plant, albeit a much smaller plant than the Lower Valley Plant, has been successfully operated by the Authority for the last 16 years.

The Chairman reported that this may be the most opportune time for the Water Authority to assume responsibility for the operation and maintenance of a good-sized SWRO plant, and for its staff to gain valuable hands-on experience. With the water production capacity in both North Side and George Town, the LVRO plant is not crucial to meeting the overall demand of the water distribution system and therefore any issues/temporary shutdowns with the plant will not have a detrimental effect of the service reliability and affect the Water Authority customers.

The Chairman noted that by operating the plant in-house, the Water Authority will be much better prepared in the future (as early as mid-2014) to determine whether or not to outsource the operation and maintenance of the other, more vital, SWRO plants (e.g., North Sound, Red Gate and North Side plants). It is recognised that by operating the LVRO plant in-house the Authority will be taking on additional risk (equipment failures etc.). Within the next seven years all operating agreements for the various Water Authority SWRO plants will terminate.

The Chairman noted that with more SWRO plants being operated and maintained using in-house resources, it is anticipated that the Water Authority would benefit from experience, economies of scale due to shared resources and spares, and associated increased cost savings.

The Chairman advised that based on the management's analysis in the report, if the Water Authority decides to operate and maintain the LVRO Plant using in-house resources, it will have to invest a significant amount to refurbish the plant (estimated cost CI\$ 2.70 million). This amount can be funded from the following:

- Using in-house resources for the majority of the labour involved with plant refurbishment.
- Savings of fees paid under the current operating agreement.
- The remainder (around CI\$ 2.0 million) must be funded from the additional income from Water Sales which is possible due the recently approved adjustment of the water rates.

Based on the Authority's review, the Chairman reported that it is therefore recommended and if the Board approves, that the Water Authority assumes full responsibility for the operation and maintenance of the LVRO Plant, commencing on 12 January 2013. Members discussed the options available regarding the financing of the project and were satisfied that the Authority was now in the position to take on the management and operation of the Lower Valley RO Plant. Members noted that the Authority would need to carefully monitor the operational and financial performance and impact of the Authority taking on this plant. The Authority undertook to provide the Board

with a report every six months on the LVRO Plant's performance and operation after the Authority takes on the responsibility. Subsequently, members accepted the Authority's report and recommendation to take on the management and operation of the LVRO Plant upon expiration of the contract with OCL. Mrs P McGaw-Lumsden moved the motion to accept the Authority's report and recommendation to take on the management and operation of the LVRO Plant upon expiration of the contract with OCL. The motion was seconded by Mr T Hydes and passed unanimously.

b) 30 June 2012 Audit.

The Chairman reported that the Authority is nearing completion of the KPMG engagement on the audit of both the consolidated and divisional financial statements. The Board was presented with the initial draft financial statements as prepared by management. The Chairman noted that these statements, while solid drafts, were still subject to four more reviews - two Partner reviews in KPMG Cayman, one Partner review in KPMG, UK and the Office of the Auditor General's (OAG) review. The Chairman noted that the Financial Controller had reported that nothing had been brought to her attention that would suggest that these statements would change materially from what is presented, and all teams (KPMG, WA and OAG) were committed to the 31 October 2012 reporting deadline.

The Chairman reported that when KPMG conducted the audit of the consolidated financial statements, they took into consideration the lower materiality of the divisional accounts and incorporated the entire audit around these numbers. The Chairman advised that the Financial Controller had been informed that some outstanding work remained to be done on the divisional accounts, but that the majority of the consolidated accounts is completed, and it was expected that KPMG would be off site by 19 October 2012. It is expected that the divisional statements will be presented for Board approval at the November 2012 meeting.

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



After a brief overview, the Chairman advised that the Authority's Management was respectfully requesting the Board's approval of the draft

financial statements and provided that there is no material changes for permission for the Chairman, the Director and the Financial Controller to sign the statements and associated management representation letters upon their completion.

The motion to accept the draft financials and providing there are no material differences after the final reviews, the Chairman, Director and Financial Controller are authorised to sign the statements as well as the associated management representation letters was moved by Mrs P McGaw-Lumsden. The motion was seconded by Mrs I Simms and passed unanimously.

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 elevated to the Budget Management Unit (BMU). The Authority worked with the BMU and it was identified that the BMU found the project heading "on hold" was confusing and requested the Authority to take these projects and their explanation out completely. The Authority did this and presented the updated ownership agreement without the on hold projects and received confirmation from the BMU that all the updates were made accordingly to the 2012/2013 Water Authority Ownership agreement.

c) Rates Adjustment Request - Update.

The Chairman reported that the Authority received notice dated 25 September 2012 that Cabinet had approved the new rates. On 01 October 2012, after consulting with the Chairman, the Authority wrote to the Ministry recommending that Section 44 (2) in the Regulations should state the most practical way for the annual adjustment of rates to be verified. The Chairman explained that the Authority does it annually for Cayman Water Company however it would more transparent and appropriate that an independent agency does it for the Water Authority until a Utilities Commission or similar is established. The Authority recommended that this is done through the Office of the Auditor General (OAG). The OAG agreed to do this for the Authority annually.

The Ministry issued instructions to the Legal Drafting Department and on 09 October 2012 the Authority received the draft amendment to the Water Authority Regulations. A few minor corrections were necessary and these were communicated back to the Ministry on the same day. The Authority awaits receipt of the final draft and confirmation of Cabinet's approval of the document.

The Chairman reported that the Authority is working on the public relations information (PR) to inform the public and has asked the Ministry to ensure the Authority is able to bring out the PR before the regulations are gazetted. The rates will be effective 01 November 2012.

The Chairman noted that as soon as it is feasible after the completion of the 2011/2012 audit and the divisional audit, the Authority's management will work on preparing the details to utilise the RCAM method for rate adjustment.

d) Miscellaneous Updates.

a) *In-House Pipelaying Crews* - The Chairman reported that one of the pipelaying crews continued work 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 is to be carried out in two sections (east and west of the Sunrise Phase 1 entrance). The section east of the Sunrise Phase 1 entrance is complete and all customers connected to the upgraded pipeline. Due to some delay with the shipment of 12-inch pipe, this work could not be completed at this time and the crew moved to Bodden Town to install an 8-inch pipeline in Lake Destiny Drive to extend piped water service to the proposed National Housing Development Trust sub-division just east of Belford Estates.

On 10 October 2012 the other pipelaying crew completed the installation (including disinfection and flushing) of an 8-inch pipeline in the new road to the Blue Iguana Reserve. This crew has now moved to the Northward area to connect a new sub-division for David Rankine (off Scarf Lane).

b) *Water Supply Division* - The Chairman reported that 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 had been completed. All properties were connected to the new pipeline by 28 September 2012.

On 09 October 2012 Operations completed the installation of a short section of 12-inch pipe in Eastern Avenue (near LIME building), the only section left on Eastern Avenue that had not been upgraded several years ago due to the presence of a large C&W junction box. This junction box has now been removed as LIME did not require it any more.

c) *Wastewater Division* - The Chairman reported that the Operations - Wastewater Division continued to respond to regular occurring electrical issues at the wastewater treatment plant (due to breakdown of the insulation of the electrical wires).

On 29 September 2012 the missing parts for the trailer-mounted self-priming diesel engine-driven solids-handling pump were delivered by UPS.

The Engineering Services Department (ESD), together with the Operations Department - Wastewater Division, expects to start the detailed and systematic investigation of the condition of all manholes within the wastewater collection system very soon. The ESD is presently finalising the inspection report sheets and the logistics of the actual investigations (i.e., staff requirements, traffic management, sequence, etc.).

Between 01 August 2012 and 30 September 2012 the amount of rainfall was less than the previous two months, however the design hydraulic capacity of the plant (2.5 mgd) was still exceeded nearly 67% of the time (41 days out of 61 days).

- d) *Cogsdale Billing System* - The Chairman reported that Cogsdale is working very well for Customer Service. The new test version had been installed and is undergoing testing by Customer Service and Finance. The printing issues were successfully resolved by Xerox installing more suitable printers. Printing can now be completed in one night's run. The aim is to ensure that all payments are posted in a timely manner so that customers who have online access can see payments as soon as possible. This is especially important, as Customer Service needs to be able to start the bill process as soon as possible at 5PM on month end to get the bills completed in one night. The next step for Customer Service is to improve the online account access and e-bill efficiencies.

The Chairman reported that the finance-related Cogsdale issues remained a challenge for the Authority; the Finance department is working diligently to get "caught up" now that the 30 June 2012 is complete. There are still challenges getting the data from Cogsdale into the financial reporting programme. There are 1,000's of entries in the process of being entered manually as the "fixes" that were put through in Cogsdale did not become effective until July/August with regards to the G/L reporting. The Authority is working with Cogsdale to receive specific reporting, and will probably need to request several new reports to gain the required level of information. The information is available; the challenge is finding the best way to extract it. This project is on-going, specifically for Accounts Receivable and Sales. The Finance department is gaining experience with the new program and has the objective to be in a "current" position by mid-November.

- e) *Divestment of Water Authority Wastewater Assets* - The Chairman reported that since the September 2012 Board meeting there were not any significant new developments in this project. The Chairman noted that the Authority awaits the policy statement on the divestment as requested by the Central Tenders Committee. Mr T Hydes advised that the policy would be forthcoming soon.
- f) *Public Piped Water Utility Lease Project (PPWULP)* - The Chairman reported that since the September 2012 Board meeting there were no significant new developments in this project.

g) For Cayman Investment Alliance - George Town Landfill Closure and new Waste Management Facility in Bodden Town - The Chairman reported that since the last Board meeting in September the following has taken place:

- In the course of September 2012 Dart Realty Cayman Ltd (DRCL) commenced the construction of marl tracks within the property for the Bodden Town Waste Management Facility to conduct hydrogeological fieldwork for the Environmental Impact Assessment. The tracks are needed to provide access for the drilling equipment. DRCL is installing wells for further geological investigation at the site, to determine groundwater flow direction and to collect baseline water quality data. In addition dataloggers to track water levels have been installed at key locations to determine the local surface water regime. The proposed hydrogeological investigation has been reviewed and agreed to by the Water Authority.
- On 11 October 2012 the Environmental Advisory Board (EAB) met with DRCL and their consultants to further review and discuss the 24 July 2012 EAB comments on the draft Terms of Reference (ToR) for the Environmental Impact Assessment. Subsequently the next draft of the ToR was provided by DRCL by late 12 October 2012. The EAB met on 15 October 2012 and made some minor edits in the draft ToR; it is expected that the EAB will do a formal sign off on the draft ToR on 17 October 2012.
- Public meetings are scheduled on 14 November 2012 in George Town and on 15 November 2012 in Bodden Town for public consultation on the draft ToR. A Notice of Intent will be placed in local media to invite the public to these meetings. The draft ToR will be made available on DRCL's and DOE's websites and hard copies will be available at key public locations. The public will be given 21 days to comment on the draft ToR after which time the EAB, DRCL and their consultants will finalize the ToR.
- The Authority is not sure whether the contract for Government's independent third party review has been formally awarded yet. Mr T Hydes advised that the contract for Government's independent third party review was expected to be signed shortly.

h) Cayman Water Company (CWC) Negotiations Update - The Chairman reported that since the September 2012 Board meeting there were no significant new developments in Cayman Water Company's (CWC) matter. Members expected that there should be some news regarding CWC's application to the Courts for leave for judicial review.

i) Sterlin Estates (14E520) Failing Onsite Wastewater Treatment System - The Chairman reported that since the last Board meeting in September 2012, the Strata had provided a proposal for a new onsite wastewater treatment system (Cromaglass). However existing installations of the

proposed system do have performance issues and before approving the proposed system the Authority is communicating with the manufacturer to obtain a guarantee that the system will perform properly in the Cayman Islands. If this guarantee cannot be provided by the middle of next week, the Strata will be advised that they will have to propose an alternative system.

- j) *FOI updates* - The Chairman reported that no new requests had been received since the Freedom of Information report provided to members at the September 2012 meeting.
- k) *Incorporation of Water Authority requirements for wastewater treatment and disposal in Planning Permission* - The Chairman reported that the Secretary has scheduled a meeting during the week of 22 October 2012 with key staff of the Planning Department (Director, Assistant Director and Chief Building Control Officer) and key staff of the Authority (Director, Deputy Director, Senior Development Control Technologist and Water Resources Engineer) to discuss the communication of the Water Authority's requirements for wastewater treatment and disposal to developers at Planning stage.

Historically the Central Planning Authority (CPA) approval letter included the Authority's technical requirements for wastewater treatment and disposal, so that the developer had a clear understanding of what was needed to get Building Control Unit (BCU) approval before commencing construction. Recently the Authority learned that the letter granting Planning Permission no longer includes these technical requirements. Planning did not communicate this new approach to the Authority, and this has led to confusion between the Authority and developers.

Another issue is that in the course of dealing with the wastewater issues at the Randyke Strata, the Authority realized that the CPA had granted after the fact Planning permission for several of the illegal structures in the development, without consultation with the Water Authority. The issue with the illegal structures at Randyke is that it is unclear what provisions CPA approved for wastewater treatment and disposal and that, if the Authority had been consulted, it would not have approved the addition of wastewater from the illegal structures to the rehabilitated treatment systems to avoid overloading of the existing systems.

The meeting between the Authority and Planning will discuss the consequences of the CPA's and Planning's new approach and the approvals granted at Randyke. The objective is to ensure that the Authority's technical requirements for wastewater treatment and disposal are being met in the course of the Planning process and that the administrative process to deal with these requirements is clear and straightforward to all concerned.

- l) *National Roads Authority (NRA) Issues* - The Chairman reported that as reported at the previous Board meeting, on 12 September 2012 the Water

Authority had written a letter to the Acting Managing Director of the NRA requesting clarification on the various issues regarding work in and reinstatement of public roads, such as 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. Although two reminders were sent, on 28 September and 08 October 2012, no response had been received as yet.

This lack of response seriously handicaps the Water Authority as the Authority remains in limbo whether or not it can directly contract with paving contractors for final road reinstatement, and/or what kind of temporary reinstatement can be used on road crossings for service connections, etc. The Water Authority has received several complaints about dust caused by unfinished trenches. Further attempts will be made to stimulate feedback from the NRA and if these fail, the Authority will communicate through the Ministry.

Current Business

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

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

The Chairman reported that in a letter dated 03 October 2012, the above customers 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 09 March 2012 a complaint of a high water bill was received from the customer. No leaks or movements were identified and the reading was re-checked and found to be correct. On 15 March 2012 the customer requested that the meter be sent off for testing. The meter was removed and a letter mailed to the customer advising of the meter change. On 28 May 2012 the meter test result was received and as the meter passed the test, the customer was informed that the bill was payable. The customer was not happy with the outcome and requested via the letter to the Board dated 03 October 2012, that the Board consider a credit to the account which has been paid in full. The Chairman reminded members that the Authority relies on the amount registered on the meter in order to calculate the bills. 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 because the meter was tested and not found to be faulty. Additionally, the customer is responsible for all usage downstream of the meter.

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

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

[REDACTED].
The Chairman reported that in a letter dated 25 September 2012 but received by the Authority on 02 October 2012, [REDACTED] wrote to the Water Authority regarding high water bills. 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 17 January 2012 a leak was identified during meter reading. The customer was informed that she had 180.40 cubic meters consumption and that her bill was \$1124.02. On 19 March 2012 the customer was informed during meter reading that the leak was getting worse. On 28 June 2012 the customer requested an agreement for the account total of \$5417.49. The customer agreed to pay \$225.73 per month for 2 years. Again, on 01 August, 2012 the customer was advised by meter reader that she still had a leak. Subsequently, Ms Williams submitted her request for consideration to adjust her water bill as she is having difficulty as a pensioner in paying it as well as paying for the repairs necessary to stop the leak. The Authority's records indicate that Ms Williams was made aware of the continuing leak at this location over a year ago. She has also been advised that all works downstream of the meter is her responsibility. She is an elderly lady and while she knows the leak is in the foundation, she continues to use the meter as it is her sole source of water supply. She has been controlling the leak by turning the valve off at night but forgets to do so sometimes. 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 responsible for all usage downstream of the meter. In light of the customer's personal circumstances, members asked that she be advised to seek assistance to repair the leak in her foundation from the Home Repairs Committee, Lions Club, Rotary Club, and/or the Department of Family and Children Services. The late fees should be waived as usual providing the payment agreement is adhered to.

Members agreed that the customer should be advised that they reviewed the request and decided not to discount or waive the bill because the meter was tested and not found to be faulty. Additionally, the customer is responsible for all usage downstream of the meter.

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

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

[REDACTED].

The Chairman reported that in a letter dated 28 September 2012 but received by the Authority on 03 October 2012, [REDACTED] wrote to the Water Authority regarding high water bills. 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 20 January 2012 the customer was disconnected for non-payment. On 31 January 2012 the customer paid the account balance of \$284.99 and was reconnected. The bill from the disconnection created a reading period of 05 December 2012 - 20 January 2012 and a consumption of 55.7 cubic meters and a new bill of \$341.78. On 08 May 2012 the customer complained of high water bill. The reading was re-checked and was found to be correct and no movement or possible leaks were identified. The Authority's Debt Collections Officer contacted the customer on 20 June 2012 requesting that she pay the past due bill. As no payment was forthcoming, on 25 June 2012 the account was disconnected for non-payment. The customer came in on 26 June 2012 paid \$150.00 and requested a payment agreement. When the customer visited the office on 07 September 2012 to make payment a discrepancy with the outstanding amount was noted. The balance due shown by the Customer Service Representative was different from that shown by the cashier. The Customer Service Representative Supervisor promised to investigate and advise her accordingly. By 18 September 2012, after communicating with Cogsdale (the new billing software) the reason for the discrepancy was identified and the problem was determined to be an error in the way the payment was applied to the account. The error on the account was resolved and on 21 September 2012 the Customer Service Representative Supervisor tried numerous times to contact the customer with all cell numbers on file having the message "Does not accept incoming calls".

The Chairman noted that the Authority's records show that the customer does not pay as per the terms of agreement. Due to regular disconnections the customer's meter readings do vary, resulting in fluctuating bills. The Authority has to rely on the amount registered on the meter in order to calculate the bills. In this regards any fluctuation on the meter, unless proven to be faulty is due to the customer's consumption. The customer has defaulted on the current payment agreement and needs bring the account current. The Secretary respectfully sought the Board's decision on the request from the Customer.

Members agreed that the customer should be advised that they had reviewed the request and decided not to discount or waive the bill as the customer is responsible for all usage downstream of the meter. The customer should advised that she should keep her payment agreement current and if she has a problem making a payment it would be best that she discusses the situation with the Authority in advance instead of just skipping a payment.

d) Report on Policy for Pipeline Extensions in Private Roads.

The Chairman reported that as promised in the August 2012, the Authority had reviewed the current policy for Pipeline Extension in Private Roads. A copy of the report prepared by the Authority's Engineering Services Department was provided to members. The Chairman reminded members that the Water Authority has a legal obligation to ensure that water supply infrastructure is put in place for the islands, and as per the Law and Regulations the Water Authority is allowed to extend water services in areas where there is a proven need.

The Authority has observed from prior experience that the availability of piped water supply will ultimately lead to increased development and water usage in the area, albeit with a, sometimes significant, time lag. The Chairman reported that as members are aware, there is a reluctance and/or inability for benefitting owners (i.e., potential customers) to contribute to the cost of pipeline extensions.

The Chairman noted that in 2005 Government confirmed that the decision to provide water supply infrastructure in specific areas is the responsibility of the Water Authority based on its own economic analysis: The Water Authority has an obligation to carry out its functions in such a manner as to not become a financial burden to Government, and therefore the Water Authority must continue to make decisions (i.e., whether or not to extend water services in certain areas) taking into account the anticipated return on its investment (i.e., the estimated number of properties benefitting, the anticipated water usage and the projected profit on sales).

The Chairman reported that based on the information collated in this report, it is evident that the requirement under the current policy that any extension in a private road must provide at least a 15% return on the Water Authority's investment within 2 years of completion is unreasonable and too restrictive:

According to the preliminary Special Purpose Financial Statements of the Water Authority's Water Division for the fiscal year 2010/2011, as prepared by KPMG, the overall Water operations of the Water Authority resulted in a Net Income over Asset Ratio of approximately 7.5%.

The Chairman reported that based on the Authority's review of the current policy, it is recommended that Water Authority's policy regarding the extension of water pipelines into private roads is revised to:

"The Water Authority will extend the public water supply system within private roads in order to provide service to properties adjacent to these roads at no cost to the owner(s) of the road, when it has been determined that the resulting net profit from the

extension will provide at least a 6% return on the Authority's investment within 2 years of completion of the pipeline extension. This policy does not apply to new developments, in which case the developer remains responsible and bears the full cost of providing the water infrastructure in his development, to the requirements and specifications of the Water Authority."

The Chairman advised that this revised policy (using 2012 cost data) will mean that the Water Authority will be able to extend its pipelines into private roads (and Private Right Of Ways) up to a maximum length of approximately 100 linear feet per single residential customer, without a contribution from the benefitting land owners (see Appendix A).

The Chairman reminded members that the Water Authority Board can, when petitioned, still consider a variation on this policy on a case-by-case basis for any projects that do not meet the criteria of the revised policy, taking into consideration both the need for any pipeline extension project and the effects this projects may have on the Authority's financial performance.

Members discussed the policy and options available to the Authority. Members noted that it is onerous for some potential customers however the Authority also needed to ensure that it remained financially sound. After broad discussion on the policy, members agreed for the Water Authority to adopt the revised policy as outlined in the Report provided to members.

Donation Requests

The Chairman advised that the remaining amount available for donations was \$23,900 for the fiscal period 2012/2013.

a) Rotary Central Science Fair 2013.

Members agreed to sponsor the Rotary Central Science Fair 2013 in the amount of \$500. The motion was moved by Mr W Scott, seconded by Mr O Watler and passed unanimously.

b) National Trust 25th Anniversary Gala and Governor's Conservation Awards.

Members agreed to make a donation to the National Trust 25th Anniversary Gala and Governor's Conservation Awards in the amount of \$250. The motion was moved by Mr O Watler, seconded by Mr W Scott and passed unanimously.

c) Kiwanis Club of Grand Cayman - Santa Landing.

Members agreed to sponsor the Kiwanis Club of Grand Cayman - Santa Landing in the amount of \$750. The motion was moved by Mrs I Simms, seconded by Mrs P McGaw-Lumsden and passed unanimously.

d) Cayman Islands Select Football Team Las Vegas Mayor's Cup February 2013.

Members decided to sponsor the Cayman Islands Select Football Team's participation in the Las Vegas Mayor's Cup February 2013 in the amount of \$500. The motion was moved by Mrs P McGaw-Lumsden, seconded by Mr W Scott and passed unanimously.

e) Carl & Carlos Morgan - Track & Field Training for the 2013 World Championships and 2014 Commonwealth Games.

Members agreed to support the request for support from Carl & Carlos Morgan to assist them with Track & Field Training for the 2013 World Championships and 2014 Commonwealth Games in the amount of \$500 each. The motion was moved by Mrs P McGaw-Lumsden, seconded by Mrs I Simms and passed unanimously.

f) Dine with the Olympians - KySTAR Athletics Fundraiser.

Mrs P McGaw-Lumsden excused herself from the meeting at this point due to a conflict of interest. Members agreed to support the request for support from Ms Cydonnie Mothersill's KySTAR Athletics Fundraiser - Dine with the Olympians with part proceeds going to the Cayman Islands Athletics Association in the amount of \$750. The motion was moved by Mrs I Simms, seconded by Mr W Scott and passed unanimously.

Mrs P McGaw-Lumsden returned to the meeting after the KySTAR matter was dealt with.

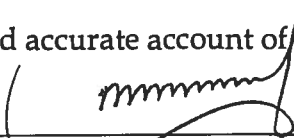
Any Other Business

a) American Water Summit.


The Chairman reported that the Secretary been invited by Global Water Intelligence (GWI) at their cost (hotel and airfare only) to attend the American Water Summit in Chicago 13-15 November 2012 as well as the Water Leaders Dinner. Global Water Intelligence provides news and analysis of the global water and desalination industry. The Water Authority holds a paid subscription with GWI. The Chairman noted that the Secretary had confirmed there are no obligations or expectations of any kind of the Authority or herself in relation the invitation extended by GWI. The Summit will provide an opportunity to network with top leaders in the water industry in the USA and other countries. Attending the Summit will be delegates from public and private water utilities, various government levels, equipment suppliers, new technology companies, financiers and academics. Of particular interest will be presentations of business models for the future on new styles of Public Private Partnership and infrastructure finance. The Secretary respectfully sought the members' support for her attendance. Members approved the Secretary's attendance.

There being no other business the Chairman thanked members for their cooperation and adjourned the meeting at 3:03pm.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary