

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 244th Meeting held on 11th of December 2013

Members Present:

Chairman:	Mr J L Hurlston
Members:	Mr J Gill Mr H B Ebanks Mr M Jacques Ms A Owens Mr C Randall Mr O Watler Mr A Wright
Secretary:	Dr G Frederick-van Genderen
Apologies:	Ms T Mortimer Ms R Sharma

Call to Order

The Chairman welcomed members and called the meeting to order at 1:36pm after ascertaining that there was a quorum and acknowledging apologies from Ms T Mortimer, and Ms R Sharma. The Chairman then proceeded to open the meeting with a special prayer.

Minutes of the 243rd Meeting held on 20th of November 2013

The Chairman asked for confirmation of the Minutes of the 243rd Meeting held on 20th November 2013. The following corrections to the Minutes were noted:

Page 1, 1st paragraph, first sentence should read "...The Chairman welcomed members and called..."

Page 3, 2nd paragraph, last sentence should read "...while there are employees who....."

Page 5, 2nd paragraph, second sentence should read "...and send it out before the....."

Page 13, 5th paragraph, first sentence should read "...provide service to Block 68A Parcel 90 in consideration that the Water Authority would have installed this service during....."

Page 13, 5th paragraph, second sentence should be deleted.

Page 13, 6th paragraph, last sentence should read "...with how it was dealt with and therefore....."

Page 14, 6th paragraph, third sentence should read "...does seem to lie with....."

Page 15, 3rd paragraph, first sentence should read "...Chairman returned to the meeting....."

Mr C Randall moved the motion to accept the Minutes, Mr J Gill seconded the motion and the motion passed unanimously.

Declaration of Conflicts of Interest

None were declared.

Matters Arising

a) Lower Valley Reverse Osmosis Plant (LVRO) - Update.

The Chairman reported that the water production rate of the LVRO plant during the month of November 2013 averaged 2,629 cubic metres per day (or approximately 88% of design water production capacity).

The Chairman reported that various questions on the tender documents for the Design and Build Contract for the LVRO Plant were received. On 09 December 2013 a Tender Addendum was sent to all eleven interested companies.

b) 30 June 2013 Audit of Consolidated and Divisional Statements - Update.

30 June 2013 Audit of Consolidated and Divisional Financial Statements for Water, Wastewater and Statutory

The Chairman reported that work is complete on the consolidated financial statements.

The Chairman reported that work on the divisional financial statements is continuing, the Financial Controller had expected to have these statements ready for the December 2013 Board meeting however with unexpected leave

(Financial Controller and KPMG representative) completion has been delayed. The Chairman noted that to date nothing had come to the attention of Management to suggest that there would be any issues with these statements and it is expected that they will be ready for the first meeting in 2014.

OAG - Unqualified Statements - Public Service Pensions Board (PSPB)

The Chairman reported that on 28 November 2013 the Financial Controller received an email from the Chief Financial Officer (CFO) of the Ministry (PLAHI) regarding the qualification of the 30 June 2013 Financial Statements, inquiring whether it was an on-going qualification and what was being done to remove it. The CFO was informed that the Authority had contacted the Actuary directly to inquire if the IAS 19 Valuation report could be received in a timelier basis. The Actuary responded that they would have to have information from the PSPB in order to facilitate a more timely report. The Authority will continue to follow-up with the PSPB and failing that option, will work with the new auditors to complete alternative procedures as there are only 5 employees still on this plan. The communication between the Authority and the Actuary was forwarded to the Ministry's CFO on 29 November 2013 to see if he could coordinate internally. An informal discussion was held with the Deputy Auditor General on 04 December 2013 and it was ascertained that should the CIG revert back to the 31 December year end that the information under IAS 19 would be available as the information is prepared on an annual basis. The Authority will continue to follow-up with the PSPB in the interim.

Annual Report 2011/2012

The Chairman reported that the Authority still awaited confirmation on whether the Annual Report was been approved by Cabinet and would make the current sitting of the House.

Annual Report 2012/2013

The Chairman reported that the Authority had prepared the 2012/2013 Annual Report but were still working on the document therefore it had not been sent to relevant parties for review (OAG and KPMG). The document is expected to be ready for approval on or before the first meeting in January 2014.

Budget Process 2014/2015 (Ownership Agreement)

The Chairman advised that the Authority has been in contact with the Budget and Management Unit (BMU) to confirm the timing of the 2014/2015 budget submission and was told that it would need to be in late January/early February 2014. The Chairman reported that the Authority's heads of departments met on 21 November 2013 to commence the budget process. The Secretary recommended that the Board postpone the 15 January 2014 meeting

to 05 February 2014 which would then be the 2014/15 budget Board meeting. This would allow a 4 week period after the Christmas break to prepare and present the annual document. Regular meeting would resume on 19 February 2014 with presentation of the RCAM. Members agreed with the recommendation to move the January 2014 meeting to 05 February 2014.

c) Cayman Water Company (CWC) Negotiations Update.

The Chairman reported that the Authority had been in communication with its lawyers and regarding preparation for the Judicial Review in April 2014.

The Chairman reported that the Authority received communication from the OAG confirming that they are working on the RFP for the CWC review engagement. The Authority is optimistic that work will commence on this engagement in early 2014.

d) West Bay Beach Sewerage Rehabilitation Project (2013) - Update.

The Chairman reported during the week of 25 November 2013, the contractor US Sewer & Drain, Inc utilised the 5-day visitor's work visa for two of its staff to finalise some practical matters (e.g., licensing cars, set up fuel accounts etc.) and to start the sewer cleaning portion of the contract (at Crystal Harbour). Work stopped on 30 November 2013.

The Chairman reported that unfortunately two of the three applications for temporary (6-month) work permits were denied by Immigration. The contractor indicated that two new applications will be sent later this week.

It is anticipated that actual work (sewer cleaning and CCTV inspection) will commence on 06 January 2014.

e) Cayman Brac Infrastructure Upgrade & Expansion Project - Update.

The Chairman reported that pipelaying started on 04 November 2013, and, in spite of some mechanical issues with the equipment, work progressed better than originally anticipated. As of 18 November 2013 approximately 2,720 feet of pipes have been installed: 104 lengths of 6-inch pipe along Gerrard Smith Avenue and 36 lengths of 3-inch pipe along Warbler Road, a side road off Gerrard Smith Avenue. Work will continue up to 20 December 2013, and pipelaying will resume on 06 January 2014. Mr C Randall noted that he had been getting positive reports from the general public about the work being done. He also noted that there was good cooperation between the general public and the work crew's traffic management.

Cayman Brac Steel Frame Building Refurbishment Contract

The Chairman reported that the successful contractor Edgewater Development Ltd indicated that the materials (roof and wall panels, insulation etc.) were

ordered and are expected to be in Cayman Brac before Christmas. Actual work will commence in early January 2014. It is anticipated that this contract will be completed by the end of January 2014.

f) Policy on Trucked Water Deliveries in Cayman Brac - Update.

The Chairman reported that as requested the Authority commenced informing the Brac customers as of 01 December 2013 using flyers posted at the Brac Office, posted with bills for trucked water, and delivery by hand to customers when delivering trucked water.

g) Employee Retirement Policy - Update.

As requested the Authority sought legal guidance with regards to the policy. The suggested changes and revised format was placed before members for their consideration for approval. Members reviewed the document and approved the Employment Retirement Policy as submitted.

h) Red Gate Water Works - Supply and Erection of Bolted Steel Tank for Water Storage 2013 - Update.

The Chairman reported that the Central Tenders Committee (CTC) opened the returned tenders (2 in total) on 20 November 2013.

Florida Aquastore submitted the most competitive price for this contract, which was 7.2% below the Engineer's Cost Estimate for this contract, and had the highest score on the Technical Assessment Criteria.

On 04 December 2013 the Water Authority Board approved the recommendation to award this contract to Florida Aquastore from USA. The CTC reviewed this report and recommendation via round robin on 11 December 2013.

i) Miscellaneous Updates

a) In-House Pipelaying Crews - The Chairman reported that on 06 December 2013 this crew completed (installed, pressure tested, disinfected and flushed) the extension of the water main along Carolina St, off Oracle Dr, East End to provide water service to [REDACTED]

[REDACTED] and the Water Authority Board's decision at the last meeting). The total length of pipe installed was 220 feet.

b) Water Supply Division - The Chairman reported that on 18 November 2013 Operations commenced the replacement of some of the pipelines in Grackle Road, and Cypros Road (off Godfrey Nixon Way). On 09 December 2013, this work comprising 460 ft of 100 mm pipe was completed. The new pipe will be commissioned during the week of 09

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

December 2013 and all customers will be connected to the new line pipeline before the end of following week.

- c) **Wastewater Division** – The Chairman reported that during the month of November 2013 the rains were frequent and the design hydraulic capacity of the plant (2.5 mgd) was exceeded for 27 days during that month. The average daily inflow for November was 2.75 mgd (or 110% of design capacity), which was 33.5% more than the average inflow during the same month last year (2.06 mgd).

During the week of 09 December 2013 the new pump control panel for PS1 will be commissioned.

- d) **Red Gate Water Works Reservoir Replacement** – The Chairman reported that on 02 December 2013 the contractor, Edgewater Development Ltd, started work on the demolition of the existing 1.25 MG fibreglass storage tank. Work has progressed very well and the contractor is confident that all work will be completed before Christmas. As the contractor indicated the he would be re-using the panels for formwork, the Secretary noted that she did not contact the prison.

- e) **Turtle Farm Marine Discharge Permit Renewal** – The Chairman reported that, as explained at the last Board meeting, the Water Authority renewed the Cayman Turtle Farm's (CTF) marine discharge permit on 29 October 2013. On 26 November 2013 Water Authority's Water Resources and Quality Control department staff met with CTF to follow up on the key issues of the permit:

1. CTF had commenced preparations to conduct the first benthic survey; this requires an underwater video survey of the seabed in the area where the marine discharge takes place. It is expected that the first benthic survey will be completed in December 2013.
2. CTF had installed a prototype Advanced Oxidation Centrifugal Fractionator with a Solar Drying Bed to pilot test the treatment of their wastewater stream. This equipment was made available free of charge by the RGF Environmental Group Inc of Riveira Beach, Florida. The unit was installed at one of the farm's production tanks and was operational for 1.5 days at the day of the meeting. Initial test results were promising.
3. A follow up meeting is planned with CTF in January 2014.

- f) **Dragon Bay – Production of non-potable water for Irrigation of North Sound Golf Club** – The Chairman reported that, as noted at the November 2013 Board meeting, the Ministry of PLAHII requested the Authority's comments on a letter from Dragon Bay Limited requesting an exemption from the provisions of the Water Production and Supply Law, 2011 for a licence for a reverse osmosis plant to produce non-potable water for the irrigation of their golf course. The Authority reviewed the request and advised the Ministry that the Authority did not see the reason why Dragon Bay Limited should be exempted under the Water Production and Supply

Law, 2011. On 04 December 2013 the Honourable Minister met with the Authority to discuss Dragon Bay Limited's request. He agreed with the Authority's advice and subsequently the Authority has prepared a draft response from the Honourable Minister to Dragon Bay Limited.

- g) *Water production for Dart Nursery and Camana Bay* - The Chairman reported that on 02 December 2013 the Authority received a letter from Cayman Water Company Ltd requesting the Authority to follow up on the use of a reverse osmosis plant for the Dart Nursery in West Bay. CWC informed the Authority that pipes in the new highway constructed by Dart in West Bay are being used to distribute water produced by the nursery. CWC objected to any infringements of its exclusive rights of their 1990 licence and requested the Authority to investigate this matter.

On 22 October 2013, Mr Burns Conolly, met with the Water Authority about the specific requirements for the reverse osmosis plant for the chiller plant for Camana Bay. In 2011 his firm had been advised at Planning stage that the proposed expansion of the plant was subject to the provisions of the Water Production and Supply Law, 2011; i.e. a concession from Cabinet and a licence from the Authority. These requirements were discussed at the 22 October 2013 meeting and communicated in writing afterwards. To the Authority's knowledge there has been no reply from the Dart group.

In discussion with the Honourable Minister on 04 December 2013, he requested the Authority to follow up on behalf of the Ministry with the Dart group on the status of all of their water plants, so that they comply with the provisions of the Water Production and Supply Law. The letter to the Dart group will be sent before the end of this week.

- h) *Laboratory Audit* - The Chairman reported that the Water Authority Laboratory will undergo its annual internal audit from 10 December through 13 December 2013. This audit is mandatory under the Laboratory's accreditation requirements of the American Association for Laboratory Accreditation. The internal audit is performed by Dr Jennifer Clancy, who has conducted the internal audit in previous years.

The external audit of the Laboratory, carried out every 2 years, was completed on 16 October 2013. It determined 14 deficiencies, all of which have been resolved.

- i) *FOI updates* - The Chairman reported that one request had been received since the last Freedom of Information (FOI) Report dated 15 November 2013.
- j) *National Conservation Bill* - The Chairman reported that the Water Authority reviewed the National Conservation Bill and provided comments to the Department of the Environment. The comments from the Authority asked for clarification on the consultative process of the National Conservation Council in matters relating to the protection of groundwater

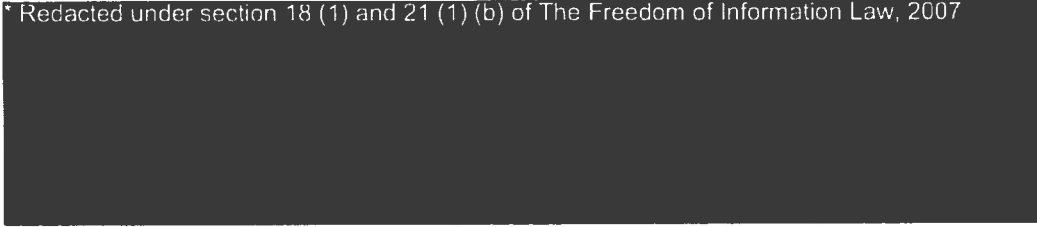
and whether the National Conservation Council can trump the Authority's role as a custodian of groundwater under the Water Authority Law.

Current Business

a) **Management Accounts November 2013.**

The Chairman reported that given the timing of the December 2013 Board meeting (one week earlier than usual) the 30 November 2013 financial statements had not yet been drafted. The Authority is also cognizant that the 30 November 2013 numbers will be used as the foundation of the 2014/2015

* Redacted under section 18 (1) and 21 (1) (b) of The Freedom of Information Law, 2007



Donation Requests

The Chairman advised that taking into consideration the Pines Retirement donation of \$7,200 (\$600/month), \$17.8k is available for disbursement.

a) **Business & Professional Women's Club of Cayman Brac - Annual Christmas Fundraiser.**

Members agreed to donate five Water Authority gift certificates for 1000 gals trucked water for Business & Professional Women's Club of Cayman Brac - Annual Christmas Fundraiser. The motion was moved by Mr C Randall, seconded by Mr J Gill and passed unanimously.

b) **Cayman Island Crisis Centre - Bollywood Dreamz - Fundraising Gala.**

Members agreed to sponsor the Cayman Island Crisis Centre - Bollywood Dreamz - Fundraising Gala by purchasing four tickets for staff to attend the event in the amount totaling \$500. The motion was moved by Ms A Owens, seconded by Mr A Wright and passed unanimously.

c) **Ministry of Home Affairs CI Government - Christmas Luncheon Gift.**

Members decided not to sponsor the Ministry of Home Affairs CI Government - Christmas Luncheon Gift request.

d) **CI Red Cross Philippines' Typhoon Fundraiser Dress Down Day.**

Members agreed to match the Water Authority staff contributions to the CI Red Cross Philippines' Typhoon Fundraiser Dress Down Day in the amount of \$184. The motion was moved by Mr O Watler, seconded by Mr H B Ebanks and passed unanimously.

e) **Radio Cayman Gift Certificates.**

Members agreed to provide Radio Cayman with three \$25 water gift certificates noting that the Authority will receive some airtime for PSAs in return. The motion was moved by Mr H B Ebanks, seconded by Mr A Wright and passed unanimously.

f) ADRA Cayman - Relief Response Effort - Philippines Disaster.

Members agreed to sponsor the ADRA Cayman - Relief Response Effort - Philippines Disaster in the amount of \$500. The motion was moved by Ms A Owens, seconded by Mr C Randall and passed unanimously.

g) Trinity Track Club - Sponsorship for 2013 - 2014 Season.

A decision on this request was deferred as members requested that Trinity Track Club provide a letter from the Cayman Islands Athletic Association (CIAA) confirming that the event is endorsed by the CIAA.

h) KYSTAR Athletics - 2014 Cayman Invitational Track Event.

A decision on this request was deferred as members requested that KYSTAR Athletics - 2014 Cayman Invitational Track Event provide a letter from the CIAA confirming that the event is endorsed by the CIAA.

i) Assistance for Missing Person Anna Evan's Children.

Members decided to sponsor Family Counselling services for the Assistance for Missing Person Anna Evan's Children in the amount of \$960. The motion was moved by Ms A Owens, seconded by Mr C Randall and passed unanimously. Additionally, members discussed considering providing additional support for this family. It was noted that the family may be able to access further funding and assistance from companies/corporations if there was a charitable foundation or trust that was able to manage the donations. Various ideas were discussed, however members asked that the Authority's Human Resources Department be asked to explore various options to provide assistance and that these be provided to the Board in due course. The Secretary noted that the family would also be the recipient of the Authority's Staff Project Angel Tree this year where the employees make donations that are matched by the Water Authority. Several members made personal donations.

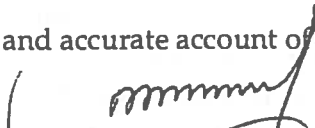
j) Request from Cayman Brac District Administration Office for Gift Certificates.

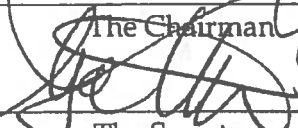
Members decided to provide two sets of five (total 10) Water Authority gift certificates for 1000 gals trucked water as requested from Cayman Brac District Administration Office for two separate Christmas functions. The motion was moved by Mr H B Ebanks, seconded by Mr C Randall and passed unanimously.

Any Other Business

There being no other business the Chairman thanked members and adjourned the meeting at 2:50pm.

This is a true and accurate account of the proceedings.



The Chairman


The Secretary