

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 248th Meeting held on 16th of April 2014

Members Present:

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

Call to Order

The Chairman welcomed members and called the meeting to order at 1:43pm after ascertaining that there was a quorum and acknowledging apologies from Mr HB Ebanks, Ms A Owens, and Mr O Watler. The Chairman then proceeded to offer a special prayer and the meeting was then opened.

Minutes of the 247th Meeting held on 19th March 2014

The Chairman asked for confirmation of the Minutes of the 247th Meeting held on 19th March 2014. The following correction to the Minutes was noted:

Page 1, in list of 'Members Present', Ms A Owens should be omitted as she was not present at meeting on 19 March 2014. Her name should be shown in the 'Apologies' list.

Mr A Wright moved the motion to accept the Minutes as amended, Mr C Randall seconded the motion and the motion passed unanimously.

Declaration of Conflicts of Interest

Mr J Gill mentioned that he knew the person requesting sponsorship for the Caribbean Darts Championship and the Americas Cup in the Donations section of the Agenda. Members noted and determined that there was no conflict.

Matters Arising

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

The Chairman reported that after approval of the award of the contract by the Central Tenders Committee, Ocean Conversion (Cayman) Ltd (OCL) was formally informed on 10 April 2014 that the design and build contract for a Seawater Reverse Osmosis (SWRO) plant at the Lower Valley Water Works had been awarded to them. The First Delivery Date must occur on or before 31 October 2014. The Water Authority has to make the site available to OCL no later than 22 August 2014.

The Chairman noted that as members are aware, at present the Water Authority does not have an engineer on staff experienced with the construction etc. of a SWRO Plant to oversee the LVRO plant project. Consequently, the Water Authority contacted Mr Scott Shumway, President of Industrial Services Inc, Vermont, USA inquiring whether his company would be interested in providing the project management and quality control aspects for this project. He has confirmed interest and to date the discussions have been very general, however ISI has been asked to provide a proposal for these services as soon as possible. Their services would be required early in the process. Additionally ISI can assist/advise the Authority with the refurbishing of the feed water abstraction wells, which will need to be completed before the new plant is made operational. It should be noted that ISI was the second lowest bidder on the recent LVRO Plant tender process.

Mr Shumway was the design engineer for most of the SWRO plants installed by Consolidated Water and OCL on Grand Cayman, including the LVRO Plant. Mr Shumway therefore has an in-depth knowledge of issues specific to the Cayman Islands. ISI had previously been employed by Consolidated Water for several projects in the Caribbean (e.g., in Grand Cayman, British Virgin Islands). ISI was responsible for the design, engineering, procurement, controls design, documentation, and commissioning of the Water Authority's North Side RO plant in 2009. However ISI has no current affiliations with Consolidated Water or any of its subsidiaries. Members discussed the matter of supervision and had no objection to the Authority seeking a proposal from ISI.

A preliminary project meeting will be arranged in the near future with OCL to discuss minor plant design modifications.

The Secretary advises that removal of the existing equipment has progressed reasonably well, and it is anticipated that work will be completed next week. Soon thereafter the remedial work on the building's roof/ceiling will commence, after which the inside will be painted in anticipation of the new RO equipment installation.

b) North Sound RO Plant - Update.

The Chairman reported that on 27 March 2014, OCL confirmed that they will continue to operate and maintain the North Sound RO Plant after 31 March 2014 pending approval of the CTC of the extension of the operating contract with OCL for the operation of the North Sound Water Production Plant for a period of 12 months from 01 April 2014. On 02 April 2014 the CTC approved the Authority's request for an extension of the operating contract.

The Chairman reported that OCL would be formally contacted once Amendment #2 to the Contract Documents, which details the modifications to the terms and conditions of the existing operating contract, has been signed by the Water Authority Board. Copies of the Amendment #2 are available for member's review. The Secretary respectfully requested the Board to review and approve the following resolution in order for the documents to be executed for the operating contract.

Resolution

The Water Authority of the Cayman Islands hereby agrees to accept the proposal from Ocean Conversion (Cayman) Ltd dated 19 March 2014) to extend for one year the Operating and Maintenance Contract for the North Sound Sea Water Reverse Osmosis Plant at the Red Gate Water Works site, Grand Cayman, Cayman Islands and that the Water Authority further resolves that Mr Lemuel Hurlston, Chairman and Mr James Gill, Board Member be authorised to sign the Amendment#2 to the Contract Documents document on behalf of the Water Authority of the Cayman Islands.

The motion to accept the resolution was moved by Mr C Randall, seconded by Ms R Sharma and passed unanimously.

c) Red Gate Water Works - Bolted Storage Tank - Update.

The Chairman reported that on 11 April 2014 Florida Aquastore's local sub-contractor (Lalev Construction, Ltd) poured the footer for the concrete base. The starter ring has been installed, and the installation of the rebar for the concrete based is almost complete. It is expected that the concrete base will be poured later this week.

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

The Chairman reported that although the contractor continues to experience equipment issues, a replacement camera was delivered last week (small enough to fit in the previously lined 6-inch sewer pipelines), the pace had picked up. By 07 April 2014 nearly 26,000 feet of sewers had been cleaned and televised (representing approximately 56% of the total length under the contract).

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

The Chairman reported that on 27 March 2014 all pipeline sections installed along Gerrard Smith Avenue and in all its side roads were commissioned (tested, disinfected and flushed), and the new pipeline was connected to the existing 3-inch (just north of Alexander Hotel). Unfortunately no service connections can be made until early June 2014 as the new small rock wheel trencher will not be shipped from the factory until late May 2014 (initially this was indicated to occur in late March). Customers in the area were informed of the waiver of the connection fee.

The Chairman advised that the Authority's management suggested that members may wish to consider extending the deadline for the waiver of connection fees in consideration of the delay in making connections. Members discussed the suggestion and agreed to extend the period for the waiver of connection fees in the side roads off Gerrard Smith Avenue until 30 June 2014 in consideration of the delay in the Authority starting to make connections.

The Chairman reported that last week the crew commenced work on the pipeline replacement/upgrade on the south coast, after they installed a temporary (2-inch) pipeline in the airport property, bypassing a section that had a large leak, thus limiting the amount of lost water and the amount of excavation/exploratory work necessary to find and repair the leak. This will also ensure that during the pipeline upgrade along the south coast, the water pressure will not be too negatively affected.

Cayman Brac Emergency Generator Contract

The Chairman reported that the generator for Cayman Brac had been ordered and the lead time is 9 weeks from the factory (from 21 March 2014). Therefore the generator should be shipped from factory around end of May 2014, and be in Cayman Brac around mid-June 2014.

The tender documents for the various foundation works (for transformer, generator and containerised RO Plant) were sent to 6 contractors on 15 April 2014. Tender due date is 30 April 2014. If all goes as planned, the construction of the generator base should be completed around the time the generator arrives on Cayman Brac.

Cayman Brac Containerised RO Plant Contract

The Chairman reported that, as members are aware, increased water production capacity at the Cayman Brac West End Water Works will be achieved by purchasing and installing a containerised SWRO plant in order to meet the forecast demand. This plant will increase the operational flexibility (redundancy) as the total water production capacity will be provided by two independent plants. A detailed tender evaluation report was provided to members.

The Chairman reminded members that the Works comprise the supply of a containerised SWRO Plant, with a water production capacity of at least 227 cubic metres per day (60,000 US gallons per day). An advertisement for this contract was placed in the Caymanian Compass on two subsequent Fridays (17 January and 24 January 2014), inviting contractors to submit expressions of interest for this project.

During the period 28 January 2014 until 7 February 2014 Tender Documents were sent by e-mail to seventeen (17) companies. By the deadline of 4:00pm on 12 March 2014 six companies had returned tenders for this project.

The Chairman reported that as shown in the evaluation report, Consolidated Water Company Ltd (CWC)'s lump sum tender amount (US\$342,000) was 14% higher than the Engineer's Cost Estimate (US\$300,000). The second lowest tender amount (from Industrial Services Inc) was nearly 38% higher than the Engineer's Cost Estimate.

The Chairman pointed out that although CWC's lump sum tender amount exceeded the Engineer's Estimate, sufficient funds had been allocated in the 2013-2014 Budget to cover these additional costs, as the 2013-2014 Budget also included an allowance of CI\$60,000 (US\$73,000) for the construction of a new abstraction and disposal well (assumed 1# each), which will not be necessary as the existing wells will be utilised for this plant.

The Chairman advised that as all tender amounts were in excess of CI\$250,000, the tender process for this project should have been referred to the Central Tenders Committee (CTC), as section 41(2) of the Financial Regulations (2013 Revision) requires that tenders submitted for any contract with a value of CI\$250,000 or more be evaluated by the CTC. It is therefore necessary to request the CTC to consider approving, after the fact, the process that was followed and the recommendation of this evaluation report. And, additionally, not require that the Water Authority repeat the tender process (which would delay this project by several months and very likely would not change the outcome of the tender process).

The members were respectfully requested to consider recommending to CTC awarding this contract to CWC with a Tender Amount of US\$342,000. After discussion and deliberation members agreed with the recommendation. The motion to approve recommending to CTC to this contract to CWC with a Tender Amount of US\$342,000 was move by Mr J Gill, seconded by Mr C Randall, and passed unanimously.

f) **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 the divisional financial statements and the island statements were accepted by the Board at the March 2014 meeting, and that the Financial Controller communicated the Board's acceptance of the statements (barring no material modifications) to KPMG. As it is the busy season for KPMG they requested the finalisation of the statements (i.e. final partner reviews) be done in April 2014, the Authority agreed to this and are currently waiting for the final signed off copies.

OAG - RFP for 30 June 2014 Audit (Statutory, Divisional and Island)

The Chairman reported that on 10 April 2014 the Authority received a request from the OAG to provide the information for the Divisional and Island accounts, the Financial Controller wrote back requesting a copy of the original RFP so that the Divisional and Island part of the engagement could be incorporated in a similar format. The Authority received the RFP, modified it to meet the Authority's audit needs and returned it to the OAG on 16 April 2014. The proposals are tentatively scheduled to be returned to the CTC no later than 07 May 2014. The Authority contacted KPMG to inform them that the RFP is expected to go out and that the Authority would not be seeking permission from the CTC for a single source supplier. Within the RFP and outside the parameters of the consolidated audit the Authority once again requested the audit of the 3 divisions, for the period ending 30 June 2014. Additionally, the Authority will request a review of the Island statements, with the expectation that it will move to an audit for the period ending 30 June 2015.

Annual Report 2011/2012

The Chairman reported that the document had been laid on the table in the Legislative Assembly on 26 February 2014 and is now a public document.

Annual Report 2012/2013

The Chairman reported the 2012/2013 Annual Report was approved by the Board at the March 2014 meeting and sent to the Ministry on 11 April 2014. The Water Authority awaits the Ministry's approval and sign off.

Strategic Option Analysis (SOA)

The Chairman noted that the plan is for this project to resume once the RCAM is formally adopted by the Authority. The Authority received a follow-up email from KPMG on 10 April 2014 and subsequently the Financial Controller advised KPMG the Authority was still interested in completing the SOA, but that it would not be done until after the introduction of the RCAM model.

g) Cayman Water Company (CWC) Negotiations Update.

As reported at the 19 March 2014 Board meeting, the Chairman reminded members that on 17 March 2014 CWC's lawyers Conyers Dill & Pearman wrote that CWC would not seek the relief sought in respect of conflict of interests (paragraphs 2 and 3 of the Notion of Motion). Additionally, on 18 March 2014 Conyers Dill & Pearman wrote that CWC would not seek relief as set out in paragraph 1 of the Notion of Motion with the understanding that:

- CWC will be allowed to make final submissions representations on the RCAM model and/or alternative models of pricing by no later than 30 May 2014
- WAC will respond no later than 31 August 2014
- CWC will pay the cost incurred by the Authority (as far as they relate to the Notice of Motion from 31 March 2013 onwards).

The Chairman reported that on 01 April 2014 the Judicial Review (JR) hearing was held at the Grand Court.

As a result of the correspondence prior to the actual JR hearing, it was agreed that the Court need only determine the issues raised in paragraphs 4, 5 and 6 of the Notice of Motion which were:

- What rights afforded to CWC under the Licence are preserved by section 16(c) of the Water (Production and Supply Law 2011)?
- Who should negotiate the terms of an extension of the licence?
- Whether section 4(2) of the WPSL 2011 and section 6(d)(vi) of the Water Authority Law 2011 are incompatible.

All parties made representations at the hearing, which was concluded around 3:45 pm on 01 April 2014. The Authority is now awaiting the decision by the Chief Justice.

OAG – CWC Review Engagement

The Chairman reported that on 08 April 2014 the Authority received the updated draft RFP document from the OAG requesting confirmation on the timing of the engagement. The Director, Deputy Director and Financial Controller reviewed the document, updated the proposed timing of the engagement and provided it back to the OAG on 14 April 2014 with the recommendation that the draft submission be provided by mid-August 2014, allowing the report to be used in the evaluation of the rate proposals that are to be provided by CWC. The Authority also suggested that the OAG contact

CWC directly prior to the commencement of the engagement to ensure they are aware of the process. Members requested that the Water Authority seek the OAG's agreement to co-sign the letter on behalf of the Water Authority Board.

h) Rate Cap Adjustment Mechanism (RCAM) - Update.

The Chairman reported that the Authority's management met with the Managing Director and Deputy Director of the Electricity Regulatory Authority to present the RCAM plan for the Water Authority and to discuss their experience with CUC. It was a positive meeting and the ERA management indicated that it was clear that the Authority understood and presented the concept competently. The Authority plans next to meet with the Auditor General and his staff to make the same presentation and seek their feedback. Board members requested that the Water Authority make the same presentation to the Honourable Minister and Chief Officer of the Ministry of Planning, Lands, Agriculture, Housing, and Infrastructure.

i) Miscellaneous Updates

a) *In-House Pipelaying Crews* - The Chairman reported that during the week of 07 April 2014 the pipelaying crew resumed work on the pipeline upgrade (from 6-inch to 12-inch) in South Sound, i.e. the remaining portion between the Venetia development and the intersection with Walker's Road.

b) *Water Supply Division* - The Chairman reported that during the week of 07 April 2014 Operations commenced the replacement of approximately 1,000 feet of 6-inch diameter pipe on Hirst Road between Candover Street and Sunrise Landing.

c) *Wastewater Division* - The Chairman reported that during the month of March 2014 the design hydraulic capacity of the plant (2.5 mgd) was exceeded for all 31 days (although there had been hardly any precipitation). The average daily inflow for March 2014 was 3.00 mgd (or 120% of design capacity). This average daily inflow is nearly 32% higher than the average inflow during the same month a year earlier (2.28 mgd). The Authority is reviewing relevant data in order to try and determine where the increased inflow is coming from. At this time there is not much that can be done, except to keep the emergency ponds as empty as possible when the inflow is not too high (dry periods).

An invoice was sent on 21 March 2014 to Logic to recover the costs incurred by the Water Authority as a result of Logic (actually their contractor Trenchless Technology) cutting through the sewer pipeline near The Pavilion.

d) *Lower Valley Water Works - Emergency Generator* - The Chairman reported that on 27 December 2013 the emergency generator at the Lower Valley Pump Station failed to provide any output during a routine

maintenance operation and it was subsequently found that the stator had burned out and needed to be replaced. Although it was possible to only replace the alternator/generator end, a decision was made to purchase and install a new emergency generator, as the existing diesel engine for the generator was already 20 years old.

On 12 March 2014 tender documents were sent to seven local electrical companies, but only two companies submitted a tender. Corporate Electric Ltd's Total Tender Amount (CI\$30,135) was significantly lower than that of the other returned tender, and was also less than the Engineer's Estimate of CI\$50,000.

On 14 April 2014 Corporate Electric Ltd was formally notified that this contract had been awarded to them. This contract must be completed no later than 07 July 2014. Corporate Electric confirmed that the generator for Lower Valley was ordered on 14 April 2014 and the lead time is 9 weeks from the factory. Therefore this generator should be shipped from factory around mid-June, and installed by early July 2014.

- e) *FOI updates* - The Chairman reported that one request had been received and processed as shown in the FOI Report dated 10 April 2014 and provided to members.

Current Business

a) **Management Accounts March 2014.**

The Chairman reported that the Finance Department had prepared the 31 March 2014 management accounts for the Board review and feedback.

Based on estimates for the first nine months of the 2013/2014 financial period Operating Revenue stayed in line with prior year figures, however it was below budget by 4.1%. Revenue is expected to continue the existing trajectory as the traditional dry season is soon coming to an end. The Cayman Islands received an unusually heavy rainfall during this "dry season" and this would have affected the sales in the above noted period. The drop of about 20% in revenue from Cayman Brac was queried and the Secretary promised to provide an explanation at the next meeting.

Throughout the fiscal period operating expenses were consistently lower when compared to prior year and also to the 2013/2014 budgeted figures, showing a decrease of 3.5% over prior year and 7.0% under budget, this is reasonable as there was a delay in commencing work on the CCTV survey. The CCTV work has begun and the Authority expects to see an increase in future operating expenses over prior year, but still within budgeted figures. The Authority also expects to see an increase in road reinstatement under

supplies as invoices for work completed are paid and completed upgrade and replacement projects are completed and transferred from CIP.

Administrative expenses were slightly higher than last year, showing an increase of 8.4%. Consistent with prior explanations the variance with prior year is due to the administrative cost of the Brac in July/August, whereby GCM staff went to CYB to assist, interview, train, orientate etc., and the cost of the 30th Anniversary celebration. *

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

calculated and posted combined with the lower than anticipated legal fees. If the outcome of the Judicial Review is favourable this would minimise the anticipated legal fees, however these savings may be offset if it is deemed appropriate to have legal representation on the new negotiating team. Members requested additional information on the ageing of receivables.

The Authority continues to be in a very strong financial position, with sufficient cash reserves to commence the CYB and WW CCTV projects and meet day-to-day operational and administrative expenses.

Accounts Receivable Balance – February 2014

The Chairman reported that at the March 2014 Board meeting a query was raised with regards to the significant increase in the Accounts Receivable (AR) balance over the same period as last year. The AR balance had been higher than prior years since October 2013 when the WA participated in the EPS, transferring \$2 million to deposit with the Treasury and recorded in the WA's books as a receivable. The receivable was cleared on 02 March 2014 and hence the March AR balance was more in line with prior years. This \$2 million was separated from the trade receivables, but only in the detail, not in the summary. Should the Authority be requested and decide to participate in this initiative in 2014 a separate line item will be established on the Consolidated Statements of Financial Position to clearly separate the trade receivables from the Treasury Receivable, for ease of comparison.

b) Request for Bill Adjustment re Customer Account# *

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

The Chairman reported that the Authority received a letter from * on 19 March 2014 requesting that consideration be given to reducing her bill. A copy of the correspondence and the report from Customer Service was provided to members.

The Chairman reported that a review of the account was undertaken and the Authority's findings were that on 24 February 1998 * was given permission by her mother, * to

apply for service at a property owned by her (the mother) at [REDACTED]
[REDACTED]

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

On 10 August 2001, [REDACTED] complained of a high bill. The metering division verified on 14 August 2001 that there was movement on the meter which was consistent with a possible leak and the customer was advised on 16 August 2001. The reading of 428.2 created a bill of \$819.46. On 31 August the customer requested a disconnection and a move out service order which was issued and completed. The meter was padlocked and the reading was 563.3. This reading created a new bill of \$690.35. The account total became \$1,525.88. The customer established a payment agreement to settle the bill however only made one payment of \$300 then defaulted.

On 10 December 2001, the Water Authority verified that the meter was still locked as the customer was in default of the agreement. The reading on meter remained at 563.3. The account balance was \$956.75.

On 03 November 2005, the Water Authority checked the location and found that the account was illegally connected. A reading of 1461.13 with a consumption of 898 cubic metres was recorded. This created a bill of \$4,909.63 and brought the account balance to \$5,875.86. [REDACTED] was informed of the illegal connection and denied any involvement as she no longer stayed at the premises.

On 12 August 2008, the outstanding balance of \$5,875.86 was transferred to [REDACTED] [REDACTED] which already had a previous outstanding balance of \$110.43. The total outstanding on the account was therefore \$5,986.29. On 09 March 2009 this account was disconnected for non-payment with a balance of \$6,784.25.

In this situation, [REDACTED] did not own the property but was given permission by the owner in 1998 to be able to apply for the account. The Chairman noted that all accounts have to be opened in the registered owner's name since 2002. Additionally [REDACTED] requested a disconnection to have the service terminated in 2001.

When the illegal connection was found in 2005, [REDACTED] was made aware of it and denied any knowledge. The amount for the illegal usage was added to her bill as was the policy. While there were 3 houses plus a shopping plaza on the property, the Authority was not able to ascertain who had taken the water or who had made the illegal connection.

The Chairman noted that the Water Authority has had legal advice in a previous case which indicated that once a customer has requested a disconnection and there is no new application for the new owner, if an illegal

connection is identified prior to the new owner coming in to open the account, the previous owner cannot be held liable legally unless there is eye witness evidence of the illegal tampering being carried out by the previous account holder (e.g. [REDACTED]).

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

It was noted that reminders by way of monthly bills were generated and sent to [REDACTED] for this outstanding balance and there was no response. Her reasoning is that she had relocated overseas. Now that [REDACTED] has returned and there are several issues with accounts on the property which belongs to her elderly parents [REDACTED] family members encouraged her to come forward to deal with the matter.

Since [REDACTED] had requested a disconnection, and given the legal advice the Authority has on file, the Authority's management recommended that the Board approve that the amount of \$4,909.63 for the illegal usage be written off. [REDACTED] should be held responsible for the remaining balance excluding the penalties on [REDACTED] (amount of \$2,770.54 from March 2009 to January 2011). The remaining balance payable by [REDACTED] would therefore be \$1,874.62. Members discussed the customer's request and decided in view of the circumstances, to write off the amount of \$4,909.63 determined to be due to illegal usage and that the customer should be held responsible for the remaining balance on account [REDACTED] excluding penalties (that amounts to \$2,770.54). The remaining balance payable for the customer is therefore \$1,874.62. The motion to write off the amount of \$4,909.63 was moved by Mr A Wright, seconded by Mr J Gill and passed unanimously.

c) **Request for Extended Payment Plan re Customer Account# [REDACTED]**

The Secretary reported that Customer Service received a request from a deceased customer's daughter regarding her father's account. Customer Service did not prepare a special report on this account as the request was for an extended period to pay off the debt. The statement and payment plan were available for members to review if required. [REDACTED] is deceased and his daughter [REDACTED] inherited his debt of \$6,866.11 which she is willing to settle through Water Authority payment agreement policy. [REDACTED] signed the payment agreement and will begin payments on the 30 May 2014. Members agreed that the customer should be advised that they considered the request and agreed for the Water Authority to offer an extended period of 6 years as requested along with the usual waiver of late penalties providing the payments are made regularly.

d) **Informal Housing Report.**

The Chairman reported that further to the previous Board meetings, the Water Resources and Quality Control Department had prepared a summary report on the sanitation issues at informal housing developments. The report

included the map presented at the last board meeting and a summary report with photos illustrating 6 case studies. Inadequate sanitation at informal housing is typically a subset of a wider range of non-compliance issues with Planning and Building Code requirements. Substandard conditions at informal housing developments affect public and environmental health. The Chairman noted that this was not a new issue; the 2006-2007 Cayman Islands National Assessment of Living Conditions (NALC) provided data on poor/vulnerable households and described housing conditions for the lowest income groups as acute.

The Chairman reported that the Authority had asked its various Ministries on previous occasions to initiate a multi-agency approach, however this has not materialised. In 2011 a broad review of informal housing issues commenced through the Planning Department; to the Authority's knowledge this has not been completed.

The Chairman advised that the Authority uses substantial resources to address this matter, but has had limited success in resolving these challenges. Given the recent spike in complaints associated with informal housing, the Water Authority's management remains of the view that a collective approach is required from affected agencies (Chief Medical Officer, Directors of Planning, DEH and MRCU, Ministry of PLAHI etcetera). The Authority has asked these agencies for support, but received limited response. As the Authority is not in a position to require a cross agency review and response, it is recommended that the affected Ministries seek a solution as per recommendation of the report: *"The sanitation issues at informal housing developments require a coordinated approach from multiple Government agencies; currently a coordinated approach is absent, resulting in inadequate and ineffective solutions. It is recommended that the relevant Chief Officers determine a comprehensive and coordinated strategy to address the challenges at informal housing developments"*. The Board was respectfully asked to support this recommendation. Members discussed the report and examples provided and requested that the Secretary forward the report to the Ministry of PLAHI for action.

The Chairman reported that in the meantime the Office of the Auditor General (OAG) has initiated a Land Management Audit; the informal housing issue was discussed between the Authority and the OAG in initial discussions in February 2014. On 11 April 2014 the OAG has asked the Authority for further details on informal housing issues and on cross agency issues on the licensing of excavations.

Donation Requests

The Chairman advised that the original 2013/2014 budget showed an amount of \$40k, revised budget to \$45k. With the proposed increase and the

commitment to the Pines Retirement Home there is \$7.6k would available for disbursement during the current fiscal period. Members discussed the process of dealing with donations and decided that in the 2014/2015 financial year that the Secretary should chair a Donations & Sponsorship committee of 2 Board members. This committee would review requests submitted and decide on the level of donation or sponsorship and report back to the Board every three months with a summary of decisions made.

a) Layman Scott High School PTA.

Members decided not to support the request from the Layman Scott High School PTA but wished them all the best with the fundraising project.

b) FC International - 2014 Summer Football Camp.

Members agreed to sponsor the FC International - 2014 Summer Football Camp in the amount of \$500. The motion was moved by Mr M Jacques, seconded by Mr C Randall and passed unanimously.

c) Prospect Primary School PTA - 9th Annual 5K Walk-A-Thon.

Members agreed to sponsor the Prospect Primary School PTA's 9th Annual 5K Walk-A-Thon in the amount of \$500. The motion was moved by Mr M Jacques, seconded by Ms T Mortimer and passed unanimously.

d) Cayman Islands Darts Association - Sponsorship for Caribbean Darts Championship and the Americas Cup.

Members agreed to sponsor the Cayman Islands Darts Association - Sponsorship for Caribbean Darts Championship and the Americas Cup in the amount of \$200 to sponsor Arek Archibold and \$300 to the Cayman Islands Darts Association Youth Programme for a total of \$500. The motion was moved by Ms T Mortimer, seconded by Mr A Wright and passed unanimously.

e) Chamber of Commerce Leadership Cayman Programme - Seminar Sponsorship.

Members decided not to support the request from the Chamber of Commerce Leadership Cayman Programme for Sponsorship of the Tourism Industry Seminar.

f) Boom Dat Nation Inc - Jr Batabano Parade Sponsorship.

Members agreed to sponsor the Boom Dat Nation Inc - Jr Batabano Parade Sponsorship request in the amount of \$500. The motion was moved by Mr A Wright, seconded by Ms T Mortimer and passed unanimously.

Any Other Business

a) Request for Indefinite Forgiveness of Bond Obligations [REDACTED]

[REDACTED]
The Chairman reported that in a letter dated 10 February 2014, [REDACTED]
[REDACTED] was informed of the Water

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

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Authority Board's decision requiring that that funds expended on her scholarship are repaid over a 3-year period. In a letter dated 28 March 2014, [REDACTED] has advised the Chairman that she had made an initial payment of US\$200.00 and was committed to pay equal monthly instalments through the Authority's online payment facility going forward.

The Chairman advised that at US\$200 per month it would take 42 years to repay ($200 * 12 * 42 = 101k$). The Chairman noted that it is understandable that [REDACTED] is trying to come to an equitable solution and it will be the decision of Board members on whether to accept this repayment schedule. It was pointed out that members should consider that what she has offered is 14 times longer than the Board had originally requested. Additionally, members may also consider that - the Authority is now trying to hire someone outside the Authority with the required skills by the post that was to be filled by [REDACTED] the funds assigned to [REDACTED] could have been spent on someone else who may have stayed with the Authority; the Authority has a legal bond with the scholarship recipient and her sponsor; and, that other previous and current Water Authority employees have had to reimburse the Authority if they left the island or for some reason were unable to complete their studies as per their agreement with the Authority.

There was discussion on whether to allow [REDACTED] a maximum of 10 years to repay her scholarship bond, interest free. The figure would be US\$848.56 per month based on the total owed of US\$101,827.62. Members decided that a longer period of repayment than that of the 3 years originally approved would most likely prove to be too much of a financial risk for the Water Authority to fully recoup all monies owed. Members therefore did not accept [REDACTED] payment plan of US\$200 per month to pay back [REDACTED]

Members requested that the Authority's management advise [REDACTED] that she has 3 months to come comply with the initial request of the Water Authority that the funds be repaid over a 3-year period and that in the event she is unable to do so the Authority will take legal steps to recover the funds through the holder of her bond.

The Chairman noted that registered mail letters sent to both [REDACTED] and the surety were returned by the US Postal Service as well as the Cayman Postal Service.

b) Global Water Summit

The Chairman reported that the Secretary had expressed that she was privileged to attend the above Summit as an invited member of the Global Water Leaders Group. Total attendance at the conference was just over 600 delegates including the Global Water Leaders Group of just over 60 persons.

The Global Water Leaders Group is by invitation only and is made up of the top people in the global water sector from all corners of the world. Drawing together the richness of their experience, the focus is to encourage the transfer of knowledge and solutions across regions. The facilitators promote that water is a local issue, but good leadership is not. The Global Water Leaders Group establishes a space where the world's water leaders can envisage a better future for water - together.

During the conference, the Secretary attended two workshops specifically for the Global Water Leaders Group engineered to foster a focused environment for the development of practical solutions to drive performance in the sector. The first session was a *Performance Workshop* on the topic "What Is Performance?" which was the start of a major review of what the water sector's performance aims should be, and it will go to the heart of what can be achieved to make water - and the world - work better. The second session was *The Leadership Masterclass* which was focused on the professional development of world-class water leaders in a peer-to-peer environment.

The Chairman advised that the Water Authority was featured in the latest addition of the Water Leaders Magazine specifically focusing on the Authority's 30th Anniversary celebration and the push to "Keep Cayman on Tap".

The Chairman noted that there were excellent opportunities to network and contact was made with companies offering practical training in RO desalination, potential bidders on water desalination plants, potential secondments for Water Authority staff, as well as water regulators. It was a worthwhile event and the Secretary thanked members for the opportunity to represent the Water Authority and the Cayman Islands.

c) Public Authorities Bill

The Chairman reported that the Secretary continues to participate on the review of the draft Public Authorities Bill as reported to the Board earlier this year. The Bill aims to provide overarching governance for all Statutory Authorities and Government Companies (SAGCs) in light of the recent reports from the OAG regarding performance and good governance.

There being no other business the Chairman thanked members and adjourned the meeting at 3.08pm.

This is a true and accurate account of the proceedings.

[Handwritten Signature]

The Chairman

[Handwritten Signature]

The Secretary