

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 256th Meeting held on 04th of February 2015

Members Present:

Chairman:	Mr J L Hurlston
Members:	Mr H B Ebanks 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:	Ms A Owens Mr O Watler

Call to Order

The Chairman proceeded to welcome members and wished everyone all the best for the New Year. The meeting was called to order by the Chairman at 11:05am after ascertaining that there was a quorum. The Chairman acknowledged apologies from Ms A Owens and then proceeded to offer a special prayer and subsequently declared the meeting open. The Chairman also thanked members for being available at short notice to meet earlier in order to allow him to attend a conflicting meeting. Members were reminded that the next meeting is scheduled for 25 February 2015. Mr C Randall gave his apologies in advance as he will not be on island that week.

Confirmation of Minutes of the 255th Meeting held on 10th December 2014

The Chairman asked for confirmation of the Minutes of the 255th Meeting held on 10th December 2014. The following corrections to the Minutes were noted:

Page 5, item (b), second paragraph, line 2 should read "...north of the Lower Valley...."

Mr J Gill 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

None were declared.

Matters Arising

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

The Chairman reported that Ocean Conversion Cayman Ltd (OCL) continues to troubleshoot the operation of the plant as they have not been able to achieve the quality required under the contract. The 90-day operational period will not commence until the quality and quantity parameters are met.

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

The Chairman reported that the rate of progress has suffered due to work permit and staffing issues. The Contractor is optimistic that this project will be completed in March 2015.

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

The Chairman reported that the Water Authority in-house pipelaying crew resumed work on Cayman Brac on 05 January 2015 and that further updates will be provided at the 25 February 2015 meeting.

d) 30 June 2014 Audit of Consolidated and Divisional Statements - Update.

30 June 2014 Audit of Consolidated and Divisional Financial Statements for Water, Wastewater and Statutory

The Chairman reported that 2013/2014 annual report, management letter and divisionals will be provided at the 25 February 2015 meeting.

e) Cayman Water Company (CWC) Negotiations Update.

CWC - Rate Structure Proposal

The Chairman reported that updates will be provided at the 25 February 2015 meeting.

Cayman Water Company - Annual Base Water Rate Adjustment

The Chairman reported that CWC's retail water rates are adjusted annually in accordance with their 1990 licence as extended. The licence determines that the base water rates are adjusted in January each year as follows: 20% of the rate is adjusted for the annual change in the CICPI (Cayman Islands Consumer

Price Index), 35% of the rate is adjusted for the annual change in the USPPPI (United States Producer Consumer Price Index) and 45% of the rate remains unchanged. Base water rates do not cover fluctuations in electricity rates; this is covered separately by the Energy Adjustment Factor (EAF). Under the licence CWC submits the calculations for the base rate adjustments early in January; the Water Authority verifies the calculations and approves the rate adjustment.

The CICPI increased by 1.47% and the USPPPI increased by 0.69% (Sep 2013-Sep 2014). As a result CWC's retail base rates for 2015 increased by 0.62% over their 2014 rates. In 2015 a single residential customer of CWC will have a monthly bill of \$106.31 plus EAF whereas a single residential Water Authority customer in Grand Cayman pays \$92.11 per month plus EAF, a difference of approximately 15.4%. This charge is based on the average monthly water consumption of Water Authority's single residential customers; this is 19.1 cubic metres or approximately 5,000 gallons.

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

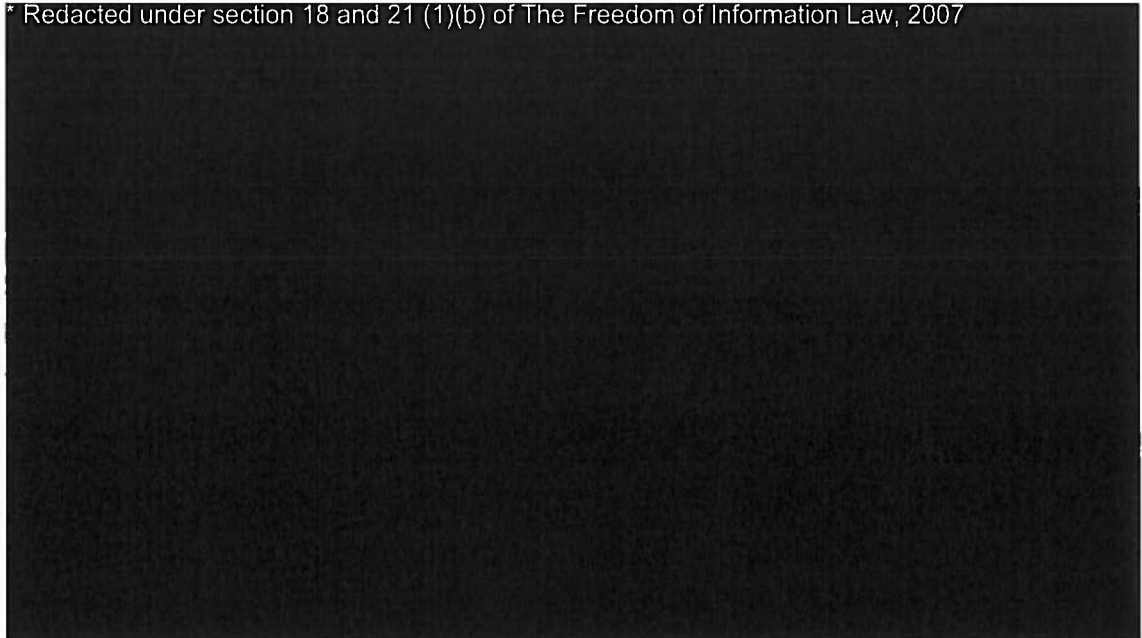
The Chairman reported that there was nothing new to report.

g) Miscellaneous Updates.

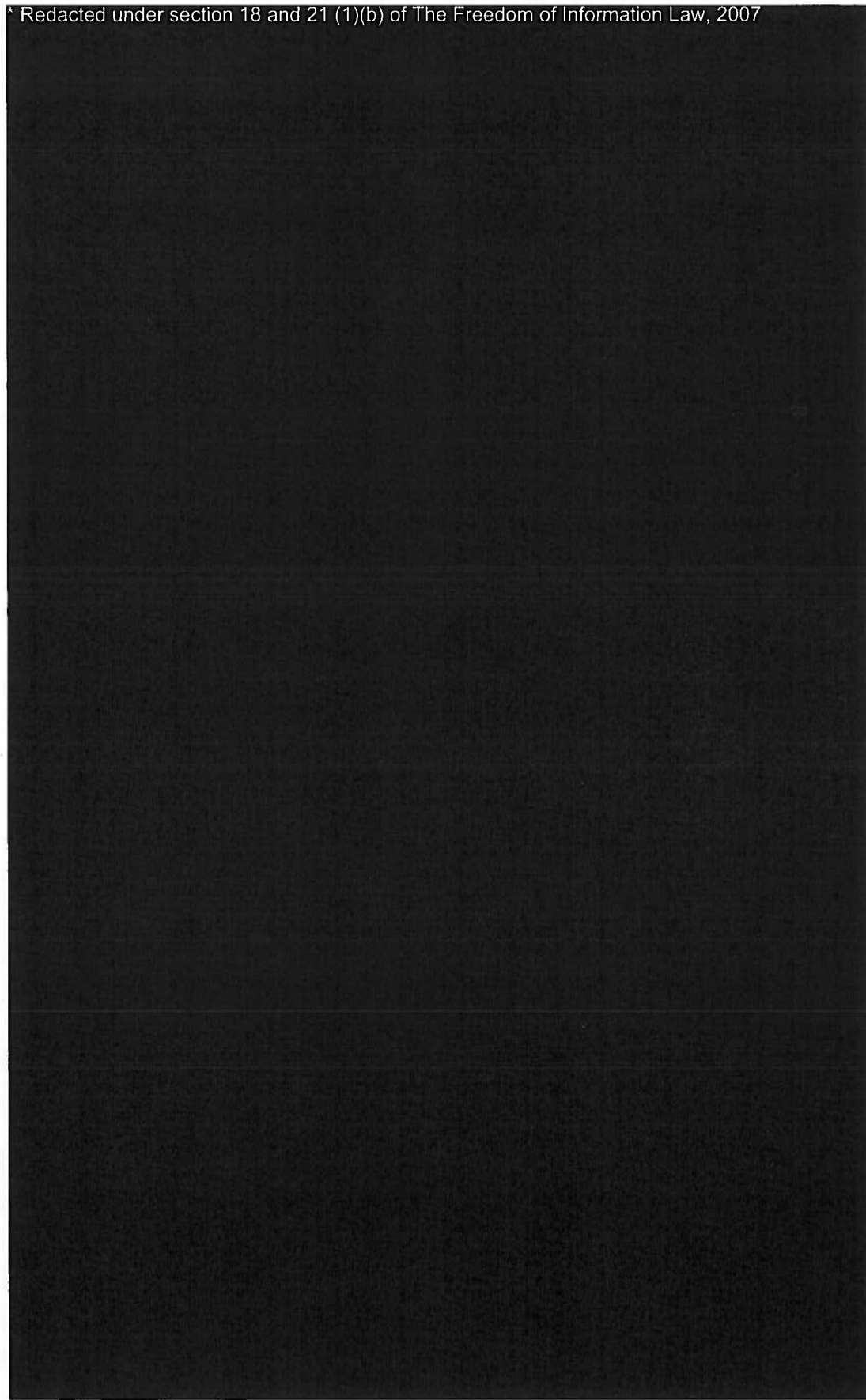
The Chairman reported that updates will be provided at the 25 February 2015 meeting.

Current Business

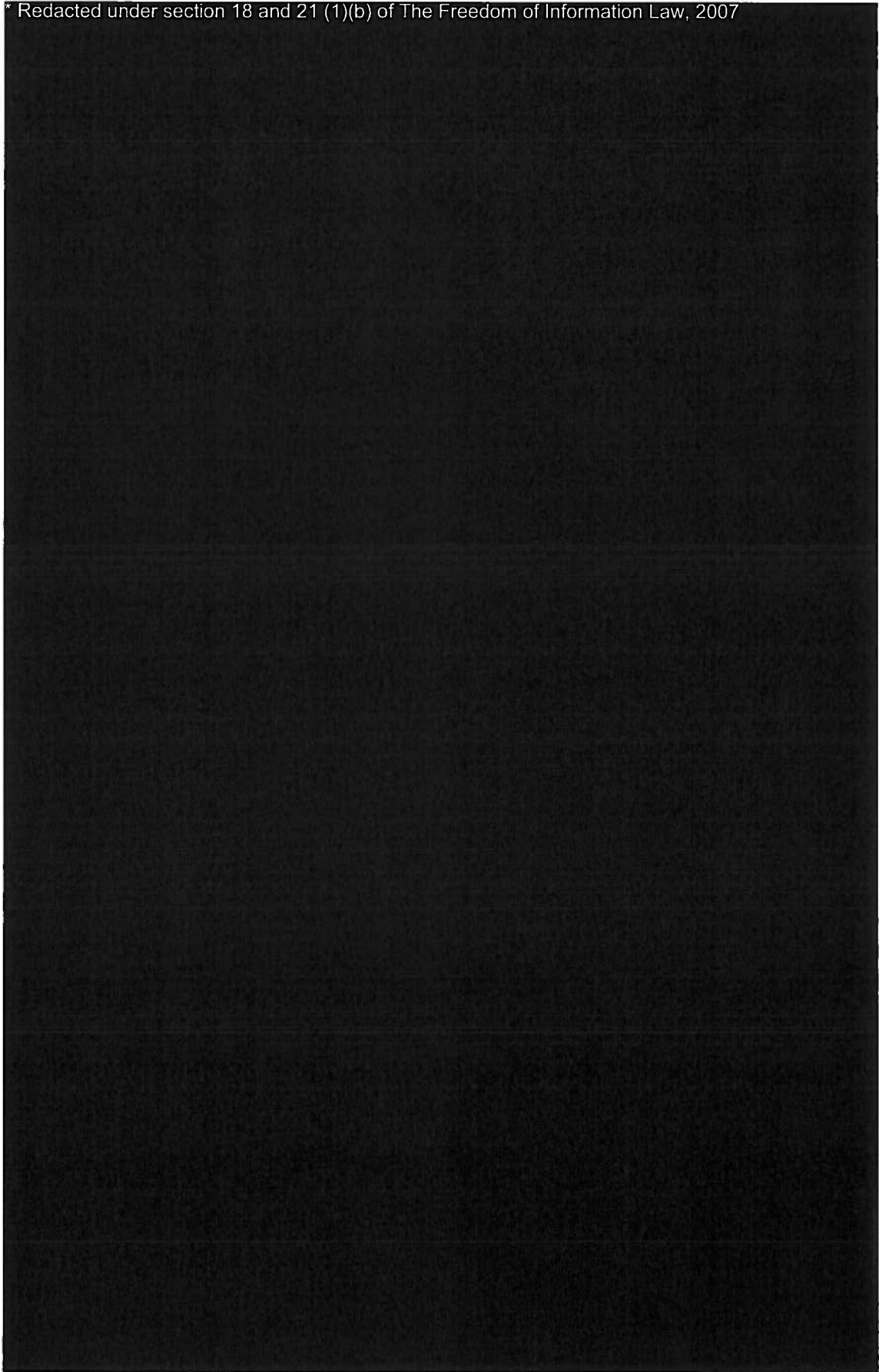
a) * Redacted under section 18 and 21 (1)(b) of The Freedom of Information Law, 2007



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Any Other Business

a) **The Global Water Summit.**

The Secretary reported that she has been invited, as a member of the Global Water Leaders Group, to participate in the Global Water Summit to be held in Athens, Greece in April 2015. The Secretary will be partially sponsored by the organisation and will attend several workshops whilst there. The Water Authority would cover the accommodation and per diem cost.

Donation Requests

The Chairman advised that the Sponsorship Assessment Sub-committee will deal with requests at the 25 February 2015 meeting.

There being no other business the Chairman thanked members and the meeting was adjourned at 11:59am.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary