

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 275th Meeting held on 16th of November 2016

Members Present:

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

Call to Order

The Chairman welcomed members and called the meeting to order at 1:37pm after ascertaining that there was a quorum. He acknowledged apologies from Ms A Owens, Ms R Sharma, Mr M Jacques, Ms T Mortimer, and Mr A Wright. The Chairman then offered a special prayer for guidance and subsequently declared the meeting open.

Confirmation of Minutes of the 274th Meeting held on 19th October 2016

The Chairman asked for confirmation of the Minutes of the 274th Meeting held on 19th October 2016. 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

No conflicts were declared.

Matters Arising

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

The Chairman noted that on 01 November 2016 the well disinfection was completed for well #2 only, historically this has been the best producing well, both in water quality and quantity. This well was completed in anticipation of starting one train of the RO Plant.

The Chairman reported that the RO Train #2 was started on 04 November 2016 and ran for 3 hours; the quality was suitable for delivery. Biological tests were completed on 08 November 2016. Water was produced 09-15 November 2016 (average water production 1,465 m³/day), but water production was stopped due to increased pressure build-up at the pre-filters. On 15 November 2016, the pre-filters for the plant were opened up, and the pre-filters were found covered with biofilm including shrimp. The Water Authority has contacted the Department of the Environment (DOE) regarding this discovery. The RO plant will be started using feed water from either well #1 or well #3 to determine whether the same issues will be experienced. The Secretary noted that this is not the first time shrimp has been abstracted from feed water wells as it has happened on occasion previously at the LV RO Plant and also at the North Side site when the wells were being drilled. This phenomenon is not unusual given the geology of the Cayman Islands.

The Chairman reported that the contractor Wendel Construction Ltd had been waiting on structural drawings for the steel frame for the chemical storage building at the Lower Valley Water Works, and they commenced work on site on 16 November 2016.

b) **Cayman Brac Infrastructure Upgrade & Expansion Project - Update.**

The Chairman reported that the pipelaying crew remained in Grand Cayman to complete the installation of the pipework at the new Red Gate Pump Station and this crew has assisted with the work on the Linford Pierson Highway. It is expected that the crew will return to Cayman Brac during the week of 21 November 2016.

Due to various other commitments the Deputy Director has not yet met with the PWD Works Manager to agree on the extent of the first few sections of affected road to be reinstated. However as per the District Commissioner's comments at the October 2016 Board meeting, the asphalt plant on Cayman Brac is still non-operational. It is therefore unlikely that any road reinstatement will be carried out before early 2017. Mr C Randall advised that it appears that

the asphalt plant was now operational as several side roads were in the process of being redone with hot mix. The Secretary noted that the Deputy Director was planning to visit the Brac in the next week or two and that he would seek to make arrangements at that time for the reinstatement of roads damaged by the Authority's work.

West End Water Works 530m³/day RO Plant

The Chairman reported that the replacement of the LG NanoH₂O membranes was carried out 17-18 October 2016 and has resulted in a significant improvement in water quality. Some of the instrumentation was replaced at the same time.

c) Water Distribution Pump Station Project 2016 - Red Gate Water Works - Update.

The Chairman reported that partial electrical approval was received from the Building Control Unit on 07 November 2016 and the process to obtain electrical service was in process.

The Chairman reported that good progress has been made with the installation of the pipework inside the pump station. It is anticipated that the installation of all pipework, except for the electromagnetic flow meter (which was shipped with the incorrect flanges), will be completed by the end of November 2016.

The magnetic flow meter manufacturer has acknowledged their mistake and although they are expediting the manufacture, the correct magmeter will not be ready at the factory until 07 December 2016. It is therefore unlikely that it will arrive on island before Christmas, and as a significant number of staff will be off during the Christmas-New Year period, commissioning of the pump station will be scheduled for early January 2017.

d) Esterley Tibbetts Sewer Force & Effluent Mains Project - Update.

The Chairman reported that the contractor Wharton-Smith, Inc completed the installation of nearly 2,300 linear feet of the two parallel HDPE pipelines along the realigned and widened Esterley Tibbetts Highway (between the new roundabout located northwest of the existing Lawrence Blvd/Camana Bay roundabout and just north of Lakeside Condos). The actual length will be approximately 600 feet less than the length in the tender documents as DECCO Ltd requested that contractor stop short to enable a CUC duct-bank to be constructed just north of the termination point across the line of the pipes. DECCO Ltd will install these missing pipeline sections at the same time the existing pipelines are relocated when the Esterley Tibbetts Highway within the Camana Bay development is realigned (all at no cost to the Authority).

The contractor has carried out his own pressure tests on the completed sections. A formal test in accordance with the requirements of the contract will be carried out on 17 November 2016.

- e) **30 June 2016 Audit of Consolidated and Divisional Statements - Update.**
30 June 2016 Audit – Consolidated, Divisional and Island Financial Statements for Water, Wastewater and Statutory

Redacted under section 21(1)(b) of The Freedom of Information Law (2015 Revision)

30 June 2016 - Supplemental Financial Statements (Divisions and Islands)

The Chairman reported that as KPMG has allocated resources to these engagements and the Water Authority will work with them during the month of November 2016 and the expectation is to provide statements to the Board in December 2016.

Annual Report 2015/2016

The Chairman reported that now that the Authority has completed and signed off on the 30 June 2016 financial statements the Annual Report is in the process of being drafted, inclusive of the additional information as requested. It is expected that this report will be presented to the Board at the December meeting for their approval.

31 December 2016 Audit – Consolidated, Divisional and Island Financial Statements for Water, Wastewater and Statutory

The Chairman reported that the Authority continues to work towards the next audit which will start in early January 2017 for the 6-month period ending 31 December 2016. KPMG is expected to be on site in early January 2017 hence the Authority will not have the usual 2- months' preparation time. The Financial Controller is optimistic that all audit sections, excluding payables should be complete. The Payables account is dependent on receipt of invoices and thus the Authority has to wait for vendors to submit.

The Chairman noted that this will be a good opportunity for a “dry run” for next year (31 December 2017) to see how best to schedule the holidays whilst still ensuring that the audit is prepared for and deadlines met.

Public Service Pension Board – Defined Benefits Pension Plan – 31 December 2016

This report has been requisitioned and will be made available in early January 2017 for inclusion into the 31 December 2016 audit.

Public Service Pension Board – Defined Post-Retirement Health Care – 31 December 2016

This report has been requisitioned and will be made available in early January 2017 for inclusion into the 31 December 2016 audit.

Redacted under section 21(1)(b) of The Freedom of Information Law (2015 Revision)




Request for Proposals from Class A Banks

The Chairman reported that due to the focus on the audit and now the upcoming audit, the Authority will have to delay review of the options until early next year.

f) Cayman Water Company (CWC) Negotiations Update.

Redacted under section 21(1)(b) of The Freedom of Information Law (2015 Revision)



The Chairman reported that CWC had completed their legal review and the draft is expected to go to their Board on 16 November 2016, after which CWC will advise the Water Authority of their response. When CWC's comments are received the Board will be provided with the draft and be asked how to deal with issues that have not been resolved.

As reported at the last meeting the Authority has been asked by the Honourable Minister to meet with Caucus for a presentation on the extension of the current licence (15th extension, which expired on 30 June 2016). The date for this meeting has not been confirmed as yet.

g) The Utility Regulation and Competition Office Bill (URCO) – Update.

The Chairman reported that the Utility Regulation and Competition 2016 Bill was passed into law during the last sitting of the Legislative Assembly with many of the amendments requested by CWC. A number of the Water Authority's recommendations were not included as it appears that Mr JP

Morgan was not aware of them. He has advised that there will be further amendments in January 2017 at which time the Authority's recommendations will be considered.

The Chairman reported that the Authority received an updated version of the Drafting Instructions for the Water Sector Bills on 19 October 2016. The Authority reviewed this document and provided its comments to the Ministry on 28 October 2016. The Ministry's Strategic Advisor provided feedback on the Authority's comments on 09 November 2016. The Authority will review the recent feedback from the Ministry.

h) Miscellaneous Updates.

a) In-House Pipelaying Crews - The Chairman reported that the reinstatement of the roads in Tropical Gardens, affected by recent pipeline installations, was completed on 01 November 2016. This had been delayed due to Island Paving's heavy workload.

b) Esterley Tibbetts Highway Widening - The Chairman reported that as reported previously, in order for the water main to be relocated in the eastern side of the road corridor, i.e., in the shoulder of the southbound carriageway, the current road sub-base and base that is being constructed (by DECCO) will have to be widened by approximately 8 feet plus the taper back down to existing ground. The additional cost is estimated at Redacted under section 21(1)(b) of The Freedom of Information Law (2015 Revision)

c) Linford Pierson Highway Widening - The Chairman reported that on 19 October 2016 the in-house pipelaying crew commenced the installation of the 12-inch main along the southernmost edge of the widened Linford Pierson Highway. Work commenced at the 1st Assembly Of God Church, and to date approximately 2,000 linear feet of pipe has been installed with a further 1,350 linear feet required to complete the project (up to Halifax Road) Completion of this phase including commissioning, is expected by early December 2016, as previously agreed with NRA.

The next section, between Halifax Road and Agnes Way will be carried out in early 2017.

d) Water Supply Division - The Chairman reported that Operations-WS currently has no major projects, but the crews has been busy with

connecting new sub-divisions, a pipeline extension off Breezy Way, carrying out reinstatement of hot mix areas throughout the water distribution system affected by leak repairs and/or service connections, and has assisted the Water Resources with excavations related to the fuel spill at Shedden Road (former Rubis gas station).

- e) **Wastewater Division** - The Chairman reported that during the month of October 2016, the design hydraulic capacity of the plant (2.5 mgd) was exceeded on 23 days. The average daily wastewater inflow from West Bay Road was 2.51 mgd (or approximately 100% of design capacity). This amount was 6.7% less than the average influent measurement during the same period last year (2.69 mgd). Since mid-September there have been some issues with the magnetic flow meter which may have resulted in some inaccuracies of the actual inflow. The Engineering Services Department is actively investigating the reason for the flow meter inaccuracies.
- f) **West Bay Road New Force Main** - The Chairman reported that as part of the Dart Group's proposal to construct an over-pass across West Bay Road, parts of the Water Authority sewerage infrastructure have to be re-located (i.e., Pumping Station #4 will be relocated to north of the overpass and two sections of gravity sewer will be replaced with a HDPE force main). The works will be carried out by DECCO Ltd on behalf of the Dart Group in accordance with the requirements of Water Authority. Work commenced on 10 November 2016 to install the new 12" diameter HDPE force main between Burger King and Royal Palms.
- g) **Fuel spill at former Rubis Service Station Shedden Road** - The Chairman reported that developments since the September 2016 Board meeting are:
- In addition to finding free product in approximately 150 to 200 foot trench of the water main in Shedden Road, free product has also been found in the trench for the telecommunication ducts along Shedden Road (excavations were done on 13 November 2016).
 - The Water Authority plans to replace the water main in those sections of the trench in Shedden Road that have free product (after the free product has been removed). When the new water mains are installed, the Authority will employ a method to isolate the fuel impacted telecommunication trenches in areas where there is a crossing or direct connection with the Water Authority's trenches. Contaminated soil from the trenches will be remediated by Rubis/ Arcadis.
 - The meter for Willow House will be relocated to the north-west corner of the property.
 - The Authority has agreed with Rubis/ Arcadis on the disposal methods, specific remediation standard and testing methods for remediated soil from the site.
 - Rubis/ Arcadis is in discussion with the Department of Environmental Health to establish a Land Treatment Unit at the George Town Landfill to treat the fuel impacted soil.

- h) Compensation Review* - The Chairman reported that this project will commence at the Authority starting 23 November 2016.
- i) Geology Week* - The Chairman reported that the fourth annual Geology Week, held from 17 - 21 October 2016 was a success. Dr Brian Jones delivered 10 geology lessons at 5 schools, including Layman E Scott High School in Cayman Brac. A total of 334 students participated in the lessons and a field trip was held for 13 students in Cayman Brac. The 1 day geology course for teachers was attended by 15 teachers and other professionals. The exhibit of art work from well-known Caymanian artist Horacio Esteban, who uses Cayman rocks in his art, was well received. Dr Jones and the Authority received good and positive publicity in the local media. As Dr Jones donates his time free of charge, the overall expenses for the week were limited. All together it was a very successful week and some initial work has been done already to plan Geology Education Week for 2017.
- j) FOI updates* - The Chairman reported that no new requests had been received since the last Water Authority Board meeting.
- k) National Energy Policy* - The Chairman reported that further to the information on the National Energy Policy provided at the last Board meeting, on 07 November 2016 the Authority provided its comment to the Electricity Regulatory Authority on the policies that are proposed for the water and wastewater sector.

Current Business

a) Management Accounts October 2016.

The Chairman noted that members had been provided with the management accounts for the period ending 31 October 2016. The Authority finalised the 30 June 2016 financial statements and was therefore able to close the fiscal year, allowing for opening numbers and a full set of statements for the period ending 31 October 2016.

* Redacted under section 21(1)(b) of The Freedom of Information Law (2015 Revision)



In summary, the Authority continues to show strong sales and net income and is in a position to complete the 6-month fiscal period above that of the first 6-months of 2015/2016. The financial records will later reflect pending year-end adjustments such as Pension, Post-retirement Health, Bad Debt Expense and the possible introduction of Phase II of the Post-Retirement Health care recognition. The cash balances remain sufficient to continue with the Cayman Brac extension project, the Cayman Brac Bluff site development as well as daily operational and administrative costs.

Any Other Business

a) **Staff Matters.**

* Redacted under section 23 of The Freedom of Information Law (2015 Revision)



Members also suggested that the Authority consider inviting pensioners to Water Authority social functions where appropriate.

b) American Water Summit 2016.

The Secretary reported that she has been invited again this year by Global Water Intelligence (GWI) at their cost (airfare and two nights' accommodation, two additional nights will be needed in order to arrive for activities on 05 December and return on 08 December) to attend the American Water Summit in Miami, Florida 05-07 December 2015. The Secretary is a member of The Water Leaders Group which includes senior executives and decision makers from the public and private water industry sectors in North America and provides access to leaders in the industry around the world. Global Water Intelligence provides news and analysis of the global water and desalination industry. Attending the Summit will be delegates from public and private water utilities, various government levels, equipment suppliers, new technology companies, financiers and academics. Members noted that they had no objection to the Secretary's participation in the Summit.

c) Waiver of Deposits for Water Accounts.

Some members raised the point that they would like to see the Water Authority adopt the policy of allowing the waiver of deposits for water accounts when applications are made in the name of a registered charity. Members discussed this in reference to the recent decision made to allow the waiver of deposits on water accounts of the Pines Retirement Home. Members discussed the options and agreed that the Secretary be allowed to waive the requirement for deposits on water accounts applied for in the name of a charity registered under the recent legislation that passed in the Legislative Assembly. Members also agreed to allow the waiver of the deposit for a new account for the National Trust in Cayman Brac pending receipt of a formal request.

d) Cayman Brac Trucked Water Policy.

The Chairman noted that the Authority's management is in the process of preparing information to present to the Board regarding the Cayman Brac Trucked Water Policy as requested.

Donation Requests

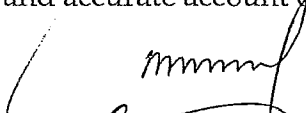
The Chairman advised that the Sponsorship Assessment Sub-committee would meet after the Board meeting to deal with the following requests for assistance:

- a) Ronald J Forbes – Athletic Sponsorship.
- b) Kiwanis Club of Grand Cayman – Santa Landing 2016.
- c) Tower Marketing – Taste of Cayman 2017.

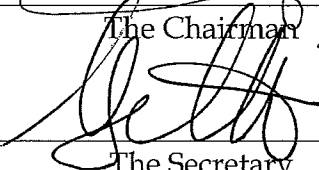
- d) CI National Trust CYB - Annual Sock Hop Fundraiser.
- e) HSA Faith Hospital CYB - Staff Christmas Appreciation Party.
- f) East End Primary School - PTA Funded Programme.
- g) Department of Vehicle & Equipment Services - Staff Christmas Luncheon.
- h) The Pines Retirement Home - Monthly Water Donation.

Members agreed to meet at 12 noon on 14 December 2016 as the Chairman has another meeting scheduled for 3:30pm. There being no other business the Chairman thanked members and the meeting was adjourned at 2:34pm.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary