

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 291st Meeting held on 26th September 2018

Members Present:

Chairman:	Mr K Gomez
Members:	Mr H B Ebanks Mr J Gill Mr C Randall Mr M Rankine
Secretary:	Dr G Frederick-van Genderen
Apologies:	Mrs L Ryan Ms T Ebanks Ms A Owens Ms R Sharma Mr A Wright

Call to Order

The Chairman welcomed members to the meeting and acknowledged apologies from Mrs L Ryan, Ms T Ebanks, Ms A Owens, Ms R Sharma, and Mr A Wright. After ascertaining that there was a quorum, the meeting was declared open and called to order at 2:10pm. The Chairman noted that the plan to have a tour of the Water Authority's facilities in Grand Cayman would have to be rescheduled as only 3 Board members showed up for the tour originally planned for 9:00am the morning of 26 September 2018. It was then decided to have a regular meeting at 1:30pm if enough

members would be able to attend. Members were contacted and subsequently this Board meeting was rescheduled for 1:30pm. The Chairman then asked Mr H B Ebanks to open the meeting with prayer.

Confirmation of Minutes of the 290th Meeting held on 15th August 2018

The Chairman asked for confirmation of the Minutes of the 290th Meeting held on 15th August 2018. Mr M Rankine moved the motion to accept the Minutes as amended, Mr H B Ebanks 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 during the month of August 2018 the plant, running albeit on one RO train only, produced on average 1,328 cubic metres per day, which is approximately 44% of its design water production capacity.

The Engineering Services Department (ESD) is waiting on a response from the manufacturer for low flow media filtration systems that was contacted and will continue to follow up with them.

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

The Chairman reported that in response to various leaks on the pipeline in West End Road (West) a decision was made to replace and upgrade this pipeline as a matter of urgency, and since late July 2018 the Authority's pipelaying crew has therefore concentrated on replacing this pipeline (installed in 1991). To date the sections between Selena Drive and the James Scott Road have been replaced. The crew is currently working on the section between Selena Drive and Church Close (the road to Gerrard Smith Airport). Mr C Randall noted that from his perspective the work was progressing well.

The Authority's pipelaying crew continues to alternate the pipeline installation with the installation of new water services. However, as the Authority's pipelaying crew has concentrated its efforts on the aforementioned pipeline replacement, only a few new water services were installed in August 2018.

Brac Bluff Water Works

The Chairman reported that on 07 September 2018 the tender documents for the Exploratory Drilling Contract at the Bluff site were sent to the four local well drillers. This tender was also advertised in the Caymanian Compass on 07 September and 14 September 2018. The work covered under that contract comprises the construction of two boreholes and the collection of continuous rock core samples therefrom up to approximately 500 feet in depth. The objective is to obtain site specific geological information which is necessary for the design

of the abstraction and disposal wells for the future Reverse Osmosis plant at the Cayman Brac Water Works. The information will determine the optimum depth of the feed water abstraction and brine disposal wells (by determining areas of high porosity) whilst keeping in mind the limited fresh water lens in the area, which will need to be protected. Additionally, one borehole will be constructed in Little Cayman and continuous rock core samples collected to obtain geological information which will be necessary in the near future when the containerised reverse osmosis plant will be relocated from Cayman Brac to Little Cayman.

c) North Sound & Red Gate RO Plants Operating Contracts - Update.

The Secretary reported that on 21 August 2018 the Authority advised Ocean Conversion (Cayman) Limited (OCL) that the new operating contract, for the two SWRO Plants at the Red Gate Water Works (i.e., the North Sound Reverse Osmosis Plant and the Red Gate Reverse Osmosis Plant), for a period of five years, had been awarded to them, as they had submitted the most competitive fees for this contract, and their Tender had the highest score on the Technical Assessment Criteria.

*Redacted under section 21 (1)(b) of the Freedom of Information Law (Revision 2018)

Under the new Operating Agreement, the annual cost savings, compared to the fees under the current Operating Agreements, will be around 12.7% or in excess of [REDACTED]. The Operating Agreements have been executed and this item will now fall away as an Agenda item.

d) Red Gate Water Works - Supply & Erection of Bolted Steel Tank for Water Storage 2017 - Update.

The Chairman reported that on 24 August 2018 Florida Aquastore completed the tank construction. The tank has been disinfected and completely filled. The Authority's in-house pipelaying crew will soon install the necessary pipework and fittings, after which this new tank will be commissioned.

e) 31 December 2017 Audit of Consolidated & Divisional Statements - Update.

31 December 2017 Audit – Consolidated, Divisional and Island Financial Statements for Water, Wastewater and Statutory

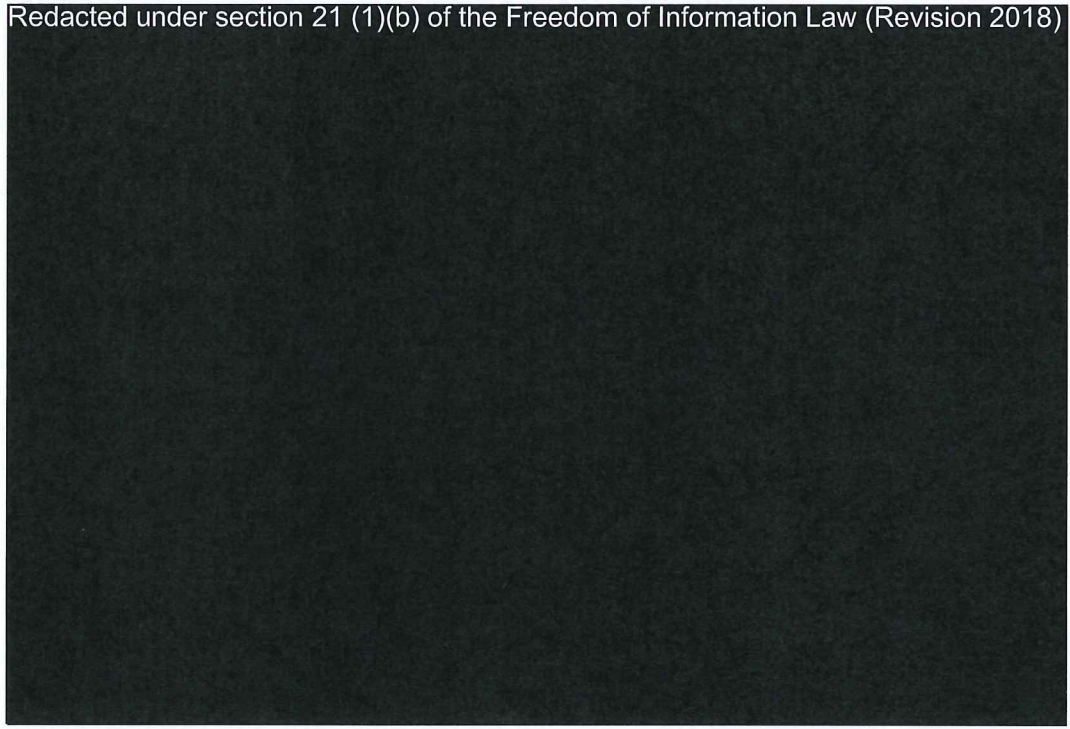
The Secretary reported that the 2017 Divisional statements as well as the 2016 islands statements had not yet been finalised by KPMG due to staffing issues but both teams are working towards sign off at the October 2018 meeting.

Annual Report 2016/2017 –

The Secretary reported that the Authority is following up with the Ministry to determine if the annual report was tabled in the Legislative Assembly at the September 2018 sitting of the House or if it is scheduled for the next sitting.

*31 December 2018 Audit – Consolidated, Divisional and Island Financial Statements for Water, Wastewater and Statutory
Audit Tendering Process*

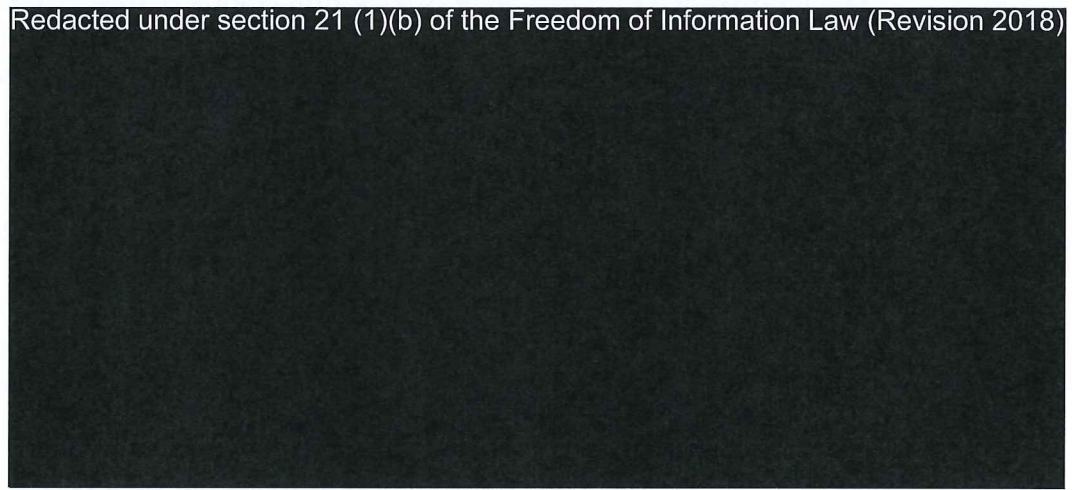
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Audit Preparation

The Secretary advised that the Financial Controller has confirmed that audit working papers are current and will be ready for interim audit work once KPMG is able to confirm dates.

Redacted under section 21 (1)(b) of the Freedom of Information Law (Revision 2018)



The Public Service Pension Law (2013 Revision), the Public Service Pensions (Contribution rates) Regulations, 2016 was deemed to have come into force on 01 July 2016, increasing the rates from 12.26% currently to 34.3% for the Water Authority. A copy of these regulations was provided to members. The Financial Controller reached out to the PSPB on 03 July 2018 and again on 18 September 2018 in an attempt to understand/confirm whether this came into effect on 01 July 2016 or January 2017 as the Authority was only invoiced for the 2017 period.

Confirmation was received from the PSPB that confirmed that the rate adjustment came into effect on 01 July 2016, however for the period 01 July-31 December 2016 rates were incorporated into the 2017 funding valuation, so no additional payment is required for that period.

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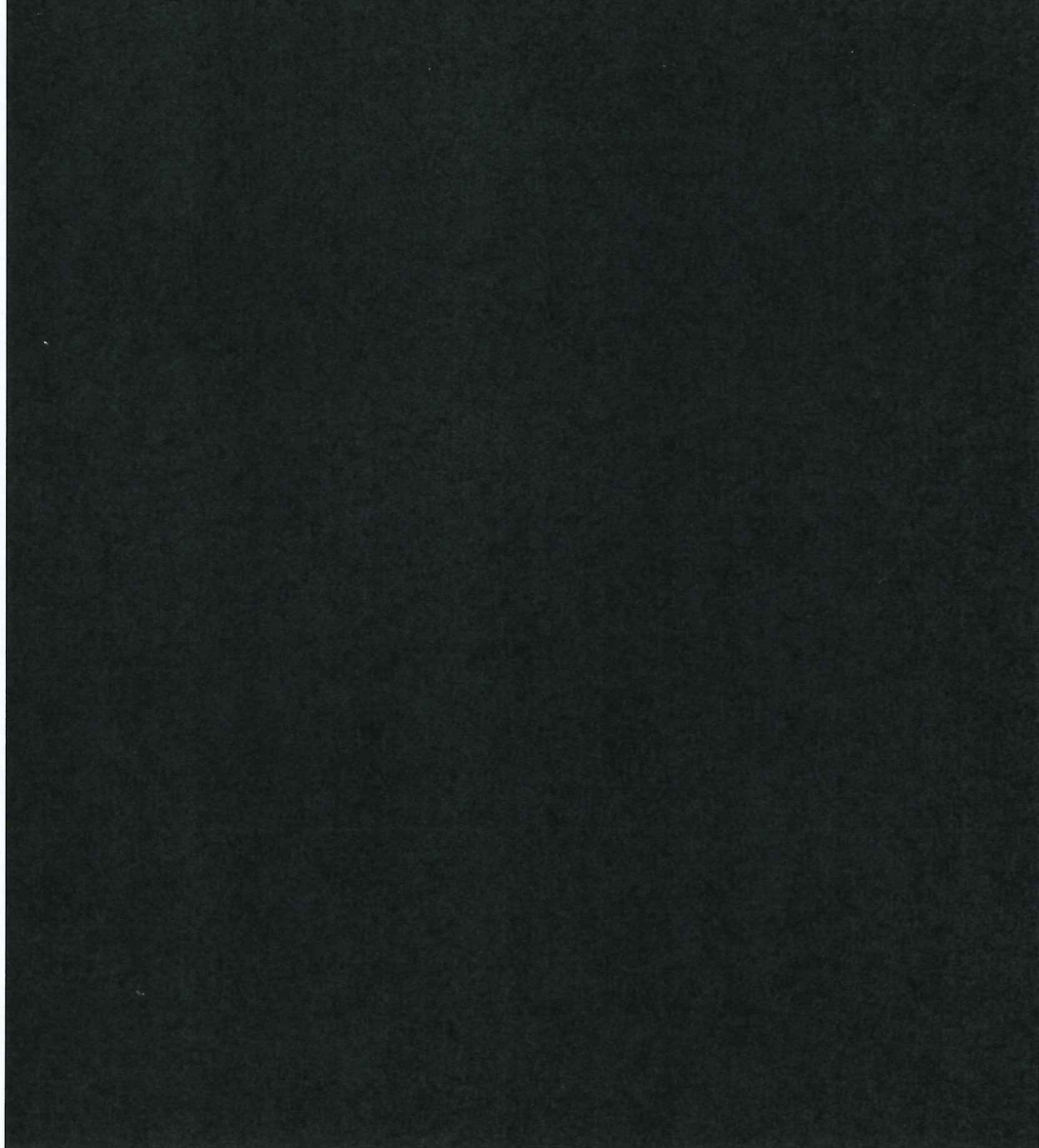


Great Plains 2016 Upgrade

The Secretary reported that the Authority has been able to archive up to 2007. The objective is to have 8-years in the current production database before upgrading the GP platform which leaves another three years to do. The remaining three years are expected to be done in October 2018 after the September billings have been completed. It should be noted that data archiving will become part of the year-end procedures, whereby once one year is signed off then one year will be archived, to maintain only 8-years in the live system.

The Secretary reported that given the timing of the CSM upgrade and the data archiving etc., the Authority will explore upgrading to GP 2018 instead of GP 2016.

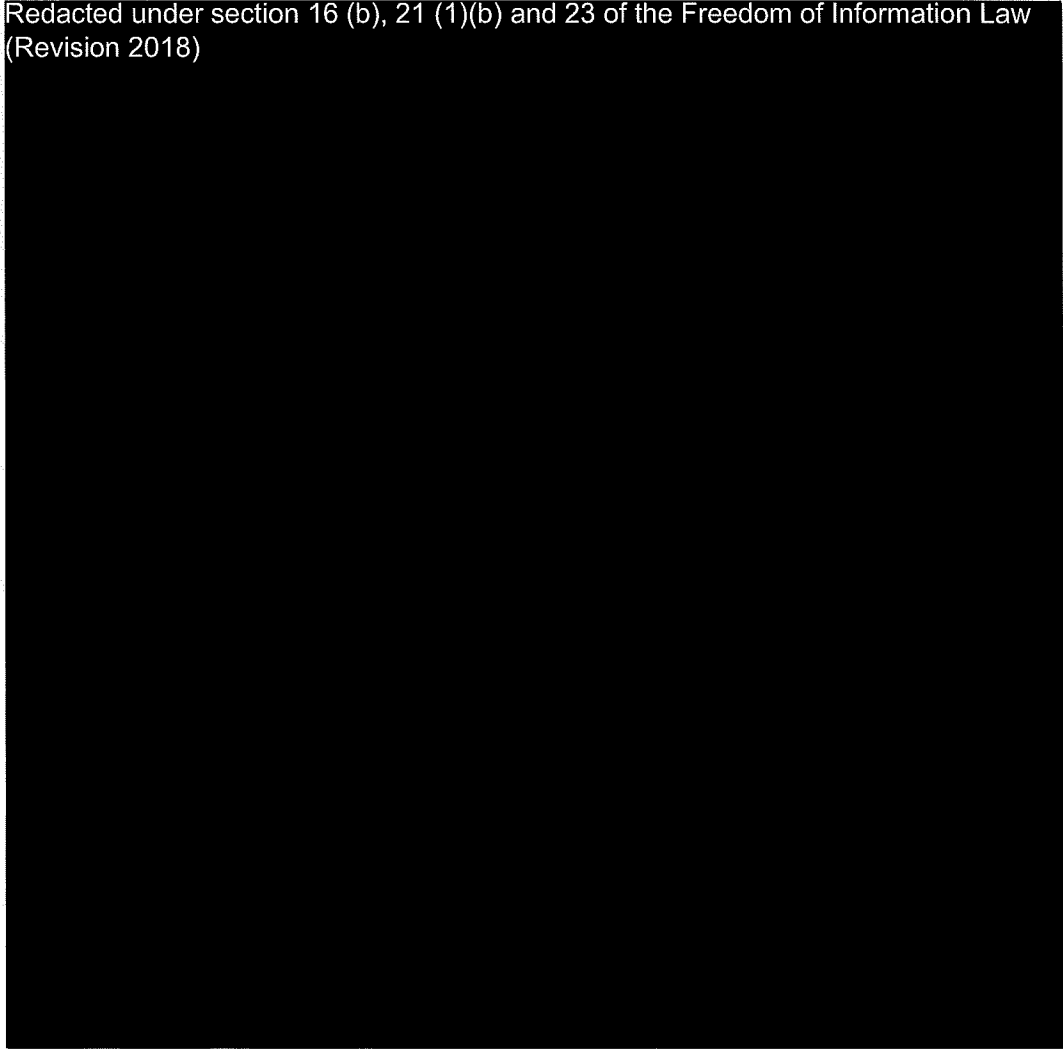
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Adjustment of Rates 2018

The Secretary advised that further to communication with OfReg as reported on at the 290th Board meeting on 15 August 2018, the Authority received a response from OfReg on 28 August 2018 to the Authority's 08 August 2018 letter outlining the rationale that was used to calculate and proceed with the rate adjustment. OfReg indicated in their response that they did not agree with the Authority's calculations on two points, CPI calculation and the use of the preliminary USPPPI from the USBLS Office. The Authority responded on 29 August 2018 further explaining its reasoning and rationale and suggested that OfReg and the Water Authority meet to discuss. The Water Authority and OfReg met on 30 August 2018 to discuss the discrepancy, the Authority accepted OfReg's point regarding the CPI application to the inflation rate adjustment formula but disagreed with the USPPPI index applied by OfReg. Subsequently, the Water Authority received an email on 18 September 2018 agreeing with the PPI applied by the Authority. The change to the percentage inflation rate adjustment was minor from 2.56% to 2.55%. The Secretary reports that this change only affects the rate for Septage Disposal. Copies of the various correspondence were provided to members.

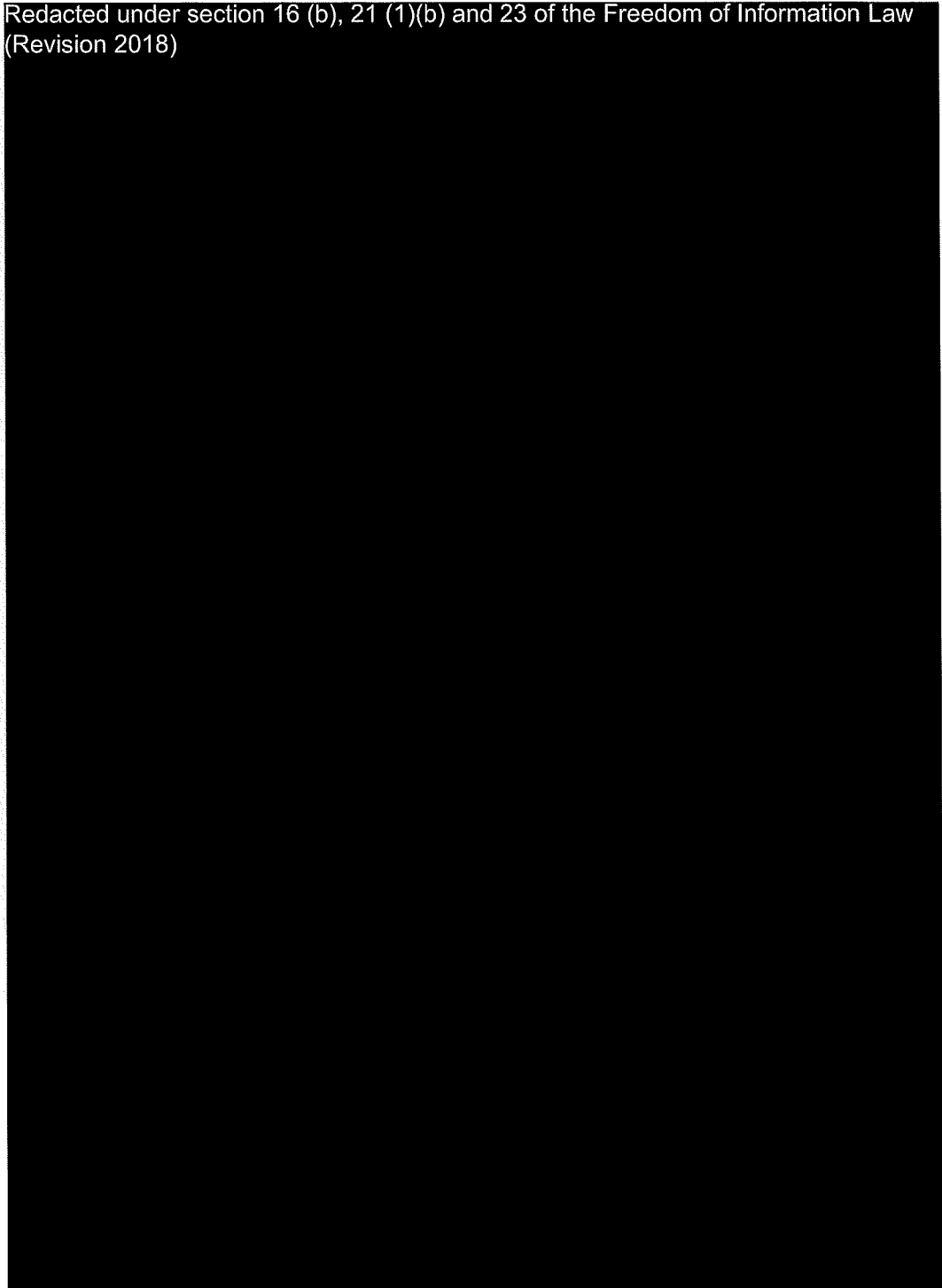
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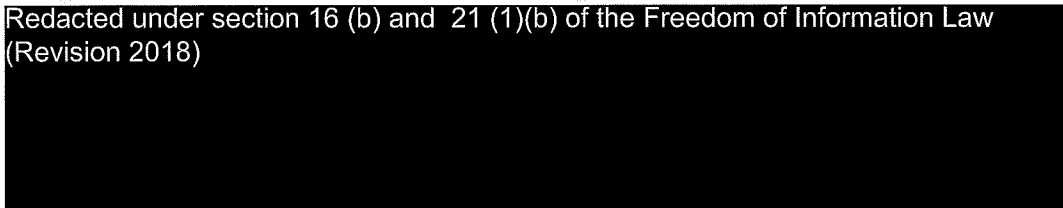
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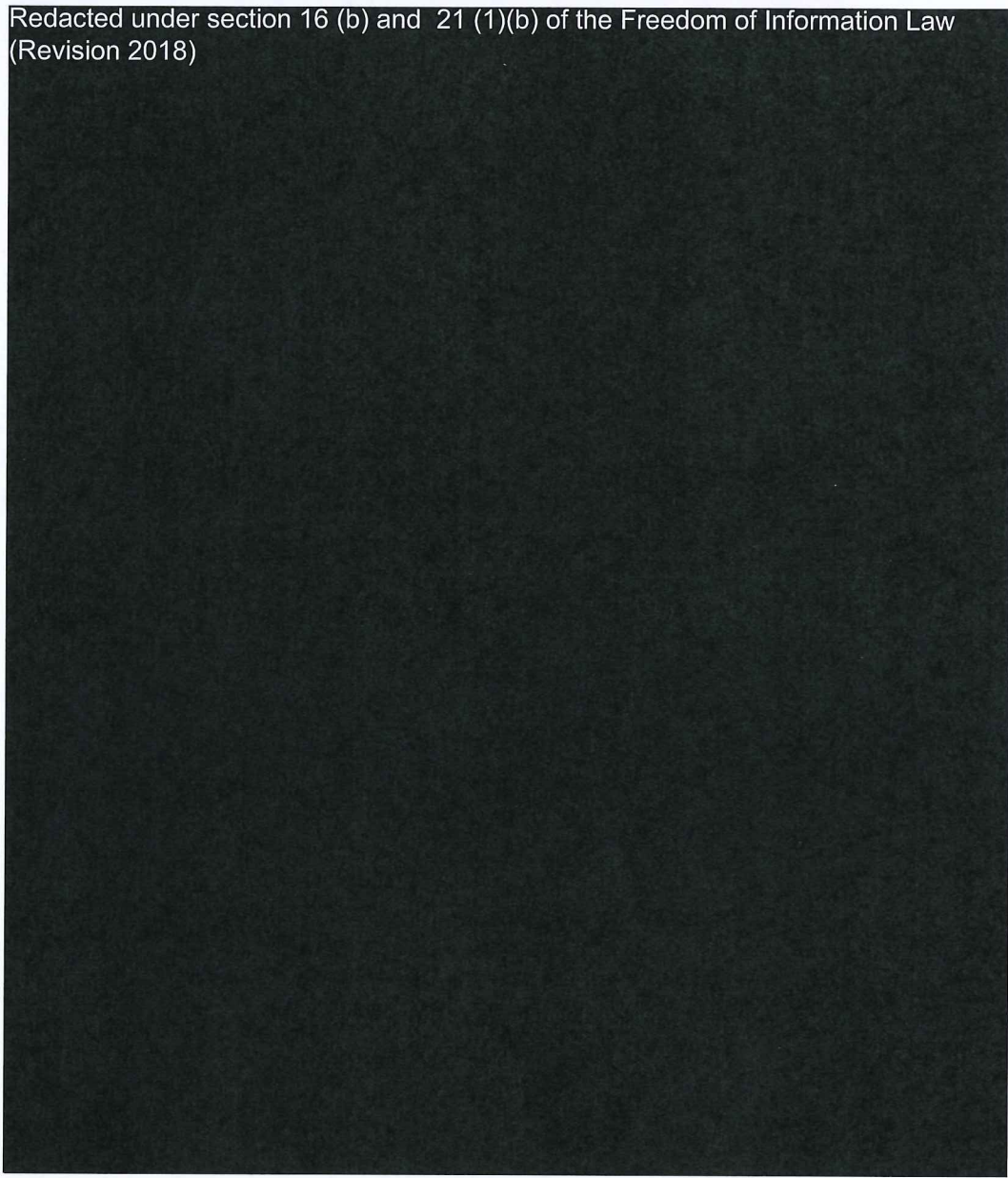
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f) The Utility Regulation and Competition Office (OfReg) – Update.

The Chairman reminded members that as reported at the 290th meeting on 15 August 2018, regarding the Water Authority advising Cabinet on the grant of a concession as per Section 6 (c) of the Water Authority Law, 2018 (WAL) to Cayman Water Company. The Authority responded on 01 August 2018 advising OfReg that the request regarding the granting of the concession should come from or on behalf of Cabinet rather than OfReg. Subsequently, the Authority received a letter from OfReg dated 20 August 2018 stating that the section of the WAL requiring this process had been removed. The Water Authority responded to OfReg on 21 August 2018 advising that Section 6 (c) of the WAL remained in the legislation and requested clarification if OfReg had a different interpretation of the WAL. The Chairman reported that OfReg responded on 21 August 2018

advising that they (OfReg) were mistaken. Copies of the correspondence was provided to members. To date there has been no further developments.

OfReg Consultation on Proposed Water Sector (Licence, Fee and Penalty) Regulations

The Chairman reported that OfReg has initiated a consultation of their Proposed Water Sector (Licence, Fee and Penalty) Regulations on 22 August 2018. The proposed regulations will impact the Authority and need careful consideration. OfReg's initial deadline for responses from stakeholders was 21 September 2018 (30-day response period), however the Authority requested that this deadline be extended by 30 days to allow sufficient time and resources to conduct a review of the proposal. OfReg has agreed to extend the consultation period by 30 days to 21 October 2018. A copy of the proposed regulations was provided to members.

g) Public Authority Law - Update.

The Chairman reported that as the Secretary received an update from Ms T Ebanks on 21 August 2018 regarding the two remaining issues of concern with the Public Authorities Law (PAL) and the amendments proposed by Cayman Islands Government (CIG) in relation to actions taken in the LA in June 2018. In regards to the amendments to the Public Authorities Law, Minister was prepared to ask for Committee Stage Amendments in relation to the clause that the Attorney General's Chambers (AG) did say needed to be amended (section 15 (d) re fiduciary matters). However, Minister was advised at the Legislative Assembly by the Acting Deputy Governor (DG) that it was not necessary to bring Committee Stage Amendments to the PAL at this time as the Attorney General did not deem the matter as urgent, and she was advised that further amendments to the PAL were coming at the end of the year and these issues could be addressed at that time. Ms T Ebanks emailed Mrs M Rodrigues on 21 August 2018 inquiring whether or not she could provide an update on this PAL matter. To the Secretary's knowledge the Ministry had not yet received a response.

h) Miscellaneous Updates.

- a) *In-House Pipelaying Crews* - The Chairman reported that in late August 2018 the pipelaying crew completed the installation of 57 metres (190 feet) of 100mm (4-inch) pipe in Damsel Close (Lower Valley, near Agriculture Pavilion).

On 03 September 2018 the pipelaying crew started the installation of a 300mm (12-inch) pipeline in the Elgin Avenue to Shedden Road Extension, currently being constructed by the NRA. This work comprises approximately 560 metres (1,830 feet) of pipe to be installed between the CNB Roundabout in Huldah Avenue/Thomas Russell Way and the roundabout near NAPA on Crewe Road. To date approximately 150 metres (500 feet) has been installed (or approximately 27% of the entire length).

Regarding the road reinstatement on Breezy Way; Island Paving had indicated that this would be done around mid-October. However, the recent weather conditions may cause all their work, including this one, to be delayed.

- b) *Water Supply Division* - The Chairman reported that Operations - Water Supply had planned to replace the remaining 120 metres (400 feet) of 300mm (12-inch) diameter water main near the Butterfield Roundabout (between ED's Plaza and Fast Signs building, but off North Sound Road) in late August/early September. Unfortunately, due to various causes (e.g., weather conditions, staff shortages due to vacation and illnesses) this work has not yet been started. Additionally, Operations has had to connect several large new subdivisions, which included the installation of numerous service connections (e.g., one new development had more than 60 new connections). This work is now planned for early October 2018.

Work will commence shortly on the upgrade of the pipeline in Butterfly Circle, off Hirst Road. This project comprises the replacement of just over 900 metres (3,000 feet) of 80mm (3-inch) nominal diameter pipe with 150mm (6-inch) and 100mm (4-inch) nominal diameter pipe. It is still anticipated that this project will be completed by the end of this calendar year. As mentioned at the last Board meeting, the original pipeline was installed more than 25 years ago, and this upgrade is necessary to better accommodate the anticipated development along this road, as well as replacing some sections that are prone to leaks.

- c) *Wastewater Division* - The Chairman reported that during the month of August 2018, the design hydraulic capacity of the plant (2.5 mgd) was exceeded for 24 days. The average daily wastewater inflow from West Bay Road during that period was 2.69 mgd (or approximately 108% of design capacity). This amount was 28.7% higher than the average influent measurement during the same period the previous year (2.09 mgd).

Regarding repair of the already installed liner in the wet well, and the installation of the new liner in the bar screen vault upstream, this work is now scheduled to resume very soon as the temporary work permit for the contractor's superintendent was approved on 18 September 2018.

- d) *FOI updates* - The Chairman reported that there was one FOI question received in July 2018 as seen in the FOI Report date 17 September 2018 and provided to members. The FOI Manager has compiled the list of stipends paid to various SAGCs and Government Boards and Commissions and a copy was provided to members as requested.
- e) *Commissions Secretariat's 2018 Good Governance Conference being held on 8 October 2018* - The Chairman reported that Board members were invited to attend the Commissions Secretariat's 2018 Good Governance Conference on 08 October 2018 at the Marriott Beach Resort. Apologies have already been given for members unable to attend.

- f) *Water Authority's 35th Anniversary* - The Chairman advised that the Water Authority continues with its 35th Anniversary activities. The Save-the-Date invitations to VIPs will be sent out shortly for the end of year celebration. The

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Another project the Authority had in its 2018 35th anniversary plan was the opportunity to place a water bottle refilling point at a strategic location. With the revitalisation of the Smith Barcadere, the Authority considered a vandal proof water bottle filling station called MeetPAT. Members were not receptive to this project as it was felt that in the current climate vandals would be determined to abuse the service. Further discussion entailed on a portable system that could be used for functions and at street fairs. Members agreed that this was more suitable. More details will be provided at the October 2018 meeting.

- g) *National Roads Authority - Disposal of waste from stormwater well cleaning* - The Chairman reported that further to the reports at the June and August 2018 Board meetings, the Authority conducted testing to characterise the waste from the cleaning of stormwater wells so that a suitable disposal option could be determined. Samples were collected at the Linford Pierson Highway Discharge Site, a control site in the wetlands in the vicinity of the Fairbanks Prison and from a well that the NRA cleaned at Seymour Road. Analyses for general wastewater related parameters were carried out by the Water Authority Laboratory and analyses for metals, volatile and semi-volatile organics were performed by SGS-Accutest, an accredited environmental laboratory in Florida.

The testing was conducted on sludge and water samples. The tests determined that the well cleanings predominantly consist of inert material and that it has lower concentrations of organics, nutrients and bacteria than what is found in the wastewater and septage samples received at the Water Authority's wastewater treatment works. The tests confirmed the presence of various metals, but review of the analytical data and reference data established no direct link between the presence of the metals and the well cleaning materials. Benzo(a)pyrene, a carcinogen, was found in the sludge samples in excess of the Florida Soil remediation standards; this standard was used as a reference in the absence of an equivalent Cayman Islands standard. Apart from benzo(a)pyrene, several other semi-volatile organics were also detected in the sludge from the well waste, but these results were not in excess of the Florida standards. There is insufficient information to confirm that the presence of semi-volatile organics in the sludge samples is directly related to the well cleaning waste, however it is likely that the semi-volatile organics in the sludge originate from vehicle emissions that are deposited on the surface and are flushed into the stormwater drainage wells after rainfall.

The Water Authority prepared a comprehensive report to review and discuss the results. The Water Authority met with senior management of the NRA, DOE and DEH on 24 September 2018 and discussed the report, consensus was that this

waste should be disposed at a controlled location, rather than at the four sites that the NRA has used. DEH agreed to accept the waste at the George Town Landfill; they will prepare a special trench at the landfill where the waste can be disposed.

The cooperation between the four agencies is a good and positive example of various Government agencies working together to find a suitable and responsible solution for this challenge that affected every agency. The Authority, on behalf of the four agencies involved will follow up with a press release.

- h) ***Geology Education Week 15 - 19 October 2018*** - The Chairman reported that Dr Brian Jones, professor of Geology at the University of Alberta, Canada and the Authority have teamed up again this year to present Geology Education Week during the week of 15-19 October 2018. Dr Jones and the Authority have a long and productive working relation for well over 30 years. The Authority benefits from expert geological advice that has helped the Authority with numerous projects and challenges and Dr Jones, his colleagues and students from the university benefit from the opportunities to conduct scientific geological research in the Cayman Islands. In 2013 Geology Education week was initiated, the purpose of the week is to bring geology education into the high schools; both high school teachers and students at the public as well at the private high schools in the Cayman Islands have benefitted from this opportunity. The programme consists of geology lessons at the high schools that match the high school curriculum and full day professional geology education courses for high school teachers and professionals from non-profit organizations. The programme this year is similar to previous years: 3 days of lessons at the high schools and two full day professional geology courses in Grand Cayman and Cayman Brac respectively. The expenses for the week are very modest as Dr Jones donates his time free of charge and the Authority's expenses are limited to airfares, hotel other forms of transportation and lunches during the professional courses.

- i) ***Presentation of papers at the Caribbean Water and Wastewater Association Conference 2018*** - The Chairman reported that Ms Marcela Martinez-Ebanks, the Authority's Laboratory Manager and Ms Yasmin James, the Authority's Water Resources Technologist will present two papers at the Caribbean Water and Wastewater Association 27th annual conference, 08-12 October, 2018 in Montego Bay, Jamaica. The titles of the papers are: *Using Database Timestamps for Laboratory Workflow Mapping*, prepared and presented by Marcela Martinez Ebanks and *Trend Analysis of Historical Well Monitoring Data and Biofouling of Salt Water Reverse Osmosis Plant in Grand Cayman, Cayman Islands*, prepared by Marcela Martinez-Ebanks and Yasmin James and presented by Yasmin James.

Both staff members were commended for their initiative to prepare and present these papers at the annual CWWA conference.

- j) ***Customer Code of Practice*** - The Chairman reported that the Water Authority's Customer Service Department completed the draft Code of Practice and the document was provided for members review and feedback. The Secretary proposed and members agreed that the document be discussed at the October

2018 meeting to allow members time to review it. The Secretary noted that she had already received some minor amendments from Mr J Gill.

Current Business

a) **Management Accounts August 2018.**

The Chairman reported that members were provided with copies of the 31 August 2018 financial statements and there continue to be no surprises. Revenue continues to move in a positive direction, showing an increase of 6.1% over the same 8 months in 2017. With an associated increase in operating expenses of 4.2%.

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Loan interest continue to decrease as the only remaining loan to OCL nears its maturity date of July 2019. Administrative expenses fluctuations continue to be consistent with prior months in that staff training and benefits increased with staff training and recruitment expenses.

In summary, the Authority continues to show strong sales and has maintained a stable net income in the first 8-months of the 2018 financial period.

b) **North Side RO Plant Operating Contract.**

The Chairman reported that the operating agreement of the Water Authority-owned North Side desalination plant will terminate on 01 July 2019. This is the Authority's largest SWRO desalination plant, with a design water production capacity of 9,000 m³/d (2.4 MGD).

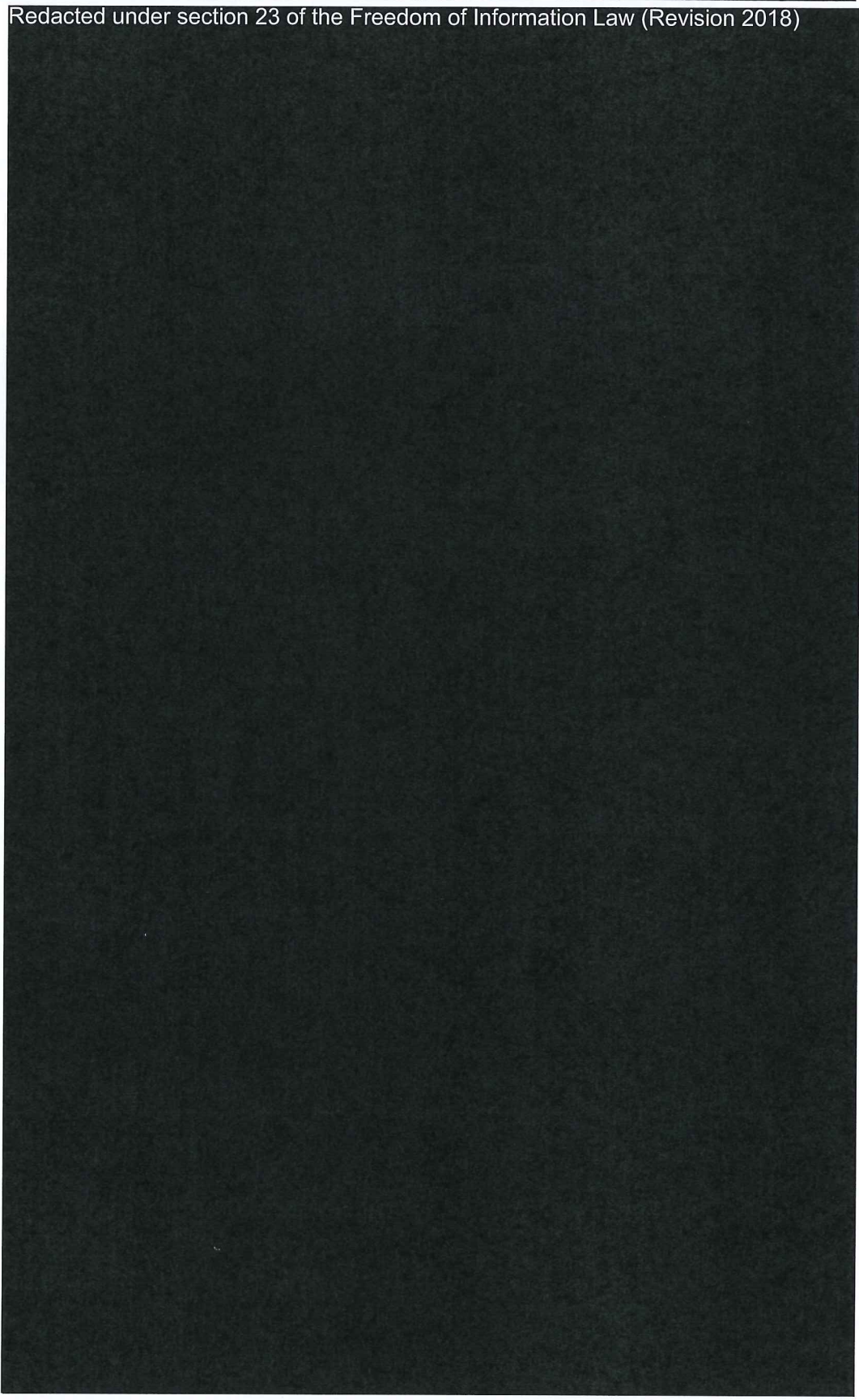
The tender documents for this operating agreement are currently being prepared and will be issued later this year.

The Chairman reported that an 'Expression of Interest' announcement for the seven-year Operating Agreement for this desalination plant was placed in the 17 September 2018 edition of the Water Desalination Report (the international weekly for desalination and advanced water treatment).

Any Other Business

- a) **Scholarship Recipients.**
2018 Scholarship Recipient

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Redacted under section 23 of the Freedom of Information Law (Revision 2018)



b) Redacted under section 23 of the Freedom of Information Law (Revision 2018)



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c) **High Level Forum for Ministers at CWWA 2018.**

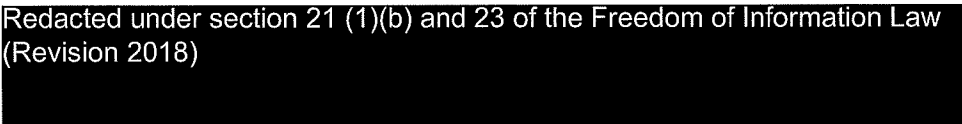
The Chairman reported that the Honourable Minister has been invited to participate in the 14th High Level Forum for Ministers responsible for water in the Caribbean which is held in conjunction with the Caribbean Water and Wastewater Association Conference each year. Minister has accepted the invitation and the Secretary will accompany her as Technical Advisor. CWWA will cover the cost of airfare and hotel for the Minister and Technical Advisor leaving the Authority with responsibility for the per diem for the Director.

d) **CaribDA Operator Training - "SWRO Operator Efficiencies & Troubleshooting" Workshop.**

The Secretary reported that the Water Authority is participating in the Caribbean Desalination Association's Operator Training workshop that will be held in Grand Cayman 30-31 October 2018. The Lab Manager will be doing a presentation and it is expected that 4-6 employees will attend the course. The supported the workshop through promotions and advertising.

Donation Requests

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

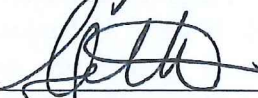
- (a) *Ratify*-Donation to Ministry of Education, Youth, Sports, Agriculture, & Lands.
- (b) Clifton Hunter High School (CHHS) - "Branding Clifton Hunter High School" - Sponsorship Opportunity.
- (c) UCCI - STEM Conference 2018.
- (d) Breeze FM - 11th Annual Breeze Fusion Walk/Run.
- (e) St George's Anglican Church - PIN Programme.
- (f) Ministry of Commerce, Infrastructure & Planning - Donation of Water Gift Certificates as Raffle Prizes for Staff Christmas Luncheon.
- (g) Redacted under section 21 (1)(b) and 23 of the Freedom of Information Law (Revision 2018)
- (h) 

There being no other business the Chairman thanked members and the meeting was adjourned at 4:30pm.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary