

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 292nd Meeting held on 17th October 2018 in Cayman Brac

Members Present:

Chairman:	Mr K Gomez
Members:	Mr H B Ebanks Mr J Gill Mr C Randall Mrs L Ryan Mr M Rankine Mr A Wright
Secretary:	Dr G Frederick-van Genderen
Apologies:	Ms T Ebanks Ms A Owens Ms R Sharma
Guests:	Honourable Juliana O'Connor-Connolly JP MLA, <i>Minister of ESYAL</i> Mr Ernie Scott, <i>District Commissioner</i> Mr Tom van Zanten, <i>WA Deputy Director</i> Ms Lori Bergman, <i>WA Financial Controller</i>

Call to Order

The Chairman welcomed members to the meeting and acknowledged apologies from Ms T Ebanks, Ms A Owens, and Ms R Sharma. After ascertaining that there was a quorum, the meeting was declared open and called to order at 9:35am. The Chairman welcomed special guests, Mr E Scott, District Commissioner, as well as Water Authority senior staff, Deputy Director and Financial Controller. The Chairman then asked Ms L Ryan to open the meeting with prayer.

Confirmation of Minutes of the 291st Meeting held on 26th September 2018

The Chairman asked for confirmation of the Minutes of the 291st Meeting held on 26th September 2018. Mr C Randall 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

Mr A Wright declared a conflict with an item related to the Cayman Islands National Museum.

Matters Arising

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

The Chairman reported that during the month of September 2018, the plant produced on average 1,322 cubic metres per day, which is approximately 44% of its design water production capacity. Honourable Minister joined the meeting at this point.

The Engineering Services Department (ESD) is in contact with Tonka Water in the US regarding the design and the supply of a dual media filter pilot skid. This will enable the Authority to test the concept of using media filtration as an extra treatment step before the 5-micron prefilters. Unfortunately, their standard pilot skids are too small for the Authority's application, but their piloting engineer is currently working on a skid design that meets the requirements. If the Authority utilises the dual media filter option, the feed water well pumps will need to be replaced with a model that provides a higher discharge pressure.

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

The Chairman reported that the Authority continues to work on the West End Road (West) pipeline upgrade and replacement project. To date the sections between James Scott Road and Church Close (the road to Charles Kirkconnell International Airport (CKIA)) had been replaced. The crew is currently working on the section between Church Close and the West End Road/Cross Road intersection.

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 recently concentrated its efforts on the aforementioned

pipeline replacement, only 8 new water services were installed in the last two months. This year to date a total of 40 new water meters have been installed. In addition, the Water Authority has installed service lines and meter boxes at 12 locations, but these have not yet been activated as these customers still need to install their pipework. At present there are 17 new water service requests outstanding. Deputy Director provided an overview and update on the progress of the pipeline extension project to members.

Mr E Scott inquired about a report of unexplained flooding at the CKIA several weeks ago. The Deputy Director confirmed that water from a leak on the water mains near the airport travelled inside a Cable & Wireless duct and entered the CKIA. The water leak was repaired shortly after being located.

Brac Bluff Water Works

As reported previously, on 07 September 2018 the tender documents for the Exploratory Drilling Contract at the Bluff site were hand delivered to the four local well drillers. The objective of the work covered under this contract 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 return date for the tenders was noon on 19 October 2018 (i.e., a tender period of 6 weeks). As of 17 October 2018, only one well driller responded to the tender invitation (confirming receipt of the documents and expressing an interest in providing a bid). Unfortunately, on 12 October 2018 that same well driller requested an extension of the tender period as they would not be able to meet the deadline. The Authority then decided to extend the deadline to 19 November 2018.

c) North Side RO Plant Operating Contract - Update.

The Chairman reported that the tender documents for the operating agreement of the Water Authority-owned North Side desalination plant are currently being prepared and will be issued later this year. This is the Authority's largest Sea Water Reverse Osmosis (SWRO) desalination plant, with a design water production capacity of 9,000 m³/d (2.4 MGD). An advertisement for the seven-year Operating Agreement for this desalination plant will be placed in the Caymanian Compass soon.

Mr E Scott left the meeting at this point.

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

The Chairman reported that the new 2-million US gallon capacity glass-fused-to-steel water storage tank will be commissioned later this week. Last week the Water Authority laboratory took various samples and the results were

acceptable. The tank will be placed into service and this item will fall away from the agenda.

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 are undergoing final review by KPMG and are expected to be available for sign off at the November 2018 meeting.

Annual Report 2016/2017

The Secretary reported that the Ministry is arranging for the annual report to be tabled in the Legislative Assembly at the November 2018 sitting of the House.

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

Audit Tendering Process

The Secretary reported that the Office of the Auditor General (OAG) has confirmed that all the contractual paperwork was complete and that a formal notification process is expected to be forthcoming regarding appointment of the auditors. After this it is expected that an audit kick-off meeting will be scheduled with the plan to commence interim work shortly thereafter.

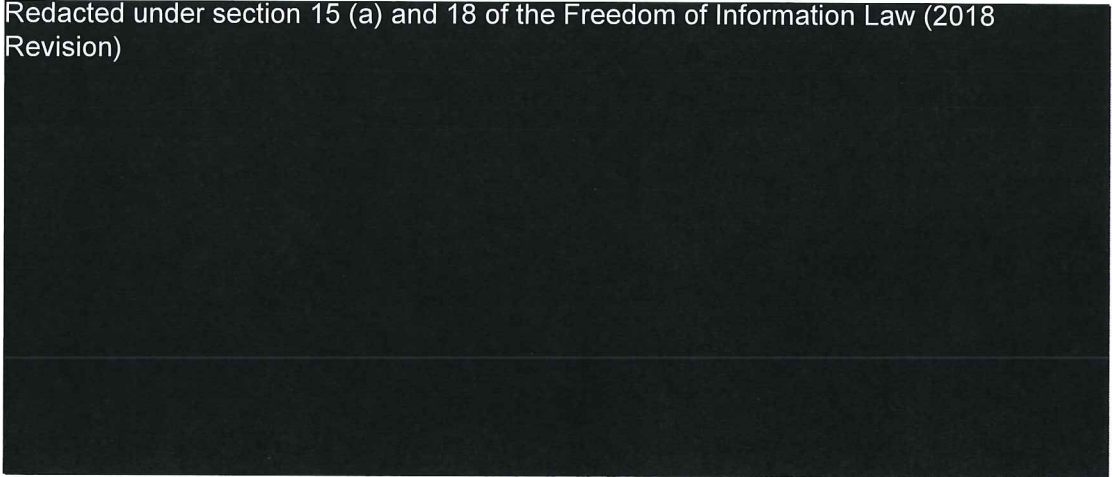
Audit Preparation

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

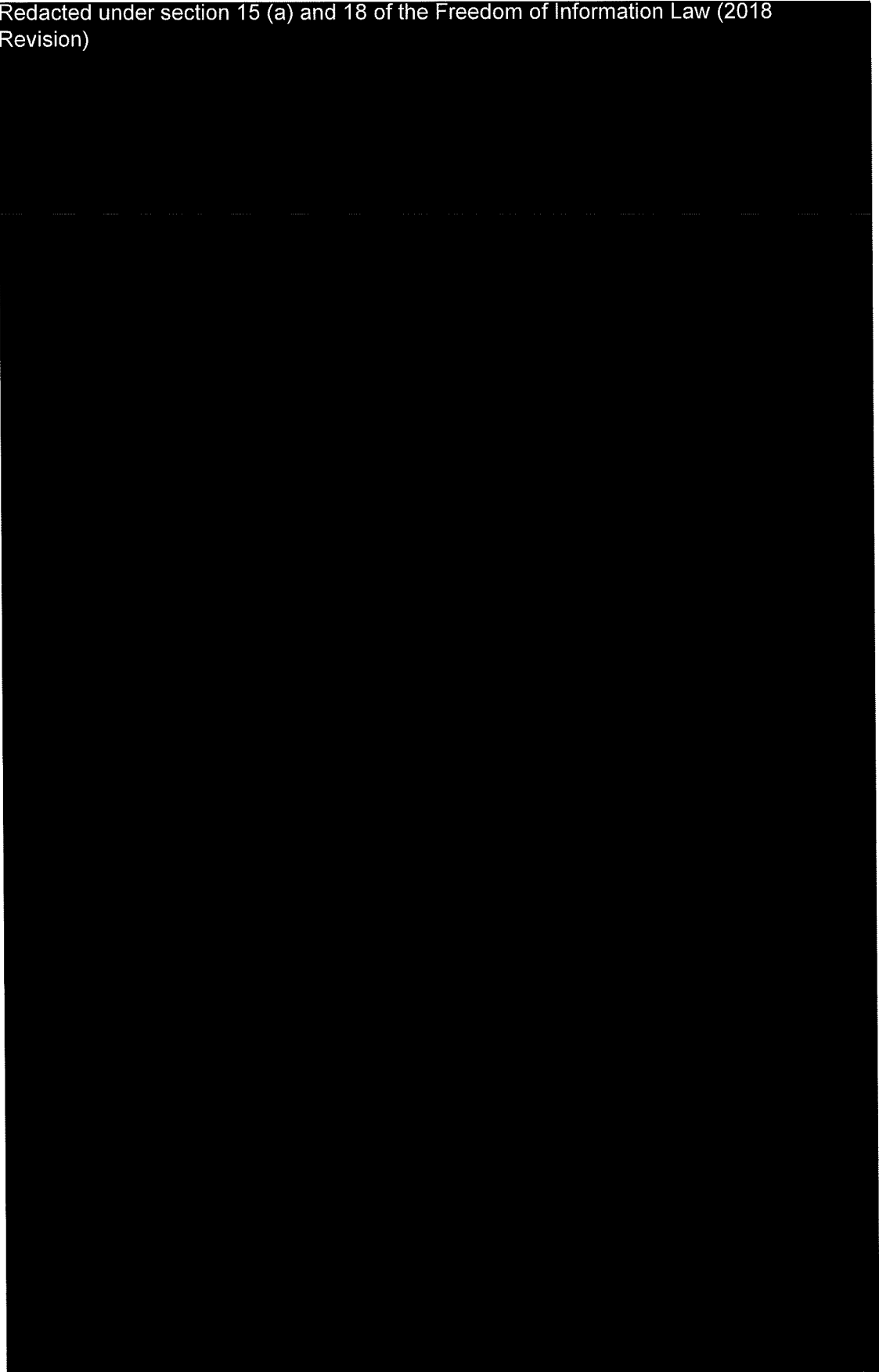
PSPB – Contribution Increase

The Secretary reported that as per members acknowledgement at the September 2018 Board meeting, the Finance Department prepared a cheque to cover the back payments and modified the monthly submissions so that going forward this new percentage will be applied.

Redacted under section 15 (a) and 18 of the Freedom of Information Law (2018 Revision)



Redacted under section 15 (a) and 18 of the Freedom of Information Law (2018 Revision)



Redacted under section 15 (a) and 18 of the Freedom of Information Law (2018 Revision)



Data Archiving

The Secretary reported that due to staffing challenges and also unexpected family emergencies no progress has been made on this project.

Redacted under section 18 and 21 (1)(b) of the Freedom of Information Law (2018 Revision)

Re-valuation of Fixed Assets

The Secretary reported that on 03 October 2018 the Treasury Department reached out to the Authority inquiring whether the Authority had adopted the valuations done in 2016 into the books of the Water Authority. The Secretary responded and was able to provide all copies of the valuations done by BCQS in tandem with the Lands and Survey Department on 05 October 2018. This topic had been discussed in previous Audit meetings, attended by OAG, KPMG and the Water Authority and it was decided at that point to keep the current accounting methodology (Assets reflected at cost) and the December 2017 Financial Statements (F/S) were signed off by both parties.


The Authority was in further communication with the Treasury Department and it was confirmed that the Treasury Department is in the process of updating the CIG consolidated records for all these outstanding valuations, and has asked for working papers to support the Authority's figures (i.e., how would the F/S appear had the re-valuations been included.). The Authority would like to discuss with both the OAG and KPMG at the audit kickoff meeting to understand if adoption of these new valuations is mandatory for the Authority or whether the Treasury Department will continue to modify the Authority's submission. In the meantime, however, the Authority will work with the Treasury department to quantify the values.

Redacted under section 16 (b) of the Freedom of Information Law (2018 Revision)

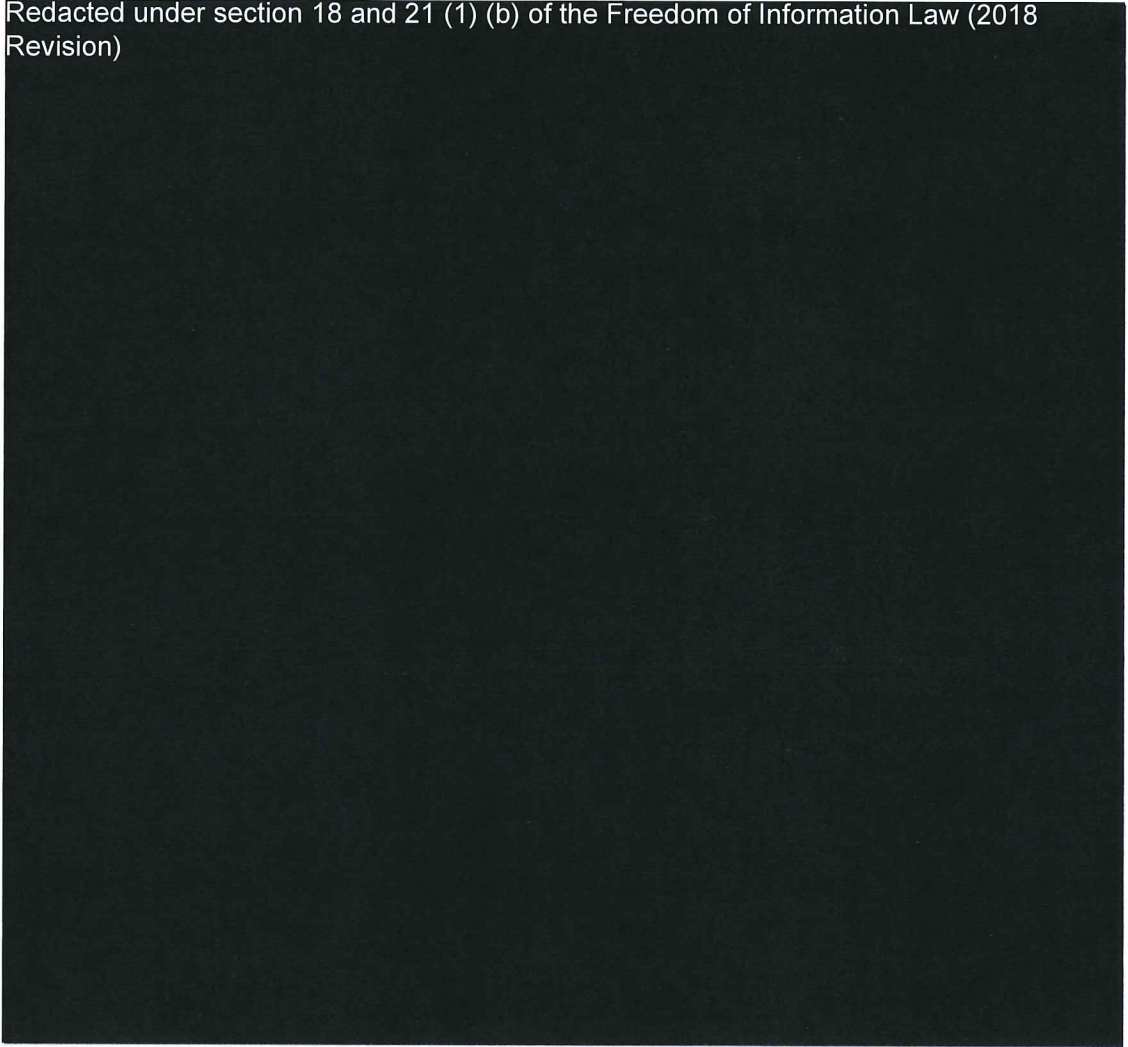
A large black rectangular redaction box covering the majority of the page content below the first paragraph.

f)

Redacted under section 18 and 21 (1) (b) of the Freedom of Information Law (2018 Revision)

A large black rectangular redaction box covering the majority of the page content below the second paragraph.

Redacted under section 18 and 21 (1) (b) of the Freedom of Information Law (2018 Revision)



g) **Public Authority Law - Update.**

The Secretary reported that Ms T Ebanks emailed Mrs M Rodrigues on 07 October 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 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 National Roads Authority (NRA). This work comprises approximately 560 metres (1,830 feet) of pipe to be installed between the CNB Roundabout in Huldah Avenue/Thomas Russel Way and the roundabout near NAPA on Crewe Road. To date approximately 490 metres (1,600 feet) had been installed (or nearly 90% of the entire length). It is anticipated that, weather permitting, this work will be completed before the end of October 2018, which includes crossing Shedden Road near the NAPA Roundabout (which can only be carried out on a Sunday morning, and is tentatively planned for 21 October 2018).

This crew will then start on the upgrade of the 150mm (6-inch) pipeline in Owen Robert Drive to 300mm (12-inch), between Breezy Way and Dorcy Drive.

Alternatively, this crew may relocate the 200mm (8-inch) water main in Bimini Drive (Grand Harbour) as the proposed "ARVIA' Davenport Development next to Hurley's extends over the existing water main in this area. As reported earlier this year, the public water infrastructure must be accessible for maintenance and repair at all times, and the pipeline must therefore be relocated outside the parcel (to be installed, either by the Water Authority, at the cost of the land owner, or by a contractor hired and paid by the land owner, in strict compliance with the Water Authority's guidelines). The Authority is awaiting responses from the other utilities (CUC, FLOW, Logic etc) to our request to locate their underground infrastructure.

- b) *Water Supply Division* - The Chairman reported that during the week of 08 October 2018 Operations - Water Supply commenced the replacement of 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. Progress to date has been somewhat slow due to the large amount of groundwater entering the trench. Nevertheless, all work should be completed before the end of October 2018.

The crew will then start work 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.

- c) *North Side Water Works* - The Chairman reported that it was not anticipated that an additional water storage tank would be required at the North Side Water Works until early 2020 and consequently the 2019 Budget did not include any amount to cover the cost for the supply and erection of a new glass-fused-to-steel bolted tank.

However, in early July 2018 the plant operator Ocean Conversion (Cayman) Ltd (OCL) experienced some major control issues, which resulted in the plant shutting down unexpectedly and frequently, severely affecting water production at the North Side Water Works. In order to maintain as much water as possible from the North Side reservoirs the Authority had to lower the pump discharge pressure at North Side, activate the booster pump at Red Bay and pump more water from Lower Valley, and OCL had to run the Red Gate and North Sound plants at full capacity. However, this was only partially helpful as sufficient water pressure in the eastern districts cannot be provided from the Lower Valley pump station.

The existing two (2) MG water storage tanks at the North Side Water Works currently provide storage of just over three days of daily demand, but unfortunately the Authority was not informed of the operational issues until two days after they first occurred, leaving little time to react. This event highlighted the importance of having more water storage capacity at the North Side Water Works. Two additional water storage tanks must be constructed to ensure

appropriate operational and disaster management water storage capacity for the eastern districts. Members had no objection to the construction of the additional tanks being brought forward to 2019.

In anticipation of the construction of the additional water storage tanks, letters were sent to six landscaping companies and heavy equipment companies inviting them to provide a quotation to clear approximately 2.5 acres at the Authority's North Side Water Works. Additionally, this work was also advertised in the Caymanian Compass on 24 and 31 August 2018. Unfortunately, no responses had been received by the deadline of 24 September 2018. The Authority will continue to seek a suitable company to provide the required services. It was suggested that the Authority could consider utilising crews operating as part of the Government's NICE programme to clear out the underbrush.

The Secretary also advised that the Authority would re-commence communication with the Ministry of EYSAL regarding acquiring Crown property in Rum Point for a re-pumping facility. Additionally, the Secretary noted that as the East-West Arterial extension has been delayed, the Water Authority has to secure another option to move more water from the North Side plant towards Bodden Town and George Town. In view of this, Crown property is being explored as an option.

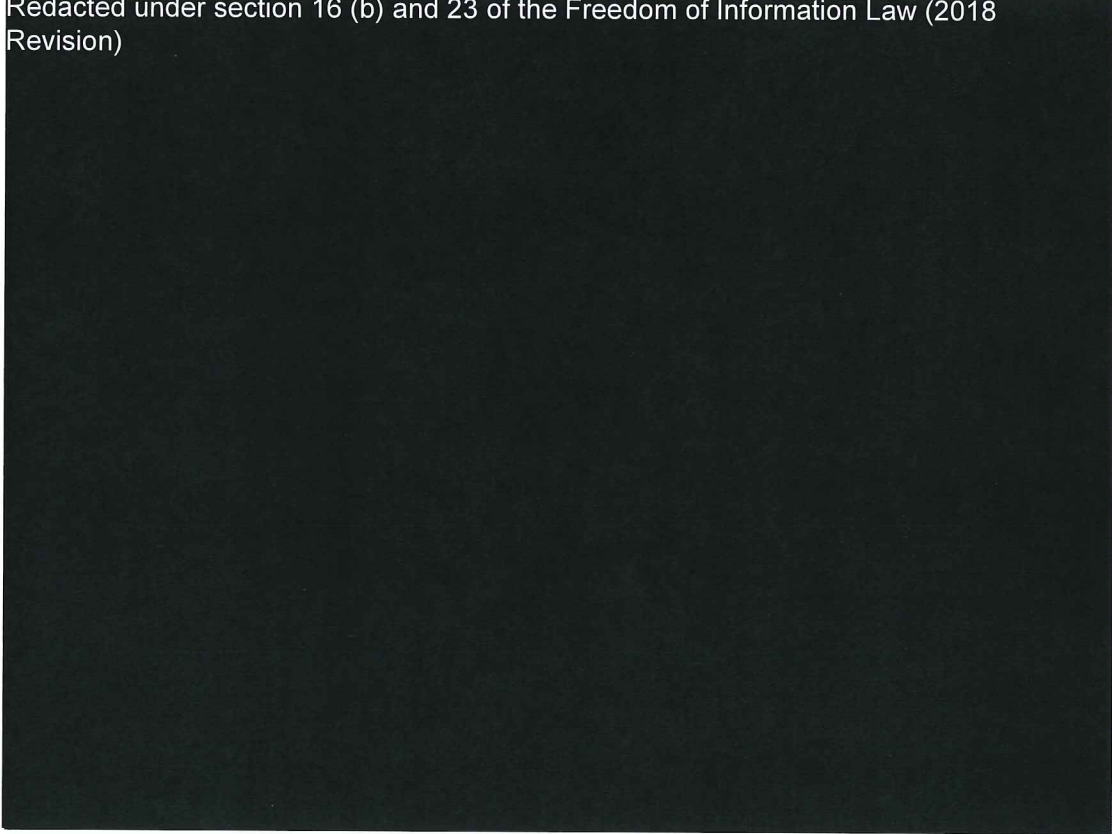
- d) *Wastewater Division* - The Chairman reported that during September 2018, the design hydraulic capacity of the plant (2.5 mgd) was exceeded for 2 days. The average daily wastewater inflow from West Bay Road during that period was 2.23 mgd (or approximately 89% of design capacity). This amount was 5.2% higher than the average influent measurement during the same period the previous year (2.12 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 resumed last week. Additionally, the contractor will replace the PVC pump discharge pipework with HDPE pipework, which is less susceptible to stress cracking and is therefore expected to last much longer. It is anticipated that all work will be completed before the end of October 2018.

- e) *FOI updates* - The Chairman reported that no FOI questions were received since the September 2018 FOI Report.
- f) *Commissions Secretariat's 2018 Good Governance Conference held on 08 October 2018* - The Chairman reported that one Board member attended the Commissions Secretariat's 2018 Good Governance Conference on 08 October 2018 at the Marriott Beach Resort. Copies of the presentations is being compiled by the Commissions Secretariat and will be provided to members.
- g) *Water Authority's 35th Anniversary* - The Chairman reported that the Secretary advised that the Water Authority continues with its 35th Anniversary activities. The Save-the-Date invitations to VIPs for the end of year celebration are in the process of being sent out. Unfortunately, the date of the Authority's event will clash with the curating of the Coat of Arms by the Cayman Islands National Museum.

Members were provided with a summary of the Cayman Islands National Museum's project to improve its animatronic presentation in the old court house section of the Museum. Mr A Wright was asked to provide additional explanation about the project. Mr A Wright was then excused from the meeting as members discussed the project and funding options. The Water Authority's management is supportive of sponsoring the animatronic representation of Ms Anne Huldah as indicated in the information provided to members. The cost was not clearly determined as yet because firm quotes had not been obtained by the Museum as they are in the process of determining what level of sponsorship they will be able to get. Members were respectfully requested to provide feedback and advise whether this is a project they wish to support for the Water Authority's 35th Anniversary Legacy sponsorship. Members discussed the Legacy sponsorship and decided as Ms Anne Huldah was a strong supporter of the establishment of the Water Authority in the early days of its history that the Authority's 35th Anniversary Legacy sponsorship would be awarded to the Cayman Islands National Museum and that this would be done at the 35th Anniversary Celebration in December 2018.

- h) *Geology Education Week 15 - 19 October 2018* - Mr A Wright rejoined the meeting at this point. The Chairman reported that further to the information provided to the Board at the last meeting that Geology Education Week was scheduled for the week of 15 - 19 October 2018, the week started with a full day professional geology course for high school teachers and staff from the Department of the Environment, the National Trust and the Water Authority. Dr Brian Jones is giving geology lesson at seven high schools from 16 October through 19 October 2018. The week closes off with a geology field trip to Cayman Brac for high school teachers and staff from the Department of the Environment and the Water Authority. The participation from the high schools in the activities scheduled this week has been excellent and confirms the strong partnership between the Authority, the high schools, the Ministry of Education and the Department of Education. The Water Authority will ensure that this week gets publicity in the media.
- i) *Presentation of papers at the Caribbean Water and Wastewater Association Conference 2018* - The Secretary reported that Ms Marcela Martinez-Ebanks, the Authority's Laboratory Manager and Ms Yasmin James, the Authority's Water Resources Technologist presented two papers at the Caribbean Water and Wastewater Association 27th annual conference, 08-12 October, 2018 in Montego Bay, Jamaica. Both presentations were well received.
- j) *Customer Code of Practice* - The Secretary respectfully sought members feedback on the Water Authority's draft Code of Practice. After discussion, members agreed to accept the Code of Practice with some minor amendments.
- k) Redacted under section 23 of the Freedom of Information Law (2018 Revision)

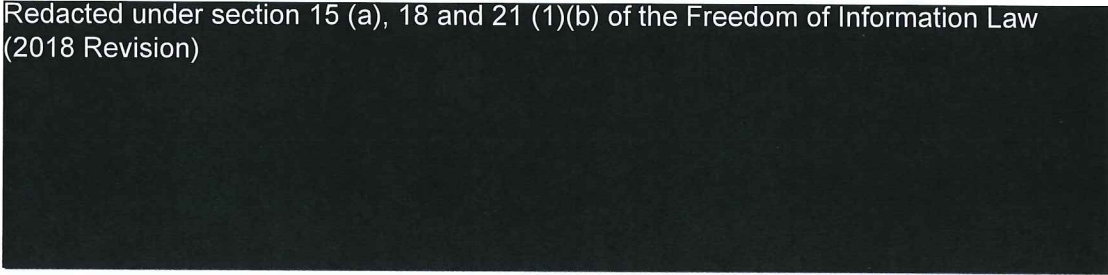
- 1) Redacted under section 16 (b) and 23 of the Freedom of Information Law (2018 Revision)
- 

Current Business

- a) **Management Accounts September 2018.**

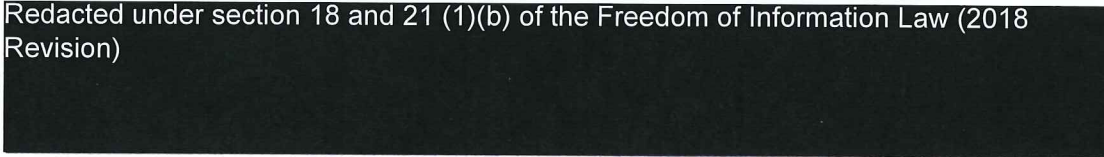
Members were provided with copies of the 30 September 2018 financial statements and there continue to be no surprises. Revenue continues to move in a positive direction, showing an increase of 5.7% over the same 9 months in 2017. With an associated increase in operating expenses of 2.9%.

Redacted under section 15 (a), 18 and 21 (1)(b) of the Freedom of Information Law (2018 Revision)



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.

Redacted under section 18 and 21 (1)(b) of the Freedom of Information Law (2018 Revision)



Redacted under section 18 and 21 (1)(b) of the Freedom of Information Law (2018 Revision)

In summary, the Authority continues to show strong sales and has maintained a stable net income in the first 9-months of the 2018 financial period.

Any Other Business

a) High Level Forum for Ministers at CWWA 2018.

The Chairman reported that the Honourable Minister was unable to attend due to a medical emergency in her family. The main focus of the 14th High Level Forum (HLF) for Ministers responsible for Water in the Caribbean was the presentation of the Regional Strategic Action Plan for Governance and Building Climate Resilience in the Water Sector in the Caribbean. The Secretary attended the Annual General Meeting of the Caribbean Water and Wastewater Association which hosted the HLF. The Secretary also advised that the CWWA conference will return to Cayman in 2021 after a 20-year break. The Secretary also attended the Annual General Meeting of the Caribbean Water and Sewerage Association (CAWASA) of which the Water Authority has been a member from the mid-1980s. The Secretary will provide more information on the HLF at the November 2018 Board meeting.

b) Chamber of Commerce Business Excellence Award 2018.

The Chairman reported that the Water Authority is a finalist for Business Excellence Award based on 35th Anniversary year long programme. The Chamber of Commerce awards ceremony is on 27 October 2018 at Ritz Carlton. Members congratulated the Authority on this achievement. The Secretary noted that the Corporate Communications Officer had prepared a very professional document to demonstrate the Authority's community involvement over the year.

c) American Water Summit 2018.

The Secretary advised that she will be attending the American Water Summit 2018 as a member of the Global Water Leader Group in Philadelphia, Pennsylvania 23-27 October 2018.

Donation Requests

The Chairman advised that the donation requests will be dealt with by email round robin and ratified at November 2018 meeting of the Sponsorship Assessment Subcommittee:

- (a) Kiwanis Club of Grand Cayman – Santa Landing 2018.

- (b) East End Primary School - PTA Funded Programme.
- (c) Cayman Islands Cancer Society - Annual Cancer Society Dinner & Annual Stride Against Cancer in Cayman Brac.

There being no other business the Chairman thanked members and special guests. The meeting was adjourned at 11:46am.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary