

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 293rd Meeting held on 21st November 2018

Members Present:

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

Call to Order

The Chairman welcomed members to the meeting and acknowledged apologies from Ms T Ebanks and Ms R Sharma. After ascertaining that there was a quorum, the meeting was declared open and called to order at 1:35pm. The Chairman then asked Ms L Ryan to open the meeting with prayer.

Confirmation of Minutes of the 292nd Meeting held on 17th October 2018

The Chairman asked for confirmation of the Minutes of the 292nd Meeting held on 17th October 2018. Mr M Rankine 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 during the month of October 2018, albeit on one RO train only, the plant produced on average 1,286 cubic metres per day, which is approximately 43% of its total design water production capacity.

The Chairman reported that a quotation had been received for the media filtration pilot project, however there are some minor details to resolve before proceeding. A quotation was received to carry out an autopsy on the RO membranes. This analysis, when performed on a fouled membrane, will be a useful exercise to assist in determining the best way to prevent fouling of new membranes.

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 section between Church Close and the West End Road/Cross Road intersection has been installed and is awaiting final disinfection and flushing before being put into service. James Scott Road, Georgiana Dr and the side roads off West End Road West will be completed in due course.

The Chairman reported that the Authority is currently assisting Rubis with trenching approximately 1,000 ft of trench adjacent to their terminal in Creek only utilising the trenching machine. It is expected that this work will be completed by the end of the week of 19 November 2018.

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 and the trenching work for Rubis, only 9 new water services were installed in October 2018.

Brac Bluff Water Works

As previously reported, the return date for the tender documents for the Exploratory Drilling Contract at the Cayman Brac Bluff site and on Little Cayman issued on 07 September 2018 was extended from 19 October 2018 to 19

November 2018. A tender addendum was issued on 06 November 2018 and two well drilling companies confirmed receipt of the document.

The Chairman reported that by the revised deadline only one tender was received and one other well drilling company indicated that they were off island still working with another company to prepare their bid for this drilling contract, and requested a further extension. In order to ensure multiple tenders for this contract a decision was made to delay the opening of the one returned tender and extend the return date for the tenders to noon on 30 November 2018. A tender addendum was issued on 21 November 2018.

c) North Side RO Plant Operating Contract - Update.

As previously reported, 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. A notice was placed in the Water Desalination Report on 17 September 2018 for expressions of interest. Responses from interested organisations were due on 16 November 2018. The Chairman reported that as of 21 November 2018, two companies had responded.

d) 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 were primarily complete and available for members review, however they are still subject to final KPMG review and QAR (Quality Assurance Review) but provided that there are no material modifications, Board members were respectfully requested to approve the statements and confirm that the Chairman, Director and Financial Controller are able to sign them off once they are finalised. Members accepted and approved the 2017 Divisional Statements pending any material amendments required by KPMG and for the statements to be signed by the Chairman, Director, and Financial Controller. The 31 December 2016 and 31 December 2017 Island Statements are still outstanding with both parties working diligently to get these final statements completed prior to 31 December 2018.

Annual Report 2016/2017

The Secretary reported that the Ministry sent back the annual reports as they required actual signatures in them this year, the reports were signed and sent back to the Ministry today. If there is a sitting before the end of the year, the annual report will be tabled in the Legislative Assembly.

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

Audit Tendering Process

The Secretary reported that the Audit Kick-off meeting was held on 01 November 2018 with representatives from both the OAG and KPMG attending. The main area of conversation during this meeting was the application of new reporting standards (see below) *

* [Redacted] The Water Authority had the opportunity to meet the new audit manager from KPMG. It was not confirmed if there would be significant interim work, and the Authority awaits confirmation on when KPMG will be onsite. At this point it is expected that KPMG will be on site in early January 2019 with the full knowledge that the trial balance will not be ready, but that control testing could be done.

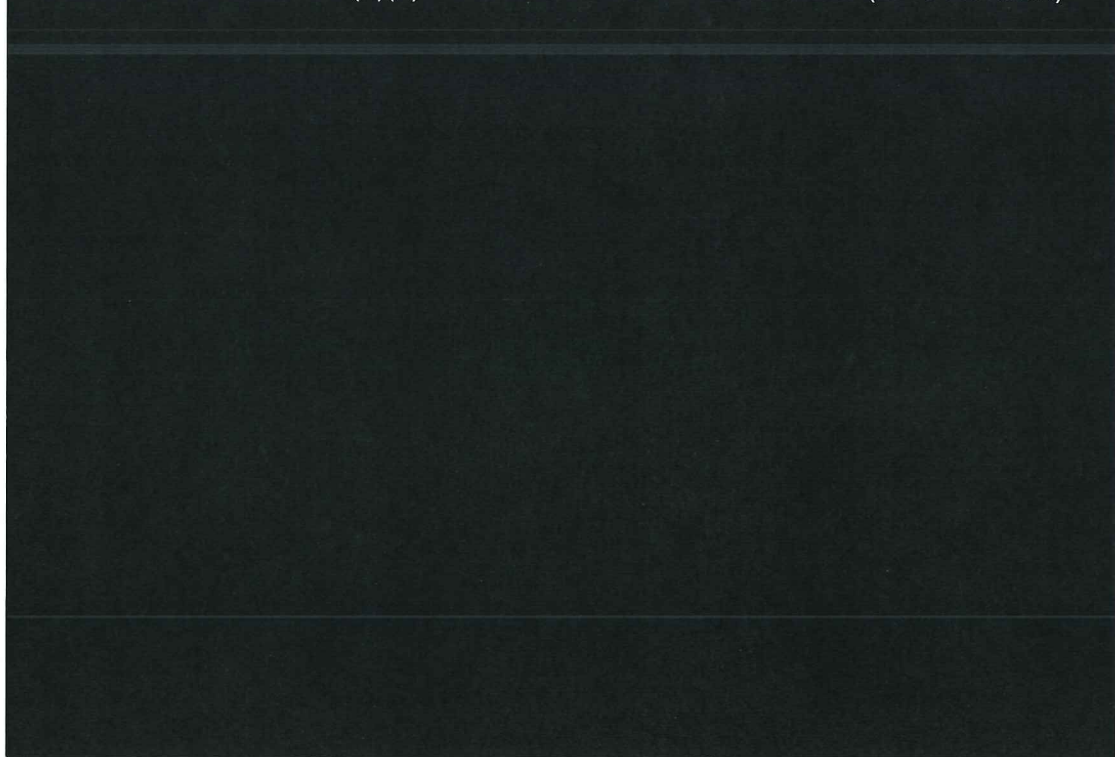
Audit Preparation

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

Accounting Reporting Standards – IFRS 9 and 15

The Secretary reported that at the audit kick-off meeting held on 01 November 2018, the Authority was presented with new reporting standards that would be applicable to the Water Authority for the fiscal period ending 31 December 2018. KPMG acknowledged that complying with these new standards would be significant and time consuming, both in their execution and note disclosure for the past 2-years. A copy of the new standards was provided to members. It was also confirmed that, while KPMG will be available to assist on a high audit level the majority of the work would need to be done in-house.

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



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

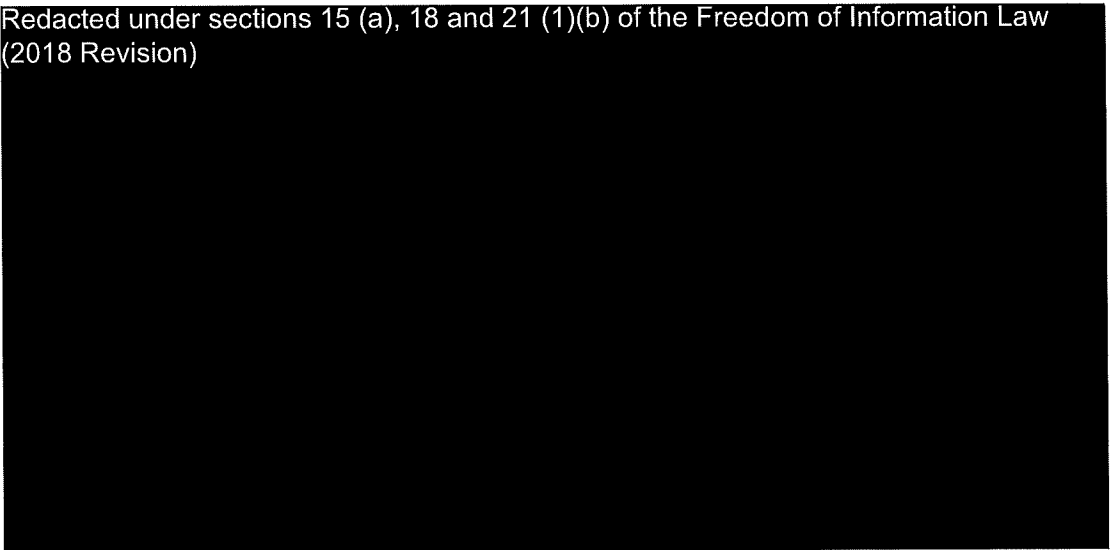
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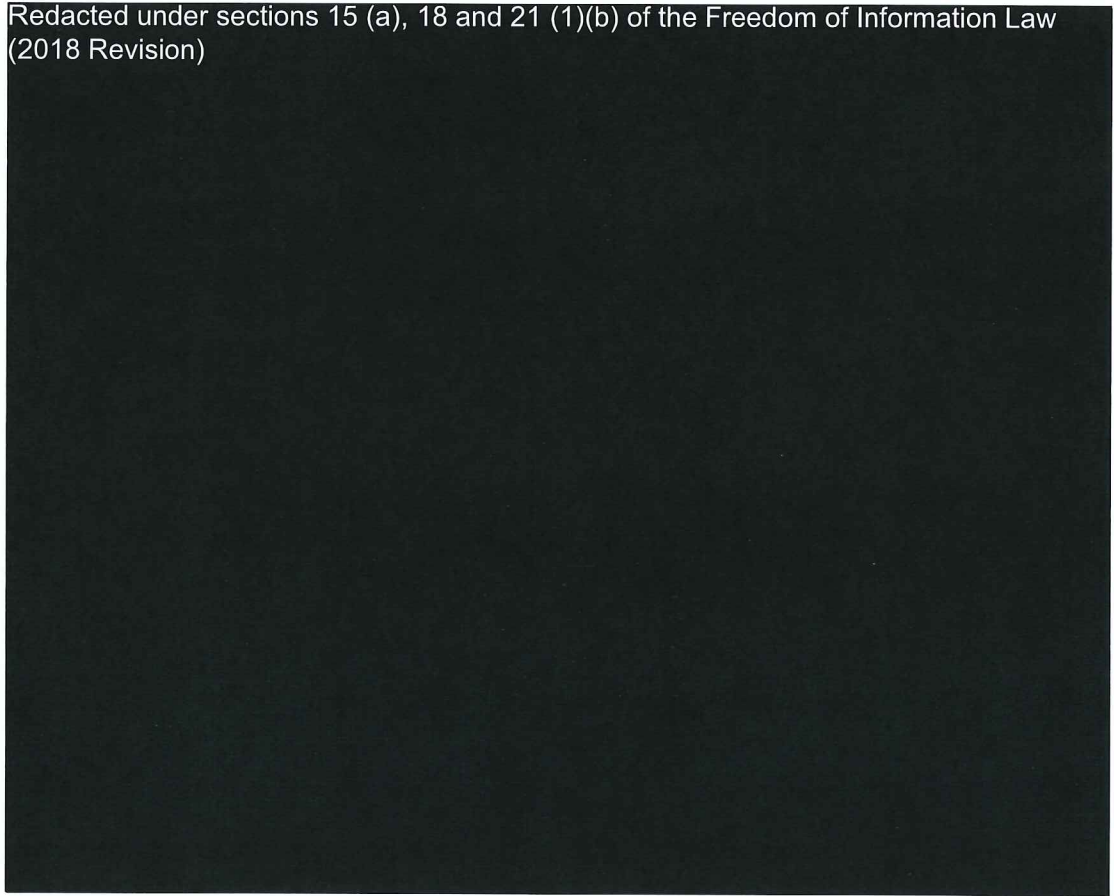
Data Archiving

The Secretary reported that she was pleased to confirm that the last data archive year was completed by the Finance Department over the weekend of 16 November 2018. This now provides the Finance Department with 8-active years and the rest of the information is archived. This project is now considered closed as one-year of information will be archived as part of the regular year end closing procedures, which will keep only 8-active years in production data.

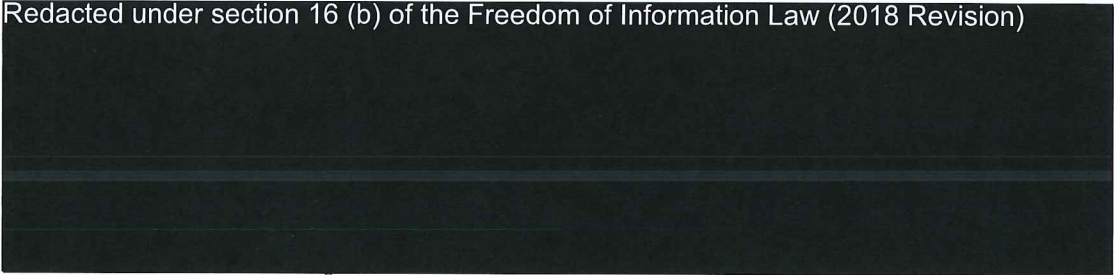
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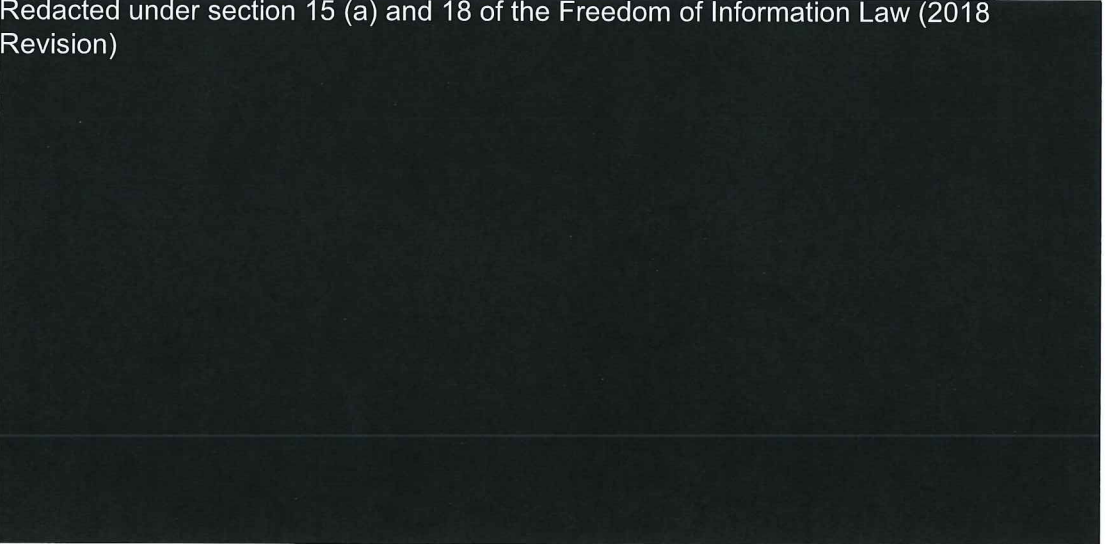
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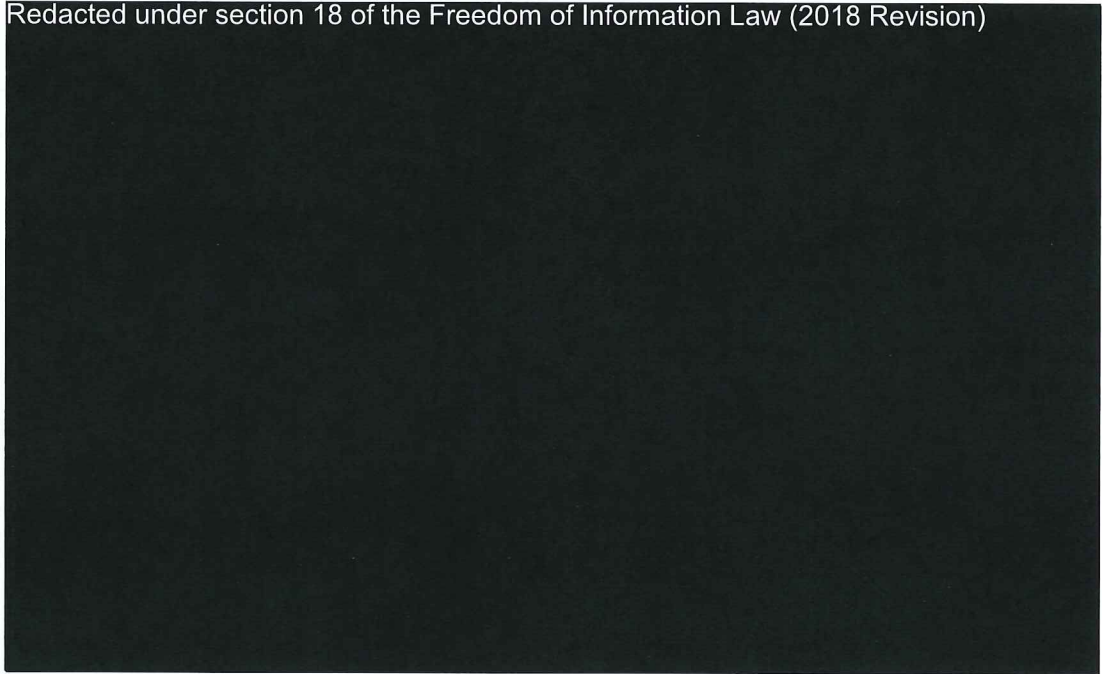
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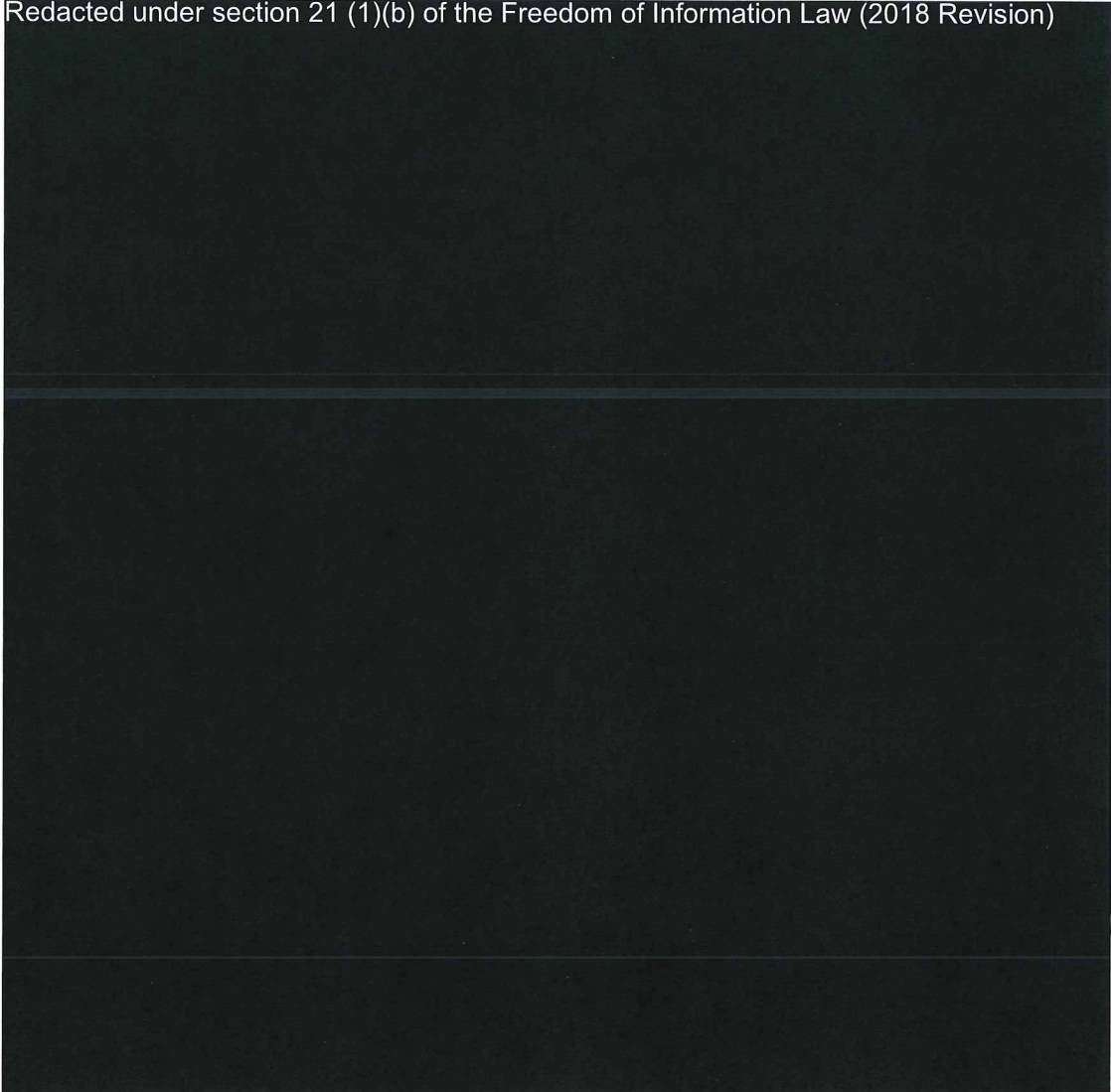
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e) Redacted under section 21 (1)(b) of the Freedom of Information Law (2018 Revision)



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



f) **Miscellaneous Updates.**

- a) ***In-House Pipelaying Crews*** - The Chairman reported that during October 2018 the Grand Cayman crew completed the necessary pipework for the connections to the new Red Gate bolted steel tank (Reservoir #6).
The installation of 1,900 ft of 300mm (12-inch) pipeline in the Elgin Avenue to Shedden Road Extension was completed and pressure tested on 14 November 2018, it is still awaiting disinfection and flushing. In addition, a tie-in to Printers Way will require installation of approximately 150 ft of 100mm (4-inch) which commenced on 18 November 2018.
This crew has started work on the upgrade of the 150mm (6-inch) pipeline in Owen Robert Drive to 300mm (12-inch), between Breezy Way and Dorcy Drive. Temporary connections were completed between Breezy Way and Cayman Airways office building and road cutting for the new trench completed and pipelaying commenced.
- b) ***Water Supply Division*** - The Chairman reported that Operations-Water Supply completed 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 on 11 November 2018 and the pipeline is now back in service.
The upgrade of the pipeline in Butterfly Circle, off Hirst Road has been delayed because the trencher is out for repairs.
- c) ***North Side Water Works*** - The Chairman reported that the Water Authority had no success seeking quotations to clear approximately 2.5 acres at the Authority's North Side Water Works by the advertised deadline of 24 September 2018. The Authority will seek quotations directly.
- d) ***Red Gate Water Works - Supply & Erection of Bolted Steel Tank for Water Storage 2017*** - The Chairman reported that the new 2-million US gallon capacity glass-fused-to-steel water storage tank is expected to be commissioned later during the week of 19 November 2018.
- e) ***Wastewater Division*** - The Chairman reported that during October 2018, the design hydraulic capacity of the plant (2.5 mgd) was exceeded for 1 day. The average daily wastewater inflow from West Bay Road during that period was 2.30 mgd (or approximately 92% of design capacity). This amount was nearly identical to the average influent measurement during the same period the previous year (2.33 mgd).

The repair of the already installed liner in the wet well, and the installation of the new liner in the bar screen vault upstream in the main wastewater pumping station ((located at the intersection of West Bay Road and Marbel Drive) was completed on 08 November 2018. Additionally, the PVC pump discharge pipework was replaced with HDPE pipework.

A shut-off valve was installed on the 4-inch force main in Raleigh Quay adjacent to the end of the designated roadway, this will be the single connection point for wastewater from the beachfront locations adjacent to the Kimpton Hotel as well as the KABOO Event Site being developed by Dart.

- f) **FOI updates** - The Chairman reported that no FOI questions were received since the October 2018 FOI Report.
- 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 were sent out. The Authority will recognise long standing Water Authority Board member, Mr Otto Watler (29 years of service on the Board); Mr Brainard Watler, another long-standing member and Chairman of the Board (25 years), as well as someone who was especially influential in the formation of the Authority.

The presentation of the Water Authority's 35th Anniversary Legacy Sponsorship will also be made that evening by the Honourable Minister and the Chairman.

- h) **Geology Education Week 15 - 19 October 2018** - The Chairman reported that further to the information the Board at the October 2018 meeting, the Geology Education Week was again a success. This is the fifth time that this educational event has been organised since 2013. Students at seven high schools were given geology lesson by Dr Jones on geology subjects that were relevant to the high school curriculum. The professional development course on 15 October 2018 in Grand Cayman and the field trip to Cayman Brac on 19 October 2018 were well attended and well received. The Authority and Dr Brian Jones look back at a week of successful geology education for high school teachers and students.

Mr J Gill left the meeting at this point to attend to prior commitments.

- i) **National Roads Authority - Disposal of waste from stormwater well cleaning** - The Chairman reported that at the September 2018 Board meeting, members were informed of the Authority's test results of the waste samples from the stormwater disposal wells that the NRA maintains. The Board was also informed about the meeting with the NRA, DOE and DEH at which it was agreed that the waste from the well cleaning would be accepted at the George Town Landfill. The minutes of the September 2018 meeting were published on the Authority's website.

On 12 November 2018 the Cayman Compass reported, based on the minutes, that carcinogens had been found in the Cayman wetlands in the sludge from the waste that the NRA had disposed. Following the 12 November 2018 article in the newspaper, the Authority's report, upon request from the media was shared with them and the media reported further on the issue over the next few days. The other agencies involved and the Honourable Joseph Hew, Minister for Commerce, Planning and Infrastructure, who is responsible for the NRA, were

also approached by the media. Cayman 27 interviewed the Water Resources Engineer who provided context and explanations, the Caymanian Compass had an editorial and a further report later in the week and CNS also reported on the issue.

The media expressed concern about the presence of the carcinogen benzo(a)pyrene in the sludge that was disposed in the wetlands. In response the DOE stated that the concentration of carcinogens in the soil in the wetlands only slightly exceeded the Florida threshold for direct exposure and that it was very unlikely to be a pathway to any human health receptors. DOE further commented that, given that the discharge had not continued, the best thing to do with the wetlands was to leave them alone and allow natural decomposition to occur. Honourable Minister Hew was also quoted in the Cayman Compass stating that he welcomed the report, and that the NRA had already put protocols in place since the issue came to the forefront in June 2018. He also put perspective to the Water Authority's report that the carcinogens in the waste possibly originated from road pollution that drains into the wells. He stated that we have to start considering illegal garages and the protocols by which people dispose of oil and carbons when working on cars. In addition, he stated that, as identified in the National Energy Policy, the Cayman Islands should work towards reducing its carbon footprint and embracing and encouraging more environmentally friendly vehicles and equipment.

- j) **Parliamentary Question (PQ)** - The Chairman reported that the Water Authority received the PQ to the Honourable Minister responsible for the Water Authority asking "*what is the water authority's replacement policy on the road surface when working on public roads during repairs and installations?*" The answer was provided by the Honourable Minister in the Legislative Assembly on 14 November 2018.
- k) **Public Authority Law** - The Chairman reported that there has been no update from the Ministry of Education, Youth, Sports, Agriculture, & Lands (EYSAL) on when the issues of fiduciary responsibility and personal liability of Board members and senior Water Authority staff will be addressed by amendments to the Public Authority Law.

Current Business

a) **Management Accounts October 2018.**

Consistent with prior months there are no surprises in the 31 October 2018 monthly management accounts, revenue continues to be strong showing an increase over 2017 of 7.2%, and the associated operating expense increase of 4.3%.

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

Loan interest continues 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.

The Authority continues to show an estimate for fluctuations in the year-end Pension and Health balances, and with rising interest rates may increase the provision to be reflected in the November 2018 statements. It is duly noted that these figures will only be confirmed upon receipt of the 31 December 2018 Actuary Report.

In summary, the Authority continues to show strong sales and has maintained a stable net income in the first 10-months of the 2018 financial period.

Any Other Business

a) 2014/2015 Scholarship Recipient.

The Secretary reported that Chynna Retumban successfully completed her MSc in Green and Sustainable Chemistry at the University of Nottingham. *

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* She will graduate on 11 December 2018.

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

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

[Redacted content]

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



- c) **High Level Forum (HLF) for Ministers at CWWA 2018.**
The Secretary reported that she will provide more information on the HLF at the December 2018 Board meeting. Ms A Owens left the meeting at this time to attend to prior commitments.
- d) **Chamber of Commerce Business Excellence Award 2018.**
The Secretary reported that the Water Authority was not selected as the Business Excellence Awardee. However, the Authority was presented with the trophy for being one of the two finalists.
- e) **American Water Summit 2018.**
The Secretary attended the American Water Summit 2018 as a member of the Global Water Leader Group in Philadelphia, Pennsylvania 23-27 October 2018 and will report further at the December 2018 Board meeting.

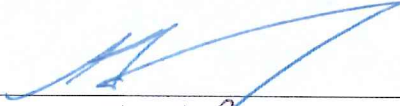
Donation Requests

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* - Kiwanis Club of Grand Cayman - Santa Landing 2018.
- (b) *Ratify* - East End Primary School - PTA Funded Programme.
- (c) *Ratify* - Cayman Islands Cancer Society - Annual Cancer Society Dinner 2018 & Annual Stride Against Cancer.
- (d) PAWS for Wheels.
- (e) Plastic Free Cayman.
- (f) Cayman Islands Cancer Society.
- (g) Cayman Islands Veterans Association - Red Poppies.
- (h) Cayman Islands Seafarers Association.
- (i) Earth Day 2019 - Chamber of Commerce.
- (j) Cayman AIDS Foundation.
- (k) Faith Hospital - Staff Annual Christmas appreciation Banquet.

There being no other business the Chairman thanked members. The meeting was adjourned at 3:46pm.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary