

CONFIDENTIAL



Water Authority of the Cayman Islands

Minutes of 298th Meeting held on 17th April 2019

Members Present:

Chairman:	Mr K Gomez
Members:	Mr H B Ebanks Mr J Gill Ms L Monteith (<i>Ministry's ex-officio's representative</i>) Mr M Rankine
Secretary:	Dr G Frederick-van Genderen
Apologies:	Ms A Owens Mr C Randall Mrs L Ryan Mr A Wright

Call to Order

The Chairman welcomed members to the meeting and after ascertaining that there was a quorum, the meeting was declared open and called to order at 1:35pm. The Chairman noted apologies for Ms A Owens, Mr C Randall, Mrs L Ryan, and Mr A Wright. The Chairman welcomed Ms L Monteith, Acting Chief Officer for the Ministry of Education, Youth, Sports, Lands and Agriculture. The Chairman then asked Mr H B Ebanks to open the meeting with prayer.

Confirmation of Minutes of the 297th Meeting held on 20th March 2019

The Chairman asked for confirmation of the Minutes of the 297th Meeting held on 20th March 2019. Mr H B Ebanks moved the motion to accept the Minutes as amended, Mr

M Rankine seconded the motion and the motion passed unanimously by members able to vote.

Declaration of Conflicts of Interest

None.

Matters Arising

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

The Chairman reported that during the month of March 2019, running one RO train only, the plant produced on average 1,300 cubic metres per day, which is approximately 43% of its total design water production capacity.

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

The Chairman reported that due to equipment issues with the Vermeer trencher (a hydraulic pump failed and had to be replaced, under warranty) no work was done on the main line extension. The Vermeer mechanic was in Cayman Brac 16 April 2019 and discovered that another part had failed. This part will be ordered. Additionally, due to the Easter break, work on the upgrade of the 150mm (6-inch) pipeline, to 200mm (8-inch) in Cross Road, between the West End Water Works and the intersection with West End Road has been delayed by several weeks. In the meantime, the crew installed new water service connections, and carried out some temporary road reinstatement.

Brac Bluff Water Works

The Chairman reported that on 22 March 2019, the slightly modified tender documents for the Exploratory Drilling Contract at the Cayman Brac Bluff site and on Little Cayman were sent to the two US-based well drillers who had previously expressed an interest in carrying out this work. Unfortunately, by the deadline of noon on 12 April 2019 neither company had responded.

The Authority is presently considering its options as this work is critical for the design of the abstraction and disposal wells for the future Reverse Osmosis plant at the Cayman Brac Water Works. The Authority may directly engage the two local well drillers who had responded earlier and determine how this work can be done at a more reasonable cost than indicated in their initial tenders. Members requested that the Water Authority proceed ASAP with contacting the local bidders to determine whether it is possible to reduce the costs of the bids. Members have specifically requested that the Authority report back on progress in this regard at the May 2019 meeting. Members noted that the Deputy Director is off island and asked that the Water Resources Engineer commence the consultation process.

c) North Side RO Plant Operating Contract - Update.

The Chairman reported that on 09 April 2019 the Authority received confirmation that the Public Procurement Committee had considered the evaluation report of the Operating Contract for the Sea Water Reverse Osmosis Plant at the North Side Water Works at its meeting on 04 April 2019 and had voted to accept the recommendation to award this contract to Ocean Conversion (Cayman) Ltd (OCL). OCL was advised accordingly.

Members were respectfully requested to approve the following resolution so that the contract can be executed:

Resolution - Approval of the Ocean Conversion (Cayman) Ltd Operating Agreement for the North Side Reverse Osmosis Plant

The Water Authority of the Cayman Islands hereby agrees to accept the proposal from Ocean Conversion (Cayman) Ltd dated 27 February 2019 to Operate and Maintain the North Side Sea Water Reverse Osmosis Plant at the North Side Water Works site, Grand Cayman, Cayman Islands for a period of seven (7) years effective as of 01 July 2019 and that the Water Authority further resolves that Mr Kearney Gomez MBE JP, Chairman and Mr James Gill, Board Member be authorised to sign the Contract Documents on behalf of the Water Authority of the Cayman Islands.

The motion to accept the resolution above was moved by Mr M Rankine, seconded by Mr H B Ebanks and passed unanimously by all members present and able to vote.

d) 31 December 2018 Audit of Consolidated & Divisional Statements - Update

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

As previously reported, the Secretary advised that the Island statements for December 2017 will be submitted when the 2018 audit is wrapped up in May/June 2019 as the priority now is the 2018 audit.

Annual Report 2016/2017

The Secretary reported that the Authority has been advised by the Ministry of Education, Youth, Sports, Agriculture and Lands (EYSAL) that the annual report will be tabled in the Legislative Assembly at the next sitting.

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

30 April 2019 Reporting Deadline

The Secretary advised that the Financial Controller confirmed that all parties are working diligently to meet the 30 April 2019 reporting deadline. The IFRS 9 and 15 reporting as well as the outstanding OfReg Royalty calculation are the main areas outstanding.

Accounting Reporting Standards – IFRS 9 and 15

The Secretary reported that the Authority's Financial Controller had received the draft report back from Grant Thornton (GT) and is working with both GT and KPMG to disseminate the information for inclusion in the notes to the financial statements.

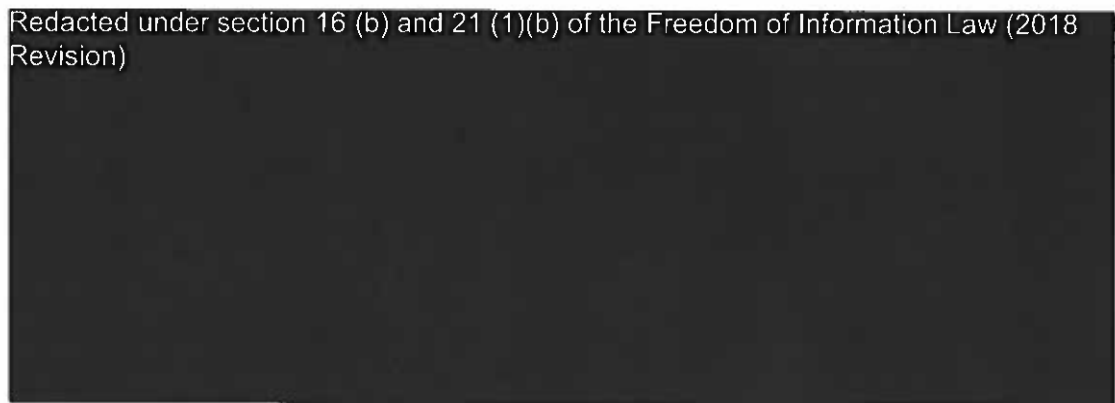
Actuarial Reports

The Secretary reported that the Authority is finalising the audit of the relevant reports and has incorporated the values into the financial statements.

BritCay Pension – Voluntary Reclassification

The Secretary reported that the Financial Controller advised that the Authority is awaiting confirmations from BritCay regarding the presentation of the reports that would be provided to affected members of the Water Authority staff.

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Anti-Fraud Policy

The Secretary reported that the Authority received a request on 27 March 2019 from the Ministry of EYSAL on behalf of the Deputy Governor to confirm the Authority's Anti-Fraud policy, and if one was not in place to ascertain whether the Authority would adopt the CIG's global policy. The Authority responded on 05 April 2019 indicating that, while the Authority did not have a formal written anti-fraud policy there were mechanisms in place to protect against fraud and dishonesty. For example, the internal audit process, the segregation of duties and the tight control over tangible assets (i.e., cash), and that any breaches would be dealt with on a case-by-case basis by the Board. The Assistant Chief Officer acknowledged the Authority's position and asked for a copy of the anti-fraud document to which the Authority responded on 09 April 2019 indicating that the Authority maintains separate documents over areas identified for potential fraud and that they were not accumulated into one "anti-fraud" policy. Should such a comprehensive document be required it would take some time to accumulate, however it was noted that the Authority felt confident that policies and procedures were in place to protect against fraud and dishonesty. To date the Authority has not had a response.

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

OfReg Consultation on Proposed Truth in Advertising Rules

The Chairman reported that the Authority provided a response to this consultation by the deadline of 29 March 2019. OfReg has published the responses received on their website.


OfReg Consultation on Proposed Anti-competitive Practices Penalties Rules

The Chairman reported that the Authority provided a response to this consultation by the deadline of 29 March 2019. OfReg has published the responses received on their website.

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



Redacted under section 18, 19 (1) (a) and 21 (1) (b) of the Freedom of Information Law (2018 Revision)



Redacted under section 18, 19 (1) (a) and 21 (1) (b) of the Freedom of Information Law (2018 Revision)

f) **Miscellaneous Updates.**

- a) ***In-House Pipelaying Crews*** - The Chairman reported that in mid-March 2019 the New Works Pipelaying crew started maintenance and repair on the pipe rack at the North Side Water Works. Work comprised of removing the accumulated rust from the structural steel members, then treating them with Ospho rust treatment prior to paint application. The wind braces will be replaced as they are rusting due to their exposure to the environment. The rack will be equipped with new locks, new chain-link barriers and shade cloth will be added (to protect the stored pipes from direct sunlight).

During the week of 17 April 2019 the New Works Pipelaying crew will start the installation of a temporary pipeline along Maclendon Drive, in anticipation of the upgrade of the existing 100mm (4-inch) pipeline to a 300mm (12-inch) water main between the intersection with Dorcy Drive (near Airport's Fosters Food Fair) and the intersection with Dorcy Drive (near the Refuel gas station). Once completed, there will be two, independent, water mains from the Authority's main water distribution pumping station to the water distribution system: (i) Red Gate Road-North Sound Road-Shedden Road; and (ii) Red Gate Road-Breezy Way-Owen Roberts Drive-Shedden Road. This redundancy will improve service reliability.

- b) ***Water Supply Division*** - The Chairman reported that the maintenance and repairs at Red Gate Reservoir #2 had been completed and this reservoir is currently being filled. Several Operations-WS staff are working alongside Florida Aquastore staff carrying out the maintenance and repairs on North Side Reservoir #1.

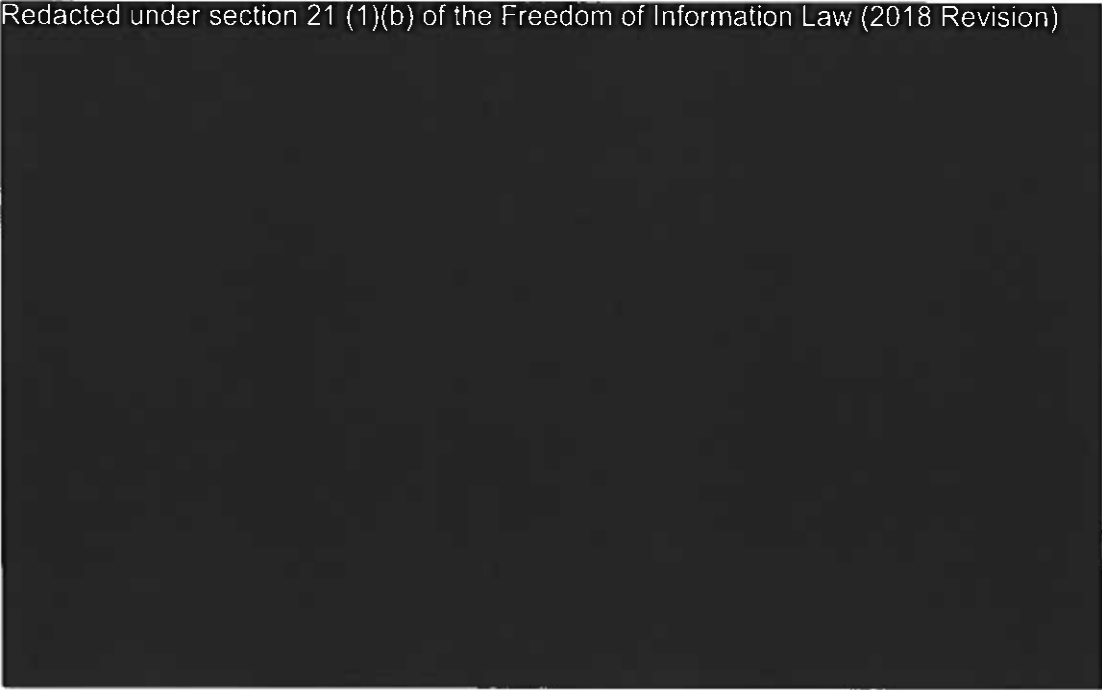
After the Easter break, Operations will commence work on the upgrade of the pipeline in Butterfly Circle, off Hirst Road.

- c) ***North Side Water Works*** - The Chairman reported that the Engineering Services Department had completed the level survey of the approximately 2.5 acres that was cleared at the North Side Water Works, in anticipation of the construction of two (2) additional water storage tanks. The contract to fill and compact the site will be advertised soon.
- d) ***Wastewater Division*** - The Chairman reported that during March 2019, the design hydraulic capacity of the wastewater treatment plant (2.5 mgd) was exceeded for three days. The average daily wastewater inflow from West Bay Road during that period was 2.38 mgd (or approximately 95% of design capacity). This amount was 3.0% higher than the average influent measurement during the same period the previous year (2.31 mgd).
- e) ***FOI updates*** - The Chairman reported that no FOI questions were received since the March 2019 Board meeting.
- f) ***Customer Service Metering Division*** - The Chairman reported that the Authority's Meter Readers started meter reading on 16 April 2019 utilising a new

SMPT system (smart phones). The benefits include GPS recording when readings are entered therefore ensuring that Meter Reader is at the correct location. Fail audits high or low require the Meter Reader to take picture of reading therefore reducing the need for a truck roll if there is a query at time of billing.

- g) *Earth Day Clean-up* - The Chairman reported that several Water Authority staff participated in the recent Earth Day Clean-up. The Authority's staff focused on Spotter's Way, Queens Highway and over 50 bags of garbage was collected from the surrounding area.
- h) *Cogsdale's Caribbean Regional User Group Meeting* - The Chairman reported that the Water Authority will be hosting Cogsdale's Caribbean Regional User Group meeting on 03 May 2019. It will be an all-day session from 9:00am until 4:00pm. The following topics are expected to be covered:
- General Information on Cogsdale and their focus
 - Product road maps, upcoming features
 - Tips and tricks
 - Most importantly networking with other utilities

Current Business

- a) Redacted under section 21 (1)(b) of the Freedom of Information Law (2018 Revision)
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Any Other Business

- a) **Global Water Summit 2019.**

The Chairman advised that the Secretary will report on the conference at the May 2019 Board meeting.

Donation Requests

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

1. Mustang Track Club - Baytaf Track and Field Championships.
2. Cayman AIDS Foundation (CAF) - 7th Annual Tea Party.

There being no other business the Chairman thanked members. The meeting was adjourned at 2:47pm.

This is a true and accurate account of the proceedings.



The Chairman



The Secretary