

Record # ①

**MINUTES OF IRISH WATER BOARD MEETING**  
**HELD ON 15<sup>th</sup> JULY 2014**

**Present:**

Ms. R. Hynes	Chairman
Mr. M. McNicholas	Chief Executive
Ms. R. Finn	Director
Ms. J. Hall	Director
Mr. P. Lee	Director
Mr. B. McKeown	Director
Mr. B. Moore	Director
Mr. H. Quinlan	Director
Ms. M. Rae	Director
Mr C. Sheehy	Director
Mr. J. Tierney	Managing Director Irish Water

**In attendance:**

Mr. L. O'Riordan	Company Secretary
Mr. R. O'Sullivan	Assistant Company Secretary
Ms. E. Arnett,	Head of Corporate Affairs
Mr. J. Dempsey	Head of Finance
Mr. M.G. O'Sullivan	Group Finance Director

**Venue** : Irish Water Offices, Colvill House, Talbot Street, Dublin 1.

**Time** : 12.00 p.m. to 3.15p.m.

**UNITARY BOARD**

The Board noted the update provided by Ms. R. Hynes, Chairman in relation to the establishment of a Unitary Board and that the decision regarding the composition of said Board would rest with the incoming Ministers following the recent Cabinet re-shuffle. It was noted that, in the interim, the term of office of the existing Irish Water Board had been extended for a period up to 30<sup>th</sup> November 2014.

**MINUTES**

The Minutes of the Directors meeting held on 17<sup>th</sup> June, 2014 were approved for signing by the Chairman.

**MATTERS ARISING**

The Directors noted the report on matters arising as outlined by Mr. J. Tierney, Managing Director Irish Water.

It was agreed that the decision regarding management's recommendation on the publication of Irish Water Board meeting minutes would be deferred until September 2014 where further consideration would be given to the matter.

### **MANAGING DIRECTORS REPORT**

(Mr. J. Dempsey, Head of Finance Irish Water, Mr. J. Grant, Head of Asset Management Irish Water, Mr. R. O'Dwyer, Head of Operations and Maintenance Irish Water, Ms. E. Arnett, Head of Communications and Corporate Affairs Irish Water and Mr. M. G. O'Sullivan, Group Finance Director Ervia joined the meeting).

- The Directors noted the contents of the Managing Director's Report as outlined in detail by Mr. J. Tierney Managing Director Irish Water

In particular, it was noted that the Metering Programme has installed over 300,000 meters across 19 counties and it is hoped that an average of 32,000 meters per month will be installed for the remaining months of 2014. The Directors noted the update provided in relation to ongoing protests and the impact these are having on the metering project both locally and nationally. It was noted that the Metering Programme and Irish Water are engaging extensively at a senior level within An Garda Síochána to review the level of response to site protests and in particular, those that are preventing works from taking place. Following a detailed discussion on the matter it was agreed that consideration would also be given to exploring actions in tort for damages as a means to manage difficult protestors.

The Directors noted that Ms. E. Arnett, Head of Communications and Corporate Services recently appeared on Morning Ireland and Newstalk in relation to impending requests for PPS numbers as part of the validation programme. It was agreed that going forward, the Directors are to be advised of future television/radio appearances by Ms. Arnett. It was also noted that provision for Irish Water to be a recipient of PPS number information to assist with the validation programme has been included in recently enacted Social Welfare legislation.

The Directors noted the update provided in relation to injunction proceedings initiated by Mr. Rochford in Trim and that this matter has now been resolved and will not proceed to full trial.

It was noted that Irish Water has submitted the Water Charges Plan to the Commission for Energy Regulation (CER) and it is expected that the CER will shortly publish this submission for a 4 week consultation, with a final decision expected to be made in September 2014.

Details on the "first-fix" project were noted and there was a detailed discussion on this matter with management.

It was agreed that details on compliance with EPA requirements for Annual Environmental Returns (including levels of compliance, international comparisons & Irish Water's key messages) would be provided to Irish Water Board for their information.

In relation to customer operations it was agreed that a graph outlining various categories of calls made to contact centre would be provided at the next Irish Water Board meeting.

Having discussed the issue of finance in detail and in particular the estimated timing of receipt of the Government funding of €240m and taking into consideration the views expressed by the Directors and

their dissatisfaction in relation to the current funding position it was agreed that an information note would be provided to the Chairman outlining details of the current run-rate for subvention funds, issues with non-payment/late payment of suppliers etc. to enable the Chairman to escalate this matter with a view to implementing a long term solution to this problem.

In relation to the transfer of assets, it was noted that the Department of Environment Community & Local Government (DECLG) has indicated that it may not be in a position to transfer certain assets by way of class transfer. It was agreed that the correspondence from the DECLG to the Local Authorities on this issue would be circulated to the Irish Water Board and that an information memorandum (including information relating to the VAT model based on Irish Water's ownership of the assets) would be provided to the Chairman. It was also agreed that consideration would be given to the grant of a perpetual licence of the assets.

### **FINANCIAL MANAGEMENT ACCOUNTS – QUARTER 2**

The Directors noted the Board paper as outlined by Mr. J. Dempsey, Head of Finance Irish Water.

In particular, it was noted that Irish Water is within budget year to date and that there is a favourable variance on loss before taxation of ~~366X6~~ and while there is a substantial year to date favourable variance, most of this is temporary, timing related and expected to reverse later in the year.

### **LOAN FACILITY FOR IRISH WATER**

The Board noted the Board document as outlined by Mr. J. Dempsey, Head of Finance Irish Water.

It was noted that Irish Water has short term funding requirements that will need to be met through an injection of capital into the Company by the State. It has been contemplated that such an injection of capital is likely to be effected by a contribution of equity into the Company. It was noted that Ervia Treasury, on behalf of the Company, has recently been informed by the Department of the Environment, Community and Local Government that as a full or partial alternative to the provision of capital to the Company by way of subscription for shares and/or by way of capital contribution, the State (acting through one or more Ministers and/or State agencies) may wish to advance funds of up to €240 million to the Company by way of loan (the "Proposed Loan").

It was noted that in light of the Company's pressing funding requirements, Ervia Treasury considers that the Proposed Loan, if offered to the Company as a full or partial alternative to further equity investment by the State, should be accepted by the Company, subject to agreement being reached on the commercial terms thereof.

Having considered the matter in detail and following a lengthy discussion, the Board resolved to delegate authority to the Group Finance Director (Michael G. O'Sullivan) and the Group Head of Treasury and Business Planning (Chris McCarthy) for the time being of Ervia to:

- negotiate, settle and approve on behalf of the Company the terms and conditions, including the economic terms and conditions, of any such Proposed Loan;
- request on behalf of the Company such consents and/or approvals of the Minister for Communications, Energy and Natural Resources, the Minister for Environment, Community

and Local Government, the Minister for Public Expenditure and Reform, the Minister for Finance, Ervia and/or the National Pensions Reserve Fund Commission (as existing lender to the Company) as may be required in connection therewith;

— subject to agreeing commercial terms and obtaining such consents and/or approvals as aforesaid, to execute on behalf of the Company any and all such documentation as they may deem necessary or desirable for the purposes of accepting any such Proposed Loan as may be offered to the Company, confirming and recording the terms and conditions thereof, drawing advances thereunder and all matters ancillary thereto; and

— approve on behalf of the Company all such related transactions and all such further acts and things as are, in the opinion of such persons, necessary or desirable in connection with the aforementioned matters.

See separate minute attached.

### **RISK REGISTER**

The Board noted the Board document as outlined by Mr. J Dempsey, Head of Finance Irish Water.

The response strategies to the two additional funding risks relating to OPEX Budget constraints and cash flow issues were queried in detail by the Directors. Following a comprehensive discussion it was agreed that the Business Plan for 2015 will be presented at the next Irish Water Board meeting..

### **IRISH WATER LOCAL AUTHORITY TRANSFORMATION PLAN UPDATE**

(Ms. A. Costello, Human Resources Director Irish Water joined the meeting)

The Directors noted the presentation circulated at the meeting as outlined in detail by Mr. J. Tierney, Managing Director Irish Water and Ms. A. Costello, Human Resources Director Irish Water.

It was noted that the purpose of the Transformation Plan is to provide a clear road-map for Irish Water and the Local Authorities to achieve the vision of becoming a self funded high performing utility and that it sets out the changes required over the next 3 years to transition from the current operating model of 31 separate water organisational models to a unified, smaller, leaner more well organised, flexible and efficient industry wide operating model. The Transformation Plan has been drafted jointly by Irish Water and the County and City Management Association and will be circulated to all stakeholders in due course.

It was noted that the 3 year Transformation Plan is the start of a much longer journey of continuous improvement and that emerging from the implementation of this 3 year Plan, there will be a platform for Irish Water and the Local Authorities to deliver even greater transformation over subsequent years.

Details of the target industry design were noted and discussed at length by the Directors.

It was agreed that the presentation would be uploaded to Boardpad for the Board members consideration following the meeting. It was also agreed that the number of staff moving from the Local Authorities to Irish Water would be provided at Irish Water Board meetings going forward.

Ms. A. Costello left the meeting.

### **ENERGY MANAGEMENT PROJECT – INITIATIVES**

The Directors noted the Board document as outlined by Mr. J. Grant, Head of Asset Management Irish Water.

Details of the current and future energy efficiency projects were noted and, in particular that there are 21 significant asset upgrade projects due to commence this year with a payback period of 3 years or less.

It was agreed that the overarching strategy in relation to sludge/biogas would be provided to the Irish Water Board in due course. Management were also asked to examine optimum energy consumption levels.

### **EXECUTED DOCUMENTS SCHEDULE**

The Board noted the schedule of documents which had been executed under seal since the 17<sup>th</sup> June 2014 Board meeting.

### **PD7 – CHEQUE SIGNING PROCEDURES**

The Board noted the proposed changes as outlined by Mr. J Dempsey, Head of Finance Irish Water.

The Board, having considered the proposal, resolved to approve the addition of a number of category A signatories as outlined in the Board paper.

### **FRAMEWORK FOR METER READING SERVICES**

(Mr. P. O'Donoghue, Head of Customer Operations Irish Water and Mr. A. Taylor, Customer Operations Irish Water joined the meeting).

The Board noted the Board document as outlined by Mr. P. O'Donoghue, Head of Customer Operations Irish Water.

The purpose of the Tender was to establish Meter Reading Services for domestic and extend services to non domestic at a later date.

It was noted that the major benefits are, as in other similar Ervia outsource contracts for provision of such services:

36(1)(b)

It was noted that following a competitive procurement process, GMC Sierra were selected as the Preferred Vendors for the provision of meter reading services to Irish Water for Ulster and Connaught and also Eastern and Midlands regions whilst Veolia were selected as the Preferred Vendors for Munster.

Having considered the matter in detail, the Board resolved to:

- approve the award of a multi-party framework for the provision of meter reading services as outlined below over 5 years with an option to extend for a further 2 years;
  - o GMC Sierra (Ulster & Connaught);
  - o GMC Sierra (Eastern & Midlands);
  - o Veolia (Munster).
- authorise the Chief Executive, Irish Water Managing Director and Company Secretary to execute the contract under hand; and
- authorise the Chief Executive, Irish Water Managing Director and Company Secretary to execute under hand, and to the Chief Executive and Irish Water Managing Director to execute under seal, any ancillary documentation associated with the contract.

It was noted that the above approval was subject to Ervia Board approval.

Mr. A. Taylor left the meeting.

### **DOMESTIC CUSTOMER VALIDATION CAMPAIGN UPDATE**

The Board noted the Board document as outlined by Mr. J. Tierney, Managing Director Irish Water together with the draft domestic validation packs circulated at the meeting.

Details of the proposed marketing communications strategy and campaign timeline were outlined and noted by the Directors. A year end target of 85% compliance with all domestic customers was noted.

Due to other commitments Mr. M. McNicholas and Mr. C. Sheehy left the meeting.



## **NON-DOMESTIC BILLING MIGRATION PROJECT**

The Board noted the Board document as outlined by Mr. J. Tierney, Managing Director Irish Water.

It was noted that the original programme timeline of October 2014 to complete the migration of non-domestic billing for water usage is no longer achievable for the reasons set out at the meeting.. Accordingly, the plan for non-domestic billing migration needs to be revisited. Details of the cost and revenue implications were noted.

Mr. J. Dempsey, Mr. P. O'Donoghue and Ms. E. Arnett left the meeting.

## **MINOR CAPITAL PROGRAMMES**

The Board noted the Board document as outlined by Mr. J. Tierney, Managing Director Irish Water.

The Directors noted that the Minor Capital Investment Programme 2014-2016 is an approved element of Irish Water's Capital Investment Programme and has a projected spend of c.€105m. The Minor Capital Programme was launched in May 2014 and comprises 23 sub-programmes aimed at optimising the performance of existing assets through targeted low cost interventions. Given the time constraints associated with addressing compliance and regulatory issues and the estimated volume of projects required to deliver Minor Programmes, it is necessary to request approval for the overall programme budget rather than for individual projects. It was noted that works carried out under individual sub-programmes will be subject to the normal Ervia/Irish Water approvals and governance processes. The objective is to deliver solutions on site for high priority asset interventions in an expeditious manner.

In order to facilitate the efficient delivery of the Minor Programmes objective, two Irish Water frameworks have been specifically set up to deliver Minor Capital Projects and Programmes:

- Multi-supplier Framework for the provision of Minor Civil Engineering Works; and
- Multi-supplier Framework for the provision of Minor Mechanical, Electrical, Instrumentation, Control and Automation (MEICA) Work.

It was noted that works will be allocated to contractors by sub-programme and not by individual task/plant. As such it is expected that contractors working on sub-programmes will carry out works in multiple locations across a number of Local Authorities.

Having considered the matter and in particular, the framework tendering and evaluation process which were discussed in considerable detail, the Board is resolved to approve:

- a capital budget of 36(1)(b) (incl. VAT) associated with the 2014-2016 Minor Capital Programme – Water Programme;
- a capital budget of 36(1)(b) (incl. VAT) associated with the 2014-2016 Minor Capital Programme – Wastewater Programme;

- a capital budget of 36(1)(b) (incl. VAT) associated with the 2014-2016 Minor Capital Programme – Energy & Efficiency Programme. Grant Support is being provided by the Sustainable Energy Authority of Ireland on a number of projects;
- the establishment of a 3 ½ - year multi-supplier framework agreement with an estimated value of 36(1)(b) with a total of 97 suppliers for the provision of Minor Civil Engineering Works to Irish Water to help deliver Irish Water's Capital Investment Plan;
- the establishment of a 3 ½ - year multi-supplier framework agreement with an estimated value of 36(1)(b) with a total of 30 suppliers for the provision of Minor Mechanical, Electrical, Instrumentation, Control and Automation Works to Irish Water to help deliver Irish Water's Capital Investment Plan; and
- the delegation of authority to the Chief Executive and the Irish Water Managing Director and the Company Secretary to execute under hand and to the Chief Executive and the Irish Water Managing Director to execute under seal the Framework Agreements or any ancillary documents relating thereto.

It was noted that the above approval was subject to Ervia Board approval.

### **DATE OF NEXT MEETING**

It was agreed that the Company Secretary would continue to liaise with the Board members directly regarding their availability with a view to fixing dates for the Irish Water Board meetings to be held between September and November 2014.

### **AOB**

It was agreed that recent press cuttings and responses to recent Parliamentary Questions would be uploaded to the reading room section on Board pad for the Board members consideration.

There being no further business the Chairman declared the meeting closed.

Chairman: \_\_\_\_\_

Date: \_\_\_\_\_



Record # 2

**MINUTES OF IRISH WATER BOARD MEETING**  
**HELD ON 3<sup>rd</sup> SEPTEMBER 2014**

Present:	Ms. R. Hynes	Chairman
	Mr. M. McNicholas	Chief Executive
	Ms. R. Finn	Director
	Mr. P. Lee	Director
	Mr. B. McKeown	Director
	Mr. B. Moore	Director
	Mr. H. Quinlan	Director
	Mr C. Sheehy	Director
	Mr. J. Tierney	Managing Director Irish Water
In attendance:	Mr. L. O'Riordan	Company Secretary
	Ms E. Arnett	Head of Corporate Affairs
	Mr. J. Dempsey	Head of Finance
Apologies:	Ms. J. Hall	Director
	Ms. M. Rae	Director
Venue :	Irish Water Offices, Colvill House, Talbot Street, Dublin 1.	
Time :	12.00 p.m. to 3.15 p.m.	

**BANK OF IRELAND OVERDRAFT FACILITY**

1. Quorum/Chairman

It was resolved that Rose Hynes be appointed as Chairman of the Meeting. A quorum was declared present in accordance with the Articles of Association of the Company.

2. Declaration of Interests

2.1 It was confirmed that no director of the Company had any direct or indirect interest in the contracts or arrangements referred to below which required to be declared in accordance with section 194 of the Companies Act, 1963 as amended and the Memorandum and Articles of Association of the Company.

2.2 It was noted that, pursuant to Section 43 of the Companies (Amendment) (No.2) Act, 1999 (the "1999 Act") as amended by section 10 of the Companies (Amendment) Act, 2009, at least one of the directors of the Company is resident in a Member State of the EEA and that each director present did not individually hold more than 25 directorships, for the purposes of Section 45 of the 1999 Act, and was therefore eligible to vote on all resolutions brought before the Meeting.

2.3. The Chairman informed the meeting that no person who is the subject of a declaration under Section 150 of the Companies Act 1990 (as amended by Section 41 of the Company Law Enforcement Act 2001) or Section 160 of the Companies Act 1990 (as amended by Sections 14 and 42 of the Company Law Enforcement Act 2001) is appointed or acts in any way, directly or indirectly, as a director or secretary of the Company.

### 3. Background

It was explained to the meeting that Bank of Ireland have expressed an interest in providing the Company with a working capital overdraft facility of €50m ("the Overdraft"), the principal terms and conditions of which are described in the board paper presented to the meeting. In this regard, it was explained that the principal purpose of this meeting was to consider such proposal and, if thought fit, to approve the execution of the Overdraft having such terms and conditions as described in the relevant board paper, and to appoint the Group Finance Director (currently Michael G O'Sullivan) and the Group Head of Treasury and Business Planning (currently Chris McCarthy) for the time being of Ervia (together the "Ervia Appointees") to negotiate, settle and approve on behalf of the Company the terms and conditions, including the economic terms and conditions, of the Overdraft and to approve the execution on behalf of the Company of any and all documentation that may be deemed necessary or desirable in connection therewith.

### 4. Consideration of Proposal

4.1 The directors, acting in good faith, considered and discussed the financial position of the Company and its funding requirements and it was noted after further discussion that the directors were of the opinion that the execution by the Company of the Overdraft on the terms proposed would be in the best commercial interests of the Company, having regard to the benefits which would accrue, directly and indirectly, to the Company as a result of the funds becoming available to it thereunder.

4.2 After further discussion the directors concluded unanimously that it was in the best interests and to the corporate benefit of the Company to execute the proposed Overdraft, and to appoint the Ervia Appointees to negotiate, settle and approve on behalf of the Company the terms and conditions, including the economic terms and conditions, of such an Overdraft and that the Company should execute any and all documentation that may be deemed necessary or desirable in connection therewith.

### 5. Resolutions

The directors determined and resolved unanimously as follows:

- (a) that the Company should execute the Overdraft having the terms and conditions as described in the relevant board paper, subject to such modifications and completions as may be negotiated and agreed by the Ervia Appointees;
- (b) that the Company should borrow funds thereunder upon the execution of the Overdraft;
- (c) that the Ervia Appointees be appointed and authorised to negotiate, settle and approve on behalf of the Company the detailed terms and conditions of the proposed Overdraft and the associated terms and conditions;
- (d) that the Ervia Appointees be authorised to request on behalf of the Company such consents and/or approvals of the Minister for Communications, Energy and Natural Resources, the Minister for Environment, Community and Local Government, the Minister for Public Expenditure and Reform,

the Minister for Finance, Ervia and/or the National Pensions Reserve Fund Commission (as existing lender to the Company) as may be required in connection with any of the aforementioned matters;

(e) that the Ervia Appointees be authorised to negotiate, settle and approve on behalf of the Company the form of the Overdraft, together with any and all other documents as the Ervia Appointees may consider to be necessary or desirable to be entered into and executed by the Company in connection with the execution of the proposed Overdraft;

(f) that the Ervia Appointees be authorised to approve on behalf of the Company all such related transactions and all such further acts and things as are, in the opinion of such Ervia Appointees, necessary or desirable in connection with the aforementioned matters;

(g) that, subject to the approval of the form and content thereof by the Ervia Appointees, any document deemed necessary or desirable by the Ervia Appointees for any of the aforesaid purposes and which is required to be executed as a deed on behalf of the Company be executed under the Common Seal of the Company in accordance with the Company's Articles of Association and delivered; and

(h) that the Ervia Appointees be authorised to sign and deliver on behalf of the Company any document deemed necessary or desirable by them for any of the aforesaid purposes and which is not required to be executed as a deed.

There being no further business the Chairman declared the meeting closed.

Chairman: \_\_\_\_\_

Date: \_\_\_\_\_



Record # 3

**MINUTES OF IRISH WATER BOARD MEETING**  
**HELD ON 3<sup>rd</sup> SEPTEMBER 2014**

Present:	Ms. R. Hynes	Chairman
	Mr. M. McNicholas	Chief Executive
	Ms. R. Finn	Director
	Mr. P. Lee	Director
	Mr. B. McKeown	Director
	Mr. B. Moore	Director
	Mr. H. Quinlan	Director
	Mr C. Sheehy	Director
	Mr. J. Tierney	Managing Director Irish Water
Apologies:	Ms. J. Hall	Director
	Ms. M. Rae	Director
In attendance:	Mr. L. O'Riordan	Company Secretary
	Ms. C. Ogle	Group Secretariat
Venue	:	Irish Water Offices, Colvill House, Talbot Street, Dublin 1.
Time	:	12.00 p.m. to 3.15 p.m.

**MINUTES**

The Minutes of the Directors meeting held on 15<sup>th</sup> July, 2014 were approved for signing by the Chairman.

**MATTERS ARISING**

The Directors noted the report on matters arising as outlined by the Chairman.

It was noted that discussions are ongoing with the Department of Environment, Community and Local Government ("DECLG"), the Department of Communications, Energy and Natural Resources ("DCENR") and NewERA in relation to the establishment of the Unitary Board prior to the end of November 2014. It was agreed that the Irish Water Board would be kept apprised of developments.

**MANAGING DIRECTORS REPORT**

(Mr. J. Dempsey, Head of Finance Irish Water, Mr. J. Grant, Head of Asset Management Irish Water and Ms. E. Arnett, Head of Communications and Corporate Affairs Irish Water joined the meeting).

- The Directors noted the contents of the Managing Director's Report as outlined in detail by Mr. J. Tierney Managing Director Irish Water

The Board requested the Executive to provide further details on enforcement measures for fines obtained following prosecutions under Section 12 Water Services Act 2007.

The Board recommended that a comprehensive plan for communication at operational level should be central to the overall communications plan for Irish Water. The Board requested the Executive to bring a paper on this issue to a future board meeting. The Board also requested that the Executive circulate the Q&A's from the recent Pat Kenny show interview and link to the radio programme would be provided to the Directors.

Following a discussion on environmental compliance, the Board requested the Executive to review Irish Water's communication strategy in relation to environmental issues. Any communication strategy should include joint working and reporting with the EPA where appropriate.

The Directors noted the recommendation in relation to the Freedom of Information ("FOI") policy on the publication of documents and, having considered the matter, it was agreed that the preferred approach is the development of a proactive Information Transparency Policy which expressly defines what Irish Water deems to be commercially sensitive and that same be presented to the Irish Water Board for consideration at the October 2014 Board meeting. It was also agreed that FOI is to be included on the Irish Water risk register pending the development of a corporate governance framework.

The Board requested the Executive to ensure a comprehensive submission is made to CER on all aspects of the Weighted Average Cost of Capital ("WACC") before the CER decision on water charges plan. In particular, the Board requested that the submission include empirical (and third party) evidence on all aspects of the WACC, including the impact on the WACC of the nascent nature of the regulatory regime.

It had been previously been understood that a proposed equity contribution of €240m would result in a further allotment(s) of Water Economic Right ("WER") shares, made subject, amongst other things, to Ministerial consent, and that various resolutions and authorities had been passed/given in readiness for the possibility that such allotment(s) might proceed. On the basis that it is now not proposed that such allotment(s) will proceed, it was agreed by the Directors that any previous approvals/resolutions granted in relation to the proposed allotment of the additional WER shares should now be revoked.

### **BUSINESS PLAN UPDATE**

The Directors noted the Board paper as outlined in detail by Mr. J. Dempsey, Head of Finance Irish Water.

The Board requested that the Executive provide a comprehensive paper on the methodology used to prioritise capital projects. The Board also requested a Board paper on the scope for private finance for capital projects.

The Directors noted that it was anticipated the final Business Plan would be submitted for approval at the October 2014 Irish Water Board meeting.



## **IRISH WATER LOCAL AUTHORITY TRANSFORMATION PLAN**

(Ms. A. Costello, Human Resources Director Irish Water joined the meeting)

The Directors noted the presentation as outlined in detail by Mr. J. Tierney, Managing Director Irish Water and Ms. A. Costello, Human Resources Director Irish Water.

It was agreed that the proposed structure for the Water Services Operating Framework would be provided to the Directors for their consideration.

## **ENVIRONMENTAL COMPLIANCE UPDATE**

The Directors noted the Board paper as outlined in detail by Mr. Ray O'Dwyer, Head of Operations and Maintenance, Irish Water.

## **PROPOSED LEAD STRATEGY**

The Directors noted the Board paper as outlined in detail by Mr. Jerry Grant, Head of Asset Management, Irish Water.

29(1)(a)

The Directors noted that Irish Water's legal responsibility is to advise of risk in the first instance and, in this regard, general advice for consumers is to be uploaded to the Irish Water website when it is signed off by the HSE in the coming weeks.

## **APPROVAL OF ESTABLISHMENT OF DEFINED CONTRIBUTION SCHEME FOR NEW IW EMPLOYEES**

The Directors noted the Board paper as outlined in detail by Ms. Angela Costello, Human Resources Director Irish Water.

Having considered the matter in detail, the Directors resolved to approve:

- the establishment of a DC scheme for new Irish Water employees; and
- the submission by Irish Water of requests for such consent(s) and/or approvals of the Minister for Communications, Energy and Natural Resources, the Minister for Environment, Community and Local Government, the Minister for Public Expenditure and Reform and/or the Minister for Finance as may be required in connection with the DC scheme.

It was noted that this proposal is subject to Ervia Board approval.

### **APPROVAL OF CREDIT CARD APPLICATION WITH AIB FOR IRISH WATER MANAGEMENT**

The Directors noted the Board paper as outlined in detail by Mr. John Tierney, Managing Director Irish Water.

Having considered the matter, the Directors resolved to approve and sign the credit card application with AIB.

It was agreed that a review of the credit card authorisation limits would be conducted.

### **FRAMEWORK (13/115-NETWORK & REHABILITATION WORKS & 14/001-INVESTIGATIVE WORKS)**

The Directors noted the Board paper as outlined in detail by Mr. Jerry Grant, Head of Asset Management Irish Water.

Following a discussion on the matter, and subject to these projects sitting within an overall framework of priorities, the Directors resolved to approve:

- the establishment of a 3 ½ - year multi-supplier framework agreement with a total of Twenty Eight (28) suppliers for the provision of Network Services and Rehabilitation Works to Irish Water to deliver Irish Water's Capital Investment Plan;
- the establishment of a 4 - year multi-supplier framework agreement with a total of nineteen (19) suppliers for the provision of Investigative Works to Irish Water to deliver Irish Water's Capital Investment Plan; and
- delegation of authority to the Chief Executive and the Irish Water Managing Director and the Company Secretary to execute under hand and to the Chief Executive and the Irish Water Managing Director to execute under seal the Framework Agreements or any ancillary documents relating thereto.

It was noted that this proposal is subject to Ervia Board approval.

### **APPROVAL OF PROCEDURE FOR MAKING CPOS AND NOTICES UNDER S. 97 WATER SERVICES**

The Directors noted the Board paper as outlined in detail by Mr. John Tierney, Managing Director Irish Water.

Having considered the matter in detail, the Directors resolved to:

- delegate the power, authority and discretion vested in the Directors of Irish Water to make any CPO in accordance with the provisions of the Housing Act, 1966, pursuant to Section 10 of the Local Government (2) Act, 1960, as substituted by Section 86 of the Housing Act, 1966, as

amended by Section 6 of the Second Schedule of the Roads Act, 1993, and the Planning and Development Acts, 2000 – 2014, and as applied to Irish Water by Section 93 of the Water Services Act, 2007, to the Managing Director of Irish Water;

authorise that the seal of Irish Water may be affixed to all CPOs and any ancillary documents relating thereto and that the Managing Director and the Company Secretary of Irish Water be appointed to sign all CPOs and any ancillary documents relating thereto where the seal of Irish Water is required to be affixed to same; and

delegate authority to the Irish Water Asset Programmes Manager to consider whether it is necessary for the purpose of any of the functions of Irish Water to lay water mains, sewers, service connections and related cables and wires to use the procedure set out under Section 97 of the Water Services Act, 2007, for same and to sign any notices to be issued to an owner or occupier of land, on behalf of Irish Water and to undertake any of the processes provided for in Section 97 of the Water Services Act, 2007

provided always that a schedule of CPOs listing the particulars of each CPO is provided to the Irish Water Board by way of information at the next Board meeting.

### **APPROVAL OF BANK OF IRELAND OVERDRAFT FACILITY FOR IW**

The Directors noted the Board paper as outlined in detail by Mr. John Dempsey, Head of Finance Irish Water.

Having considered the matter in detail, and subject to:

- confirmation being provided to the Directors that the terms and conditions of this facility are on no less favourable terms than currently on offer; and
- confirmation being provided to the Directors that there are no procurement considerations in relation to this facility

the Directors resolved to:

- approve the execution of the €50m working capital overdraft facility in accordance with the terms outlined above;
- delegate authority to the Group Finance Director (currently Michael G O'Sullivan) and the Group Head of Treasury and Business Planning (currently Chris McCarthy) for the time being of Ervia to:
  - (a) negotiate, settle and approve on behalf of the Company the terms and conditions, including the economic terms and conditions, of the proposed overdraft facility;
  - (b) request on behalf of the Company such consents and/or approvals of the Minister for Communications, Energy and Natural Resources, the Minister for Environment, Community and Local Government, the Minister for Public Expenditure and Reform, the Minister for Finance, Ervia and/or the National Pensions Reserve Fund Commission (as existing lender to the Company) as may be required in connection therewith;

- (c) negotiate, settle and approve on behalf of the Company the form of any and all other documents as the Group Finance Director and the Group Head of Treasury and Business Planning of Ervia may consider to be necessary or desirable to be entered into and executed by the Company in connection with the execution of the overdraft facility;
  - (d) approve on behalf of the Company all such related transactions and all such further acts and things as are, in the opinion of such persons, necessary or desirable in connection with the aforementioned matters; and
- approve the execution on behalf of the Company of all such documents as are referred to or contemplated above.

It was noted that this proposal is subject to Ervia Board approval.

See separate minute attached.

### **IRISH WATER IMPLEMENTATION OF FUNDING STRATEGY**

The Directors noted the Board paper as outlined in detail by Mr. John Dempsey, Head of Finance Irish Water.

Following a discussion, it was agreed that confirmation would be provided to the Directors that the terms of the proposed €150m NPRF facility are no less favourable than those currently in place for existing NPRF facilities.

Having expressed reservations on the proposal for a blanket approval being sought in the Board paper, it was agreed that the approval to negotiate the facilities would be granted at this juncture, however, approval regarding the entry by Irish Water into each of the facilities would not be granted until such time as the specific terms & conditions of each proposed facility are provided to the Irish Water Board. It was also agreed that a detailed description of the internal governance process in relation to approvals of this nature would be outlined in future Board papers submitted for the Directors consideration.

### **DATE OF NEXT MEETING**

It was noted by the Directors that the next Board meeting was scheduled for Tuesday 14<sup>th</sup> October 2014 commencing at 1pm in Colvill House.

### **AOB**

There being no further business the Chairman declared the meeting closed.

Chairman: \_\_\_\_\_

Date: \_\_\_\_\_

Record # 4

**MINUTES OF IRISH WATER BOARD MEETING**  
**HELD ON 14<sup>th</sup> OCTOBER 2014**

Present:	Ms. R. Hynes	Chairman
	Mr. M. McNicholas	Chief Executive
	Ms. R. Finn	Director
	Ms. J. Hall	Director
	Mr. P. Lee	Director
	Mr. B. McKeown	Director
	Mr. B. Moore	Director
	Ms. M. Rae	Director
	Mr C. Sheehy	Director
	Mr. J. Tierney	Managing Director Irish Water

In attendance:	Mr. L. O'Riordan	Company Secretary
	Ms. C. Ogle	Group Secretariat

Venue : Irish Water Offices, Colvill House, Talbot Street, Dublin 1.

Time : 12.00 p.m. to 3.15 p.m.

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**DEATH OF FORMER DIRECTOR**

The Directors noted that since the last meeting, Mr. S. Kelly, had died. The Directors requested that a letter of sympathy expressing condolences on behalf of the Board be sent to his family.

**MINUTES**

The Directors agreed to adopt a high level approach for minuting Directors meetings going forward. It was agreed that the revised draft minutes for the Directors meeting held on 3<sup>rd</sup> September would be circulated to the Directors for consideration and formal adoption thereafter at the November 2014 meeting.

**MATTERS ARISING**

The Directors noted the report on matters arising as outlined by Mr. J. Tierney, Managing Director.

The Directors noted that a review is ongoing at Ervia Group level regarding credit card limits and that the Irish Water credit card limits would be aligned with same. The Directors requested that they be advised of the revised limits in due course.

## **MANAGING DIRECTORS REPORT**

(Mr. M.G. O'Sullivan, Group Finance Director Ervia, Mr. J. Dempsey, Head of Finance Irish Water, Mr. J. Grant, Head of Asset Management Irish Water, Ms. E. Arnett, Head of Communications and Corporate Affairs Irish Water, Mr. F. Collins, Head of Capital Delivery Irish Water and Mr. P. O'Donoghue, Head of Customer Operations Irish Water joined the meeting).

The Directors noted the contents of the Managing Director's Report as outlined in detail by Mr. J. Tierney Managing Director Irish Water.

In relation to the metering programme, the Directors noted it is proposed that Irish Water will bring prosecutions under section 12 of the Water Services Act 2007 and that Board approval would be sought prior to issuing proceedings under this legislation. The Directors requested that a letter of commendation would issue to all metering contractors for reaching the target installation of 450,000 meters.

The Directors noted the update on financial matters and, in particular in relation to the non-domestic debtors. Management advised that an update would be provided to the Irish Water Board in relation to the revenue accrual booked year to date based on 2011 data versus 2014 actual once the final position is known.

It was confirmed to the Directors that the executive would have the accounts for the nine months to the end of September 2014 prepared for consideration at the November meeting.

## **APPROVED WATER CHARGES PLAN**

The Directors noted the Board paper as outlined in detail by Mr John Dempsey, Head of Finance Irish Water.

The Directors requested that the tariffing patterns be monitored and feedback provided to the Board regarding same in due course. The Directors also requested that information on the proposed harmonised connection charges currently under consideration by the CER be recirculated to the Board.

## **CAPITAL INVESTMENT PLAN IMPLEMENTATION – QUARTERLY UPDATE**

The Directors noted the Board paper and, in particular the project status report as outlined in detail by Mr J. Grant, Head of Asset Management Irish Water.

The Directors requested that an ongoing communications programme regarding operational matters at a local level be developed and that an update be provided to the Board regarding same.

The Directors recommended that suitable additional resources be sought in Corporate Affairs to ensure the delivery of both a full time crisis management team and a full time proactive management team.



### **CAPITAL PROJECTS - APPROACH TO PRIORITISATION USING COST BENEFIT ANALYSIS (CBA)**

The Directors noted the Board paper as outlined in detail by Mr J. Grant, Head of Asset Management Irish Water.

It was noted that the long term view for the prioritisation of projects is a gradual shift from compliance deficit to asset risk for customer service and economic needs, with CBA as an objective element of prioritisation based on cost/benefit metrics.

### **CUSTOMER VALIDATION CAMPAIGN UPDATE**

The Directors noted the Board paper as outlined in detail by Mr. P. O'Donoghue, Head of Customer Operations Irish Water.

It was noted that a model in relation to the billing cycle is currently being developed and that once same is finalised, a focus group of customers would be assembled to develop a communications strategy. The Directors recommended that Management liaise with Universal Metering in the UK to leverage from their experience in this area.

The Directors requested that the initial letter to customers regarding their first bill include an express statement that they are not being differentially charged.

### **PROACTIVE INFORMATION TRANSPARENCY POLICY UPDATE**

The Directors noted the Board paper as outlined in detail by Mr. J. Tierney, Managing Director Irish Water.

It was noted that this policy is being developed in conjunction with the Ervia Corporate policy to ensure they are aligned. The Directors requested that a project timeline regarding the development of the policy be provided at the next Directors meeting.

### **APPROVAL TO ENTER INTO A NEW ULSTER BANK FACILITY (UBIL) - €100M**

The Directors noted the Board paper as outlined in detail by Mr. M. G. O'Sullivan, Group Finance Director, Ervia.

Having discussed the key terms and conditions associated with this facility per the term sheet annexed to the Board paper, the Directors requested that in the event of any material change to these terms and conditions, further Board approval is to be sought from the Directors.

See separate minute attached outlining approvals granted.

### **APPROVAL TO ENTER INTO A NEW AIB FACILITY - €50M**

The Directors noted the Board paper as outlined in detail by Mr. M. G. O'Sullivan, Group Finance Director, Ervia.

Having discussed the key terms and conditions associated with this facility per the term sheet annexed to the Board paper, the Directors requested that in the event of any material change to these terms and conditions, further Board approval is to be sought from the Directors.

See separate minute attached outlining approvals granted.

### **DONEGAL (GROUP B) SEWERAGE SCHEMES WASTEWATER TREATMENT (PROJECT NO. 10001760)**

The Directors noted the Board paper as outlined in detail by Mr J. Grant, Head of Asset Management Irish Water.

Having considered the matter, and subject to Ervia Board approval, the Directors resolved to issue Gate 3 approval for the Donegal Group B – Killybegs and Bundoran Sewerage Schemes Contract No. 1 - Design Build and Operate Contract for Killybegs, Bundoran, Glencolumbkille and Convoy Sewerage Schemes including:

- a Capital Budget in the amount outlined in the Board paper;
- award of the Design Build Operate Maintain Contract to VWI / BAM Joint Venture in the amount outlined in the Board paper;
- continuation of JOD / JB Barry appointment for Contract/Handover Administration in the amount outlined in the Board paper;
- approval of a budget for the provision of site supervisory staff in the amount outlined in the Board paper ;
- the contract with VWI/BAM will also include the operation and maintenance of the 4 No. WWTPs and associated works for a period of 7 years. The estimated value of this O&M contract was noted as outlined in the Board paper over the 7 years period, based on an NPV approach; and
- the delegation of authority to the Chief Executive, the Irish Water Managing Director and the Company Secretary to execute under hand and to the Chief Executive and the Irish Water Managing Director to execute under seal the Design Build Operate Maintain Contract or any ancillary documents relating thereto.

### **ELECTRICITY SUPPLY FRAMEWORK**

The Directors noted the Board paper as outlined in detail by Mr. John Dempsey, Head of Finance Irish Water.

It was noted that the award of a two year Single Supplier Ervia Framework Agreement to SSE Airtricity Limited for the Provision of Electricity Supply to 'Quarter Hourly' and 'Non-Quarter

Hourly' metered consumption and the award of a two year Single Supplier Ervia Framework Agreement to Viridian Energy Limited (Energia) for the Provision of Electricity Supply to 'Unmetered' consumption had been approved at the Ervia Board meeting on 1<sup>st</sup> October 2014.

Having considered the matter, the Directors resolved to:

- authorise the Chief Executive, Group Finance Director and Company Secretary to execute separate 'call-off' contracts for Irish Water under the Framework Agreements, under hand; and for the Chief Executive and the Group Finance Director to execute the 'call-off' contracts under seal.

### **EXECUTED DOCUMENTS SCHEDULE**

The Directors noted the schedule of documents which had been executed under seal by Irish Water.

### **DATE OF NEXT MEETING**

It was noted by the Directors that the next Board meeting was scheduled for Thursday 13<sup>th</sup> November 2014 commencing at 1pm in Colvill House.

### **AOB**

It was noted that a Board paper seeking approval in relation to a connection arrangement with Regeneron would be issuing in the next few days. The Directors requested that the covering email specify the date said approval is required.

The Company Secretary advised that formal written resolutions to support resolutions already passed by the Irish Water Board by email in July 2014 on the funding for Irish Water, and specifically in relation to a convertible loan note of €55m and an increase in the existing NPRF facility of €50m, from €250m to €300m were required to be evidenced in writing and signed by each of the Directors. The Directors requested that these resolutions be circulated to the Board for consideration in advance of executing same.

There being no further business the Chairman declared the meeting closed.

Chairman: \_\_\_\_\_ Date: \_\_\_\_\_



**MINUTES OF IRISH WATER BOARD MEETING**  
**HELD ON 14<sup>th</sup> OCTOBER 2014**

Present:	Ms. R. Hynes	Chairman
	Mr. M. McNicholas	Chief Executive
	Ms. R. Finn	Director
	Mr. P. Lee	Director
	Mr. B. McKeown	Director
	Mr. B. Moore	Director
	Mr C. Sheehy	Director
	Ms. J. Hall	Director
	Ms. M. Rae	Director
	Mr. J. Tierney	Managing Director Irish Water

In attendance:	Mr. L. O'Riordan	Company Secretary
	Ms E. Arnett	Head of Corporate Affairs
	Mr. J. Dempsey	Head of Finance

Venue : Irish Water Offices, Colvill House, Talbot Street, Dublin 1.

Time : 1.00 p.m. to 4.00 p.m.

**ULSTER BANK €100 MILLION REVOLVING CREDIT FACILITY**  
**FOR IRISH WATER**

1. Quorum

A quorum was declared present in accordance with the Articles of Association of the Company.

2. Declaration of Interests

2.1 It was confirmed that no director of the Company had any direct or indirect interest in the contracts or arrangements referred to below which required to be declared in accordance with section 194 of the Companies Act, 1963 as amended and the Memorandum and Articles of Association of the Company.

2.2 It was noted that, pursuant to Section 43 of the Companies (Amendment) (No.2) Act, 1999 (the "1999 Act") as amended by section 10 of the Companies (Amendment) Act, 2009, at least one of the directors of the Company is resident in a Member State of the EEA and that each director present did not individually hold more than 25 directorships, for the purposes of Section 45 of the 1999 Act, and was therefore eligible to vote on all resolutions brought before the Meeting.

2.3. The Chairman informed the meeting that no person who is the subject of a declaration under Section 150 of the Companies Act 1990 (as amended by Section 41 of the Company Law Enforcement Act 2001) or Section 160 of the Companies Act 1990 (as amended by

Sections 14 and 42 of the Company Law Enforcement Act 2001) is appointed or acts in any way, directly or indirectly, as a director or secretary of the Company.

### 3. Background

It was explained to the meeting that it was proposed that Ulster Bank Ireland Limited ("Ulster Bank") would make available to the Company a committed revolving credit facility of up to €100 million (the "UBIL Facility"), the principal terms and conditions of which are described in the board paper presented to the meeting. In this regard, it was noted that the principal purpose of the board meeting was to consider such proposal and, if thought fit, to (i) approve the entry by the Company into the UBIL Facility to be provided to the Company by Ulster Bank; (ii) delegate authority to any two of the following persons, acting together: (A) a Chairman of Irish Water; (B) the Chief Executive Officer of Ervia and Director of Irish Water; and (C) the Managing Director of Irish Water (such persons being hereinafter referred to as the "Appointees" and each an "Appointee"), to negotiate and agree the terms of the UBIL Facility; and (iii) to appoint any two of the Appointees (acting together) to execute the legal documentation required to give effect to the UBIL Facility and, where any documents are required to be executed by the Company as a deed, to authorise the execution of such documents under the Common Seal of the Company in accordance with Articles of Association of the Company.

It was noted that the proposed terms and conditions of the UBIL Facility would be contained in a facility agreement (the "Facility Agreement") and that it was currently proposed that the Facility Agreement would be based on the current Loan Market Association recommended form of revolving credit facility agreement.

### 4. Consideration of Proposal

4.1 The directors, acting in good faith, considered and discussed the financial position of the Company and its funding requirements and it was noted after further discussion that the directors were of the opinion that the entry by the Company into the UBIL Facility would be in the best commercial interests of the Company, having regard to the benefits which would accrue, directly and indirectly, to the Company as a result of the funds becoming available to it thereunder.

4.2 After further discussion the directors concluded unanimously that it was in the best interests and to the corporate benefit of the Company to enter into the proposed UBIL Facility, and to appoint the Appointees on the terms set out below to negotiate, settle and approve on behalf of the Company the terms and conditions, including the economic terms and conditions, of the UBIL Facility and that the Company should execute any and all documentation that may be deemed necessary or desirable in connection therewith, including, without limitation, the Facility Agreement.

### 5. Resolutions

The directors determined and resolved unanimously as follows:

- (a) that, subject to the terms and conditions thereof being approved by any two Appointees acting together in accordance with the resolutions set forth below, the Company should enter into the UBIL Facility (as borrower) with Ulster Bank (as lender) in a principal amount of up to €100 million;



- (b) that any two Appointees, acting together, be appointed and authorised to negotiate, settle and approve on behalf of the Company the detailed terms and conditions, including the economic terms and conditions, on which the proposed UBIL Facility would be made available to the Company by Ulster Bank;
- (c) that any two Appointees, acting together, be authorised to request (or instruct the Secretary to request) on behalf of the Company such consents and/or approvals of the Minister for Communications, Energy and Natural Resources, the Minister for Environment, Community and Local Government, the Minister for Public Expenditure and Reform, the Minister for Finance, Ervia and/or the National Pensions Reserve Fund Commission (as existing lender to the Company) and/or any other lender to the Company as may be required in connection with any of the aforementioned matters;
- (d) that any two Appointees be authorised to negotiate, settle and approve on behalf of the Company the form of documents pursuant to which the UBIL Facility would be made available to the Company (including, without limitation, the Facility Agreement) together with any and all other documents as any two Appointees, acting together, may consider to be necessary or desirable to be entered into and executed by the Company in connection with the execution of the proposed UBIL Facility;
- (e) that any two of the Appointees, acting together, be authorised to approve on behalf of the Company all such related transactions and all such further acts and things as are, in the opinion of such Appointees, necessary or desirable in connection with the aforementioned matters;
- (f) that, subject to the approval of the form and content thereof by any two Appointees, acting together, any document deemed necessary or desirable by such Appointees for any of the aforesaid purposes and which is required to be executed as a deed on behalf of the Company be executed under the Common Seal of the Company in accordance with the Company's Articles of Association and delivered;
- (g) that any two Appointees, acting together, be authorised to sign and deliver on behalf of the Company any document deemed necessary or desirable by such Appointees for any of the aforesaid purposes and which is not required to be executed as a deed; and
- (h) that any two Appointees be authorised to sub-delegate all, or any part of, the powers and authorities granted to the Appointees to such other officers or employees of Irish Water or Ervia on such terms and subject to such conditions as such Appointees, acting together, see fit.

There being no further business the Chairman declared the meeting closed.

Chairman: \_\_\_\_\_

Date: \_\_\_\_\_

