



**Board of Directors Meeting of the  
Utility Regulation and Competition Office (“OfReg”)  
held on Thursday, 12 July 2018,  
at its Offices, 3rd Floor Alissta Towers  
Meeting 7 of 2018**

**Minutes**

**Attendance:**

Dr. the Hon. Linford Pierson, Chair (Chair)  
Mr. Ronnie Dunn, Deputy Chair (RD)  
Mr. Frank Balderamos, Non-executive Director (FB)  
Ms. Melissa Lim, Non-executive Director (ML)  
Mr. Rudy Ebanks, Non-executive Director (RE)  
Mr. Alee Fa'amoe, Executive Director ICT, Deputy CEO (DCEO/EDICT)  
Mr. Duke Munroe, Chief Fuels Inspector/Director Fuels Markets (CFI)  
Mr. Greg Anderson, Executive Director, Energy & Utilities (EDEU)  
Dr. John Epp, General Counsel/ Secretary (GC/S)  
Ms. Alison Maxwell, Assistant General Counsel/ Assistant Secretary (AGC/AS)

Mr. Sonji Myles, Deputy Director-ICT (DDICT/ FOI Manager)(for item 8.2)  
Mr. Troy Claxton, Financial Controller (FC) (for item 6.2)  
Mr. Echard McLaughlin, Manager Administration (MA) (for items 4.2 and 6.3)

**Apologies:**

Mr. J Paul Morgan, Chief Executive Officer (CEO)

**Start: 10:55 AM End: 5.10PM**

**1. General**

- 1.1 Welcome, Apologies, and Prayer  
The AGC/AS offered the opening prayer.
- 1.2 Approval of Agenda  
Motion: ML, seconded by RE: The draft agenda as amended (items 5.2.2, 5.2.3 and 8.1 removed, and 5.3.3 be amended to read “Renewal of C&W License”) be approved as the agenda for this meeting. CARRIED
- 1.3 Chair's Remarks
  1. “Negative reporting by the Compass on OfReg’s management of its finances—based on the question of “value for money.”
  2. Need to review the URC Law to allow the BOD to exercise a closer scrutiny of the spending by senior officers of OfReg (eg. Purchase of vehicles for use by



- executive directors, the delay in the process of fitting out the Smith Road offices—the Board has the ultimate responsibility for the oversight of the management generally, (including the financial management) of OfReg.
3. Importance of the voting arm of OfReg becoming more involved in the efficient/prudent management of OfReg, on the understanding that we will be held responsible for all matters requiring approval by the Board. In this connection, the NEDS and the Chair (the voting arm of OfReg need to pay closer attention to the operations of OfReg).
  4. May I remind the Board that proper protocol suggests that members should direct their discussions to the Chair, and refrain from involvement in side bars during our meetings. Also, presentations by any member (including Ex. Directors) should be concise and to the point—let us avoid wasting precious time with non-productive rhetoric.
  5. Appointment of the new CEO. The process is moving along smoothly. Ask our HR (Echard [MA]) to bring us up to date.
  6. As regards the appointment of the “The Risk and Audit Committee”, I have been discussing with the CEO a procedure that will add more transparency and independence in the appointment of the Chair of that committee. The selection of a suitable person for this position should be through an open/transparent process, and not subjected to personal contacts, however well intentioned.
  7. Also, please note that pronouncements, press releases, etc., which affect the smooth and efficient operations of OfReg, should be done in consultation with the Chair—prior to such actions and not after the fact. I would remind directors that Section 17 (1) (f) of the URC Law, one of the duties of the Chair is “participating in public relations or education campaigns on behalf of the Office.” Such participation includes appearances in talk shows and relevant pronouncements on behalf of OfReg in the news media.
  8. Further, please do not let our exuberance and emotions pull us into unnecessary conflicts with the news media—I am old enough and experienced enough to tell you that you will rarely win such conflicts—they always have the ability to have the last word. In such circumstances we are well advised to remember the Serenity Prayer: “God grant me the Serenity to accept the things I cannot change, the Courage to change the things I can, and the Wisdom to know the difference.”
  9. In closing this segment of our meeting, let me remind those officers who may apply (or may have already applied), for the position of CEO, that once an appointment is made, it is expected that those who are not successful will fully cooperate with the successful candidate. Let me stress that if this creates a serious problem within the Office, such problems will be dealt with firmly, in the best interest of the smooth and efficient operations of OfReg. But I feel assured that based on the maturity and professionalism of our officers that everything will run smoothly and efficiently.”

Item “[MA]” added by Secretary.

2. Declaration of Interest: None



### 3. Minutes of Previous Meeting

#### 3.1 Approval

Motion: FB, seconded by ML: The draft minutes as amended (two sentences in item 3.2.1) be accepted as the official minutes of the last meeting. CARRIED

#### 3.2 Matters Arising From Previous Minutes Not Covered in Agenda

##### From item 3.2.1:

Develop vehicle use and branding policy. DCEO reported that progress was being made.

DCEO to contact [REDACTED] concerning standing for the position of Chair of the Risk and Audit Committee. DCEO reported that [REDACTED] declined.

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CEO to contact Chief Officer to seek the Chief Officer's nomination to the OfReg Procurement Committee. DCEO reported that Mr. Robert Lewis was nominated.

ML to provide a short update on FinTech developments. The update was placed in the board papers.

4.2: Recruitment of CEO. MA reported that the process started in May 2018 as the CEO's contract was set to expire 6 August 2018. The interview panel was appointed. The members named were the Chair, Chief Officer of POSC Gloria McField-Nixon, POSC Chief of HR Charlene Howell, and Deputy Cabinet Secretary Robert Lewis. The interviews were scheduled to occur the week of 23 July and an offer was scheduled to be made the first week of August 2018. Six applications were received to date, and the deadline for application was 15 July 2018.

MA reported that from 2015 (then ICTA) OfReg adopted the Hay assessment method, and used comparisons to core government Hay evaluations in overall remuneration, health and vacation benefits and vehicle issues.

The post of CEO was independently assessed by consultant [REDACTED] formerly of POCS. He analysed the local qualification/requirements in Hay system, and set the salary grade at B. POCS' assessment set the post at salary grade C. The advertisement stated salary grade B.

ML asked MA if he had used the consultant contract template when retaining [REDACTED]. It had not been used. ML stated that it should have been, and that in the future it must be used.

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5.1.4: DEDEU to notify CUC of Board decision on Demand Rates. EDEU reported that notification was made.



6.2.2: DCEO to contact other SAGCs to obtain copies of their vehicle use policies. DCEO reported that contact was made.

6.3.1: CEO to present at the next meeting a full cost estimate of the Smith Road office fit out so that a final decision can be made. CEO was not present.

#### 4. Board Matters

4.1 Board Administration (See Chairman's remarks above)

4.2 Confirmation by CEO of Management Policies  
The Board sought confirmation that management policies provided electronically had been reviewed and were recommended by the CEO for approval by the Board. MA was instructed to have the penultimate versions of the management policies ready for the next meeting. See item 1.3.4 above.

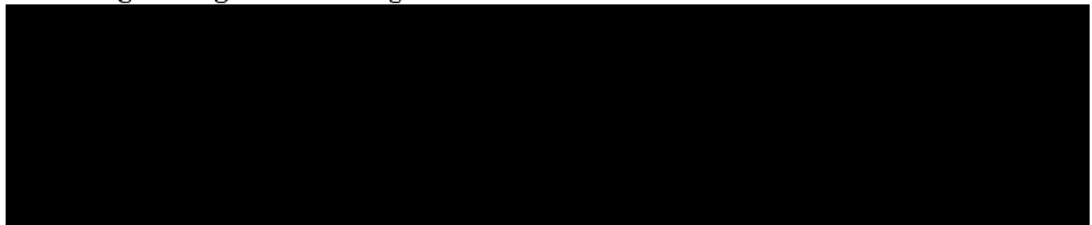
4.3 Risk and Audit Committee

4.3.1 DCEO was directed to contact Cayman Islands Institute of Professional Accountants (CIIPA) again to seek nominations for the post of Chairman of the Risk and Audit Committee. The DCEO reported that the CEO was assembling an advertisement seeking applications for the post, which offers a stipend of \$2000 per month. He agreed to obtain the advertisement and to give it to RD and FB for comment. Once approved, CEO to organise publication via website and local press, and Director RD will arrange publication within the local CIIPA.

#### 5. Regulatory

5.1 Energy and Utilities

5.1.1 Funding – long term arrangements



5.1.2 Pending Water Sector Regulations Consultation Redacted under PAL Sec 19  
The AGC and GC were continuing to assist in the finalization of the documentation.

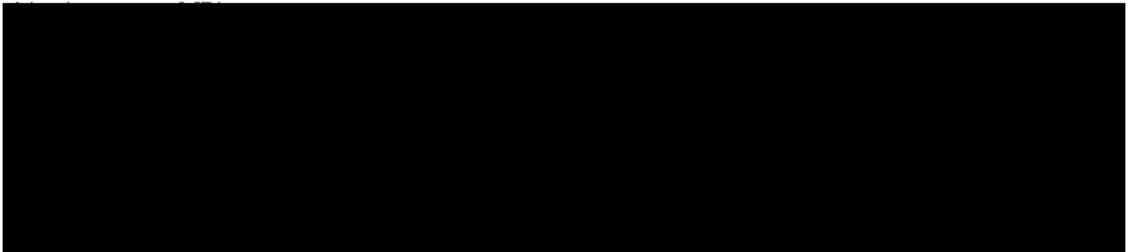
5.1.3



Redacted under PAL Sec 19



- 5.1.4 Update on Integrated Resource Plan (IRP) Redacted under Sec 19 PAL  
The CUC plan was in place. CUC was willing to present it to the Board upon invitation.
- 5.1.5 CUC Customer Survey results  
See board papers.
- 5.1.6



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## 5.2 Fuels

- 5.2.1 Presentation  
CFI made a presentation on the components in the price of fuel (see board papers).

## 5.3 ICT

- 5.3.1 911 update  
GC reported that he had advised DCEO and Mr. Ian Callow not to participate in this project core government project until the Attorney General had



arranged indemnification by Cabinet in the event of (false) allegations of negligence arising. DCEO and Mr. Callow are on standby.

5.3.2 FM Radio Station Licenses

DCEO reported that licenses will be reviewed in this quarter.

5.3.3 Renewal of C&W license

The license was renewed for one year on the same terms and conditions. This period will give OfReg time to complete the Significant Market Power (SMP) economic review, as well as to develop a new licensing framework for telcos.

**6. Chief Executive's Report included:**

6.1 Follow up activities

6.2 Financial Administration

6.2.1 Management Accounts

In addition to the CEO's report the FC attended. The FC highlighted the accounts and addressed questions from the members. FC recommended that no further funds be spent on travel this year. FC admonished the ExCo for failing to keep consultants' fees to a reasonable level. He was very critical of payments made to Rockwater International Communication Advisors Inc during 2017 and to the end of contract in May 2018. He opined that the work seemed routine and not of a specialist nature. He did not have an issue with OfReg retaining expert counsel for the Datalink Judicial Review.

6.2.2 External Audit

The remaining matters arising from the 2017 Audit Management letters were being completed. CEO expected to reply to letters.

6.2.3 Future Audit Arrangements

The Auditor General was be asked to continue auditing the Office rather than asking the AG to retain other auditors to complete the audit of the Office. The CEO was to communicate this request to the AG.

6.3 Human Resources

6.3.1 Recruitment Policy  
Not discussed

6.3.2 Finance Officer



Redacted under Sec 23 (1) FOI law personal information

6.4 Smith Road Update

6.4.1 Costs Incurred

The DCEO was invited to reply to the Chair's remarks. In hind sight it may have been better to not lease the office space on Smith Road and to not rely on the expected appropriate funding from government. It was anticipated that OfReg would have moved into the leased space by December 2017. In the event, OfReg was not given the funding injection



that had been expected and in consequence it had no funds to hire contractors to complete the fit out.

The landlord had agreed to finance and to complete the fit out. They had indicated that the space would be ready for OfReg by December 2017. Fit out drawing were completed and furnishing selected. However, the local construction boom made it difficult for the landlord to arrange the service of a builder to do the fit out. While the DCEO had continued to press the landlord, no construction had been done. Rent payments continued.

6.4.2 Alternative locations

The DCEO reported that the space currently occupied in Cricket Square by KPMG continued to be available for lease from October 2018. That space was on offer fully furnished and ready to occupy subject to minor adjustments. It had 53 seats (although some seats were in awkward or cramped locations). It was equipped with a stand-by generator, built to CAT5 hurricane standards and had a deck. However, no private conference room or reception room was on offer. The foot print space offered was slightly smaller than the current OfReg location (by 1,000 s ft).

A sub-committee was appointed including DCEO, EDEU, RD and FB to select office space. A viewing of the space was to be arranged. After further discussion it was agreed to terminate the lease of office space on Smith Road and to absorb consequential costs.

Motion ML, seconded by RD: terminate lease for the Smith Road office space at the earliest juncture at the least cost, which is to be actioned by the Chairman after a round robin email approval of the final terms once they are settled. No further rent to be paid. CARRIED

- 6.5 PAL/URC Law conflicts
- 6.6 Data Protection Law
- 6.7 Statutory Obligations
- 6.8 Annual Report
- 6.9 Relationship with Media
- 6.10 Judicial Review expense

7. Consumer Affairs

Public Relations/Communications Process

DCEO provided the tentative communication plan as set out in key messages below:

Dates: July to Mid-August 2018 – Theme: CaymanConnected

1. Broadband - definition, why it's important - economic growth, etc.
2. Fibre to the home - EDIFI
3. Cybersecurity – trends and what to watch out for
4. Submarine Cables - SEACAT - benefits to Cayman and what's been done

