



**Board of Directors Meeting of the
Utility Regulation and Competition Office (“OfReg”)
held on Thursday, 11 October 2018,
at its Offices, 3rd Floor Alissta Towers
Meeting 9 of 2018**

In 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, (EDICT)
Mr. Duke Munroe, Chief Fuels Inspector/Director Fuels Markets (CFI)
Mr. Gregg Anderson, Acting CEO/Executive Director Energy & Utilities (ACEO)
Ms. Alison Maxwell, Assistant General Counsel/ Assistant Secretary (AGC/AS)

Mr. Christen Suckoo, Chief Operating Officer (COO) (by invitation of the Chair)
Mrs. Melissa Powery, Financial Controller (FC) (by invitation of the Chair, for item 5.2 only)
Apologies: Dr. John Epp, General Counsel/ Secretary (GC/S)

Start: 10:20 AM End: 5:06 PM

1. General

1.1 Welcome and Prayer

Chairman welcomed all members and thanked the NEDs for their contribution to the Agenda. The AGC said the prayer.

1.2 Approval of Agenda

Moved by FB, seconded by RE. CARRIED

1.3 Chair’s Remarks

The Chair invited Board members to review the Good Governance Handbook from Portfolio of the Civil Service, and requested that the COO obtain the latest version and circulate it to the Board members. The Chair strongly recommended that the members of the Board review the Handbook, especially as it outlines the role of each Board member.

The Chair expressed that he would like to meet with the ACEO before each Board meeting, as was his practice with the previous CEO. In addition, the



Chair stated that he and the CEO are to approve the draft Agenda prior to circulation to the other Board members.

The Chair thanked FB for his work on Recruitment of the CEO.

The Chair informed the Board that there was an understanding, as communicated in a letter from the Cabinet Secretary, that the COO would be a part of the Board. However, it appears that an amendment to the Utility Regulation and Competition Law (the "URC Law") would be required for the COO to become a formal member of the Board. There were also concerns about the COO having access to the Board Documents folder. However, the Chair agreed that the COO should have access.

The Chair informed the Board that he reminded the Cabinet Secretary that Cabinet should appoint another Non-Executive Director on the Board.

FB reminded the Board that some of the NEDs' terms were coming up for renewal, and this would also need to be considered.

The ACEO informed the Board that he met with the Cabinet Secretary about the COO's role and reporting lines, etc. He stated that he saw the draft job description, and there would need to be amendments made to the secondment terms to reflect the proposed job description. The ACEO stated that he would continue to work with the Cabinet Secretary and the COO to finalise accordingly.

2. Declaration of Interest

RD declared that he was conflicted with respect to any discussions in relation to the Smith Road Lease due to his engagement as a consultant to the HSA.

Redacted under Sec 23 (1) of FOI law 2020 revision Personal Info.

3. CEO Recruitment Update/ACEO Appointment (from 22 October 2018)

FB, Chair of the CEO Recruitment Committee, informed the Board that there were now seven shortlisted candidates. The psychometric testing was in progress. The committee, having given consideration to the upcoming holiday season and the possible 30-day notice period that a successful candidate may need to give to their current employer, believed that OfReg may not have the new permanent CEO in place until early 2019. Therefore an Acting CEO must be appointed for the interim period.



Motion by FB, seconded by RE – it was resolved that the CFI be appointed the Acting CEO from 22 October 2018 until 13 December 2018, (as he will be on vacation from 14 December 2018 to 4 January 2019). Then the EDEU be appointed ACEO from 14 December 2018 until the new CEO is appointed and in place. CARRIED.

The EDEU and the CFI rejoined the meeting at 11:15 am, and were briefed on the Board resolution. The EDEU requested clarification on section 27 of the PAL in relation to the appointment of a Caymanian over that of a non-Caymanian. The Board held the position that section 27 applied only to the full-time substantive role of CEO and not to an Acting CEO role.

4. Minutes of Previous Meetings

4.1 Approval of the Minutes of:

- General Meeting, held 14 September 2018

Moved by RE, and seconded by ML. Approved subject to minor amendments – 1.3 – deletion of “a draft addendum...without his addendum”, 6.1.4 – “was” to “is”, and the correction of minor spelling errors. CARRIED

4.2 Matters (Actions) Arising From Previous Minutes Not Covered in Agenda Confirm resolutions made by Round Robin email - CARRIED:

- email 26 September 2018: The Chair (Dr. the Hon. Linford Pierson) the Chief Executive Officer (to be announced), the Executive Director Information & Communications Technology (Alee Fa'amoe), the Executive Director Energy & Utilities (Gregg Anderson), the Chief Petroleum Inspector & Director Fuel Markets (Duke Munroe), the Administration Manager (Echard McLaughlin), and the Financial Controller (Melissa Powery) of the Office be hereby authorised on behalf of the Office to operate the accounts of the office. CARRIED

That Mr. Jeffrey Paul Morgan no longer being a Director, Chief Executive Officer or Member be removed as a signatory to all of the Office's accounts existing at the [REDACTED] CARRIED

Redacted under FOI law 2020 revision Sec 23 Personal information

- email 2 October 2018:

Motion by FB, seconded by ML: Approve the offer to transfer the lease of Smith Road Centre to the HSA on such reasonable terms as can be negotiated by the CEO or his designate. CARRIED (abstain RD.)

It was duly noted that the Board is of the view that the lease was previously terminated, but the Landlord disputes this position.

12 July 2018 from item:



3.2.1: Develop vehicle use and branding policy.

4.2: Manager Administration was instructed to have the penultimate versions of management policies ready for the next [September] meeting.

The updated policies have been inserted in the Board papers sub-folder for the Board's review. COO gave update under Agenda Item 5.2.

4.3: The EDICT to give to RD and FB for comment the draft advertisement seeking applications for the post of Chair of Risk and Audit Committee. Once approved, CEO to organise publication via website and local press, and Director RD will arrange publication within the local CIIPA.

The draft advertisement has been completed but will be slightly amended to reflect the payment of the stipend, and will be submitted. See Agenda Item 5.4.

8.1.2: Executives agreed to prepare staffing plans per sector for BOD review in September 2018. The plans were to include any proposed changes in staffing, cost projections, and programmes.

ACEO's suggested to the Board that the Executive Directors come up with a more comprehensive plan for the next Board Meeting. Certain elements need to be considered in relation to staff training needs, additional staff required, and amendments to be made to job descriptions (where applicable) as well as the budgets. Deferred to the next Board meeting in November.

23 August 2018 (Special Meeting 3) from item:

6. Report concerning access and permissions to board papers folder. – Completed.

11 September 2018 (Special Meeting 4) from item:

3.1 Update on Investigation commencement re: leaked OfReg documents published Friday 7 September 2018 by *Cayman Marl Road*. – Completed

14 September from Item:

COO to complete: analysis of termination of lease for the Smith Road office space and alternate accommodation; provide a detailed costing on Cricket Square; and provide an analysis of whether or not to stay in Alissta Towers.

The COO needs more information regarding the seating plans, staffing needs, etc. before he can report.



5. Board Matters

5.1 Board Correspondence

Letter OfReg (Chair) to HSA Chair 3 October 2018.

A response from the HSA is still pending. The HSA is expected to reply next week.

Letter OfReg (Secretary) to Four Winds Esso 2 October 2018

For the Board's information.

Letter OfReg (Secretary) to Advanced Fuels Ltd 2 October 2018

For the Board's information.

5.2 Board Administration: (from NEDS)

- Management asked to provide a training budget for 2019 with business justification for such training.

Deferred to the next Board Meeting. See Agenda Item 4.

- HR - training and development of staff, performance appraisal process.

Deferred to the next meeting.

The COO gave a brief update on the development of the Employee Handbook and other HR Policies. The latest draft of the Employee Handbook had been inserted in the Board Papers. The Handbook is to be reviewed by the Executive Committee, before it is reviewed by the Board. Deferred to the next meeting.

- Smith Road Lease Update

See Agenda Item 4.

- Budget/monthly financial reports

FC joined the meeting. The Chair introduced the FC to the NEDs. The Chair and the ACEO welcomed her to the meeting and to OfReg.

The FC provided a brief summary of the challenges that OfReg was facing regarding the accounts and financial reports. The FC noted that, to date, she only received the Q2 2018 report. The July and August 2018 accounts were not yet complete and/or updated, upon the commencement of the FC's employment. The FC also noted other issues with record keeping including difficulties with tying financial reports to the original accounting records. The FC plans to:

- Complete the Q3 financial report;
- Complete cash flow statements & forecast until the end of 2018 (by end of October 2018);
- Review financial processes and internal controls; and
- Review the payment of royalties and verify which Licensees have or have not paid as well as the amounts outstanding.



The FC plans to provide monthly updates going forward. It was noted that OfReg has always enjoyed a clean audit.

The ACEO sent an email to CEO of [REDACTED] to request outstanding documentation (that the FC have previously requested). FC wants the mapping to understand how revenues were applied across the sectors, etc.. Action plans: Monthly reports to be provided going forward for the time being. Principals of [REDACTED] to be contacted. FC to provide September accounts and cash flow forecast until the end of the year. Redacted under Sec 23 (1) of FOI law 2020 revision Personal Info.

- Personal Vehicles Update

The COO reported that he did not have an update regarding the Vehicle Use and Signage policy at present, and that the Manager (Administration) was working on the policy. The NEDs hold the position that all office vehicles should be branded, especially if insured through the Government scheme. The COO offered to review and verify the insurance coverage restrictions as to drivers and passengers.

MOTION: It was resolved that all OfReg vehicles be branded, including vehicles used for private use until the renewal of contracts accordingly. CARRIED.

- Scheduling of Executive Director Leave and Board Meetings

It was previously agreed that Board Meetings would be scheduled on the second Thursday of the month. Therefore, the scheduled dates are known in advance. The NEDs request that the Executive Directors do not take vacation on dates of Board Meetings; subject to extenuating circumstances.

- Direct engagement between Board and Industry

Members had been approached by various parties who asked if there was some way to present directly to the Board. The ACEO was asked to develop a mechanism to provide regular public hearing opportunities.

5.3 Board Directives

(Continuation from last meeting item 4.2) Format of Board papers: Amendment of "Board Directives and Policy for Secretary" (as first approved in June 2018 meeting) to comply with PALs 19 (only chairman or presiding officer can sign minutes) and also agree the format for Board Papers by reference to the style of Cabinet Papers. The Board Directives and Policy for Secretary have to be amended to reflect that agendas need to be approved by the CEO and Chair prior to circulation to the rest of the Board. The Cabinet Paper template also needs to be amended to suit OfReg's needs. – Deferred to next meeting.

5.4 Risk and Audit Committee (Appointment of the Chairman) (deferred to this meeting)



The ACEO provided the name of a potential candidate for the role, who is an accredited FCCA and a member of the CISSP. He has experience with the energy sector and cost modelling. The Board members discussed the candidate's background, and his past consultancy relationship with a present E&U licensee which ended in 2016. It was determined that the candidate was not conflicted, and concluded that he should be contacted regarding the role.

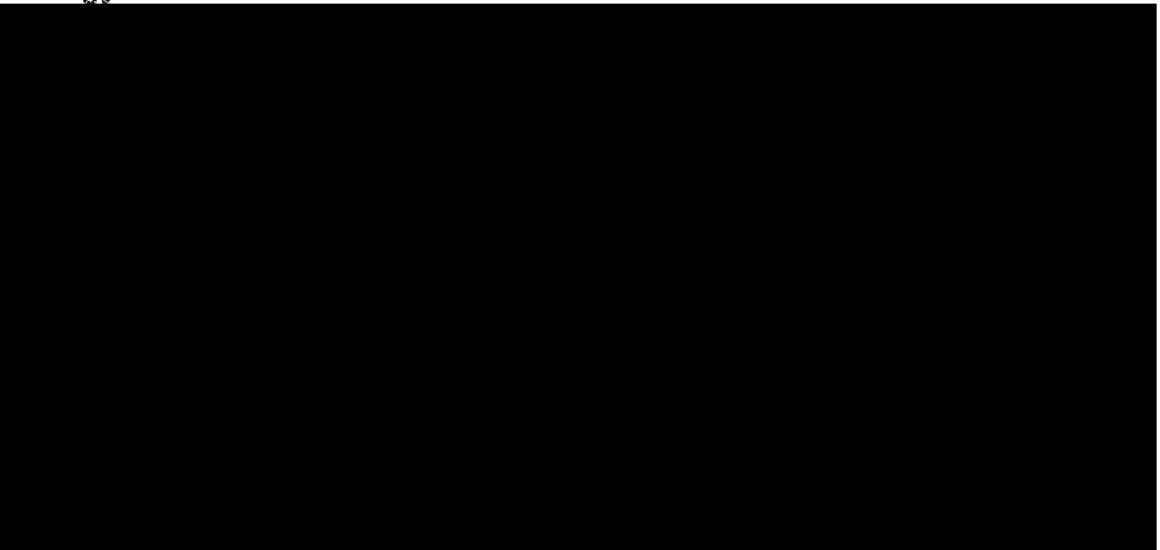
The draft advertisement will be amended to reflect a stipend of CI \$2000 per month, and re-inserted in the Board papers.

6. Regulatory

6.1 Energy and Utilities

6.1.1

6.1.2



[ML left the meeting at 3:46 pm.] Redacted under Sec 19 PAL Regulatory decision
6.1.3 Approval of CUC Customer Service Performance Standards (deferred to this meeting)

Deferred to the next meeting.

6.1.4 Water Sector Regulations Consultation Update (deferred to this meeting)
The ACEO gave a brief update and informed the Board that the Consultation period was extended. Only one response was received to date.

6.2 Fuels

6.2.1 Four Winds Esso Enforcement Update

The enforcement notice was sent. The operator then complied with the requirement.

6.2.2 Advance Fuel Enforcement Update

The Fuels Team had a meeting with owners. The Owners have been informed that both import and operating permits have been denied.

6.2.3 Funding: Cabinet paper for the sustainable funding of the Fuel Sector for FY 2019 and beyond



The Cabinet Paper in relation to the funding of the Fuel Sector for 2019 and beyond is now with the Cabinet. The CFI will have a meeting with the Cabinet next week to discuss all queries.

6.3 ICT

6.3.1 SMP Study Update

The EDICT advised the Board that OfReg would not change C&W's licence until the SMP study in the relevant ICT markets was completed. SMP studies are common for economic regulators. The Office has not done this exercise before, and an economics firm in the UK has been engaged to be a consultant. However, as the firm does not have any "on the ground" experience, the ICT Team sought and have received permission from the Entity Procurement Committee to engage Dr. Vladimir Bulatovic to be the consultant on the project in order to review and verify the work of the economics firm.

6.3.2 Consumer Protection Regulations Update

The EDICT informed the Board the draft Consumer Protection Regulation (ICT Sector) would be sent to the Cabinet Office in order to consult with OfReg's Minister as required by the URC Law. If successfully brought into force, it would be the first set of regulations of its kind in this jurisdiction. The ICT Team will be working with the PR Team so that consumers will be able to understand the proposed regulations.

6.3.3 Cyber Security Conference ARMOUR Expo 2018 (12 September 2018) (deferred to this meeting)

The EDICT reported that the conference was quite useful, and gave a brief presentation on what OfReg presented at the Armour Conference. The Conference Agenda and presentation were inserted in the Board papers.

6.3.4 Critical National Infrastructure Project Update

Licensees have been sent an RFI re location information and available space in relation to ducts; "Click before you dig". Information will be kept confidential primarily for national security reasons.

[RD left the meeting at 4:15 pm.]

7. Chief Executive's Report

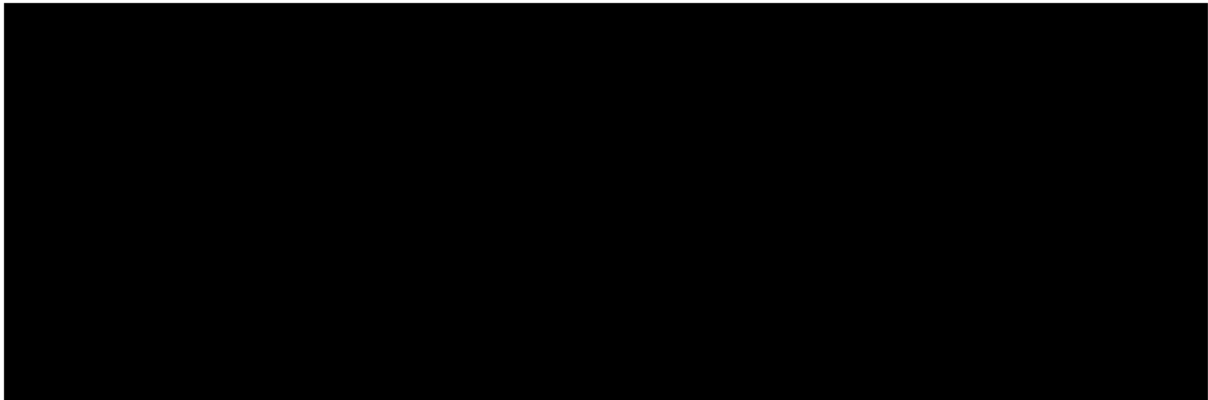
Acting CEO report

The ACEO provided a brief overview of his report, which was inserted in the Board papers.





The ACEO reported on the recruitment of the Consumer Affairs Public Education Manager (the "CAPE"). There were four candidates, and they are required to complete the written assessments by 19 October 2018. The finalists will be interviewed thereafter, with a view to having the CAPE in office in January 2019.



8. Consumer Affairs Redacted under Sec 19 PAL Regulatory decision


Public Relations/Communications Process – Reported above.

9. Any Other Business

- 9.1 FOI Requests. (For informational purposes only.) - There are no updates.
9.2 Entropy Report – Information Manager to prepare a brief presentation to the board re what is confidential {not produced} versus what is not under the FOI Law. Redacted Report had been given to the FOI Manager.

10. Date of next meeting

The next meeting is scheduled for 8 November 2018.
If an additional general meeting is required, it be held on 6 December 2018.


Chair

date: 30/11/18