



Parliament of St. Maarten

Chairlady of Parliament Sarah Wescott-Williams
% Mrs. Nancy Joubert, Secretary General
of The Parliament of St. Maarten

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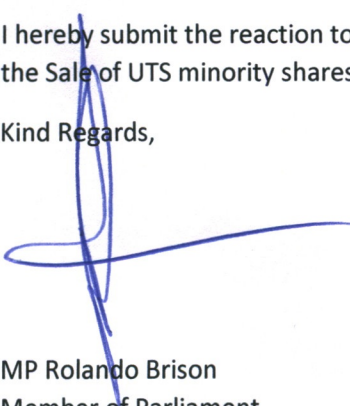
Tuesday, July 2, 2019

Re: Reaction to Final Report UTS Share Sale Initiative Law

Dear Madame Chairlady Wescott-Williams,

I hereby submit the reaction to the final report of the Central Committee regarding my draft legislation on the Sale of UTS minority shares.

Kind Regards,


MP Rolando Brison
Member of Parliament



Parliament of St. Maarten

SMCP Faction

How did you get this law done in record time?

Firstly, the law is very clear about how the sale of shares should be done, therefore the guidelines for writing this law already exist in the accountability ordinance. The next step was to ensure that the correct legal support was available. The hardest part of the work is ensuring your law can comply with as much as possible with the Raad's advice. That took many hours of work – I estimate between 80 to 90 hours of work, research, consultation and writing.

The most frustrating part was actually getting the answers from the Minister of Finance. But it appears this was based on some miscommunication and was sorted out.

More information on what I learned about this process can be found in the presentation that has been given to members of parliament under "learning points"

UD Faction

How does the current draft budget amendment address the receipt of the funds from the sale of UTS?

The budget does not show the revenues from UTS. The correction has to be made in the balance sheet as per Dec 2019. There a shift is to be found on the active side (liquidity goes up) and on the passive side foreign capital goes down with the same amount. No result will be realized.

What is the deadline for the sale from the buyer?

The deadline is already passed (June 1). After conversation with the buyer some time was granted to get this national decree get passed parliament

The SPA agreement, can this be provided even in redacted form or does this impossible due to privacy clauses?

The draft SPA was submitted to parliament and members are able to review it.

Did the ministry respond to the letter dated May 27th 2019?

No the letter has not been reacted to.

Has the COM made a decision regarding the sale (Landsbesluit)?

The LB will be submitted to CoM and later to the governor after the law passes.

Can government share the latest letter from CFT advising that new income should go to paying arrears? What specifically is meant by "only can go to paying arrears"? Any arrears?

Letters to this order have been submitted to parliament.

Is the Minister in agreement that funds could go to APS and Police Worker's debt?

Only through budget amendment, can reallocate resources. The budget (multiannual) is built up from the governing program. In addition, there is a ceiling on expenditure and, therefore, coverage will have to be found from other posts. The topic will be discussed during budget handling.

Is there an advice from BTP? If yes pls provide.

An advice of BTP was not produced.

Is there an advice from Corporate Governance? If yes pls provide

CCG submitted an advice and was submitted to parliament.

Why was the UTS machtiging removed from the 2019 budget?

When the budget was submitted the plan was to handle this law before the budget would be handled by parliament. JZW advised that if this law would pass before the budget should be amended (again). At that time it was more efficient to take it out of the budget national decree.

USP Faction

Have you looked into the possibility that St. Maarten could have remained with the shares in the company (12.5%) knowing that this is a huge investment by the buyer, but instead of selling, we put money in it, and down the line there would be a return on investment?

The scope of this law is not to look at the other possibilities as that would require a different type of legislation and budget amendment. However, it is possible that St. Maarten and Curacao could have at some point made an offer to remain a share holder. However, it is the opinion of the initiative taker that St. Maarten would not likely since the hurricane of 2017 be able to afford the investment. This would also require shares made available by the public entity LLA.

Can we increase our investment into UTS instead of selling the shares?

At this moment, no. The current shareholder has not made no such offer.

NA Faction

Job security: what assurances are made that can ensure jobs are secured?

With regards to job security, as per the presentation of UTS and their recent staff meeting, the sale of UTS itself would not result in any job reduction. The company cannot however discount other unforeseen factors

not related in any way to the sale of UTS minority shares, such as natural disasters and/or huge economic downturns causing that in the future. However, the dilution of the shares and absorption of debt would surely mean a cut in jobs; in order to justify the increase in costs

Do we believe that free internet for schools should be a reason to sell? No, it is simply an added benefit.

How do you plan to present a budget amendment for the proceeds?

I plan to submit a budget amendment as my next draft initiative legislation upon ratification of this law.

How were you able to get it done so quickly? The law is not complex when compared to the timeshare law and drinking age because the enforcement side is not as hard as in those laws..

What options were available before other than bringing in Liberty?

There were several options on the table according to UTS' presentation. The most prominent of which was a merger between Telem and UTS. But by May 2016, the decision was made to

Does this law have an impact on how much is negotiated?

No. This law has no bearing on the price as this price is fixed to the same price per share as was offered to Curacao, who have already agreed and are the majority shareholder.

What is the situation with regards to the sale of Dataplanet? Please provide more clarity on this asset being sold at a later date.

This entity was excluded from the sale and was placed in a separate foundation that puts the company on the market. The company had a negative cashflow and separating it from the deal increased the price of our shares.

The potential buyer/investors are already in the data business and have the potential to upgrade and replace and expand market accessibility.

The sale price of the shares is calculated based on the projected net income from existing contracts. The estimated sales amount is between US\$ 19million and US\$ 20million approximately.

Where would money come from to buy into the shares instead of selling the shares?

No idea as that is beyond the scope of this law and was never an option pursued by this law. Government's or MP's could have presented alternative legislation over the past years to make such an offer, but now the offer on the table does not include that option.

What would be the process for St. Maarten to try to increase the value of its shares? Has liberty indicated an interest in this?

The process is quite complex as liberty's entities involved in the shareholder are publicly traded entities and the variables of acquiring shares is much more complex. Liberty has not expressed any interest at all in this.

What would be the timeline for you to send an amendment after this law is passed?

I have already prepared the amendment. Therefore as soon ratified, I would submit the budget amendment as a second initiative law which would then go through this same process. I suspect with efficient scheduling by the chair of parliament this could be done within 4 to 6 weeks.

Is there any sort of mechanism such as “renting shares”?

I have never heard of such a term, and my research has shown that no such mechanism exists. Day-Trading is possible and could be seen by some of rental, but day-trading the shares of UTS would be impossible with our system and probably illogical.

What is the length of job security?

The company stated that foresees no drop in employment for at least 3 years.

Corporate social responsibility is a great thing and other companies should follow suit.

Agreed that, while it is not a deal maker or breaker, it is something that is welcome.

A handwritten signature in blue ink, consisting of a vertical line with a horizontal stroke crossing it, and a long horizontal line extending to the right.

Answers above by MP Rolando Brison