

MINUTES OF THE 49TH KENIC BOARD MEETING HELD ON 9TH MARCH 2011 AT 7.30 A.M. AT THE KENIC BOARDROOM

PRESENT

Mr. Sammy Buruchara (Chairperson)
Ms. Alice Munyua
Mr. Ali Hussein
Mr. Michael Katundu
Mr. Charles Nduati
Mr. Moses Kemibaro
Mrs. Lucky Kulecho (Secretary)
Mr. Joe Kiragu (outgoing CEO)
Mr. David Wambua (acting CEO)

ABSENT WITH APOLOGIES

Mr. Charles Njoroge
Prof. Meoli Kashorda

The chairperson called the meeting to order at 7.45a.m. on the realization of quorum.

MINUTE 419/49/2011 NOTICE OF MEETING

Notice of the meeting was taken as read.

MINUTE 420/49/2011 AGENDA

The agenda was adopted as proposed.

MINUTE 421/49/2011 CONFIRMATION OF THE MINUTES OF THE 46TH KENIC BOARD MEETING

The Minutes of the 46th Board meeting were confirmed and adopted as a true record of the deliberations.

MINUTE 422/49/2011 MATTERS ARISING FROM THE MINUTES OF THE 46TH KENIC BOARD MEETING

Minute 406/46/2011-Matters arising from Minutes of the 45th Board Meeting

The outgoing CEO explained that he had tabled for consideration by the AfTLD Board KENIC's proposal to act as secretariat for dot africa.

He added that Management had developed and circulated to the Board the position paper to lobby legislative changes on the administration of domain names in Kenya. As no comment had been received from the Board, the paper had been included as an agenda item for the current meeting.

Minute 408/46/2011-Interviews for Marketing and Communications Manager

The outgoing CEO informed the Board that Mr. Wambua had accepted the appointment and reported to work on 1st February 2011. Further Mr. Wambua's referees had provided positive references in his favor.

Minute 409/46/2011-Consideration of the Minutes of the 6th Human Resources Committee meeting

The outgoing CEO confirmed that staff salaries had been revised with effect from January 2011, in line with decision of the 43rd Board meeting.

MINUTE 423/49/2011 CONFIRMATION OF THE MINUTES OF THE 47TH KENIC BOARD MEETING

The Minutes of the 47th Board meeting were confirmed and adopted as a true record of the deliberations.

MINUTE 424/49/2011 CONFIRMATION OF THE MINUTES OF THE 48TH KENIC BOARD MEETING

The Minutes of the 48th Board meeting were confirmed and adopted as a true record of the deliberations.

MINUTE 425/49/2011 MATTERS ARISING FROM THE MINUTES OF THE 48TH KENIC BOARD MEETING

Minute 417/48/2011- Internal interviews for the position of KENIC CEO

The Board revisited its decision in respect of payment of 3 months' salary in lieu of notice to the outgoing CEO and made the following clarifications:

- that the compensation would consist of basic salary of Kshs.300, 000, excluding allowances or pension;
- that the said compensation would not be paid in lumpsum, but staggered over a period of three months, with effect from April 2011.

On the recruitment of the CEO, the Board revised its decision to replace the headhunting process with an open recruitment process. In this regard, it was agreed that KENIC enlists the services of M/s IDP-EA for the recruitment process, as having helped KENIC develop its strategic plan, the firm was best placed to oversee the recruitment of the KENIC CEO. It was further agreed that the position would be advertised on newspapers.

MINUTE 426/49/2011 CONSIDERATION OF THE MINUTES OF THE 12TH FINANCE COMMITTEE MEETING

The Chairperson of the Committee presented the Minutes. He explained that the Committee had considered the 2010 unaudited accounts, noting that KeNIC's surplus in 2010 stood at Kshs.3, 765, 620 up from a deficit of Kshs.3, 676, 873 the previous year. Further, the Committee noted that the financial performance as at end of January 2011 was lagging performance at the same period last year, as well as the performance projected in the budget. The Committee noted, for instance, that the surplus as at 31st January 2011 was Kshs.623, 395 as compared to the budgeted figure of Kshs.2, 953, 342.58 and surplus as at 31st January 2010 of Kshs.2, 396, 230.

He pointed out the Committee's recommendations as follows:

- That the M-Pesa account should maintain a maximum balance of Kshs.50, 000 at any one time and sums above this should be transferred to KeNIC's bank account;
- That Management should take steps to procure an independent tax consultant rather than maintain the present arrangement where the auditors also do the tax consultancy. Management would present a paper on procurement of an alternative tax consultant at the next Finance Committee meeting.
- That to enable timely monitoring of financial performance, Management prepares and circulates to the Committee a monthly variance report comparing financial performance of each month in 2011 with the same period in 2010, by the 11th day of each month.
- That all entries captured as directors' bonuses should be recast honorarium.

He added that subject to the foregoing guidance, the Committee had approved presentation of the unaudited accounts to the auditors.

He also explained that Management had presented a paper assessing justification for retention of an internal audit function within KENIC and a cost-benefits analysis of employing vis-à-vis outsourcing an internal auditor. The Committee noted that it was cheaper to outsource at approximately Kshs.800, 000 per annum than to employ at Kshs.3, 332, 230 or Kshs.2, 090, 230 at Manager or officer level respectively. The internal auditor would be expected to conduct systems audit and not just financial audit. The Committee recommended to the Board to approve the procurement of an internal auditor.

The Chairperson also took the Board through highlights of the Investment Policy, whose object is to provide a framework that ensures that KeNIC chooses the most favorable and adequately diversified investments. He explained that following review of the policy the Committee had recommended certain amendments, which Management had incorporated and in the circumstances, the Committee was recommending the investment policy for approval by the Board.

The Chairperson also explained to the Board that the Committee had considered the travel imprest policy. He took the Board through the proposed procedure for issuing travel imprest:

- The Board shall approve imprest budget allocation during the approval of travel plan for the year;
- The CEO shall seek approval of the Chair of the Board for specific travel imprest;
- Imprest shall not cater for expenditure of a personal nature or expenditure catered for by the subsistence allowance;
- The imprest amount shall not exceed US\$1, 000, but the Board shall have the discretion to approve higher amounts where justified;
- The recipient is responsible to obtain and avail original receipts or invoices in support of expenditure;
- Within a week after return from travel, the imprest recipient shall prepare and forward to Management the cash advance reconciliation for amounts received and expenditure supported by original invoices and/or receipts. Management shall prepare a journal entry to distribute the expenses and eliminate the cash advance; and
- Where staff and the Board Directors travel, the staff should handle any imprest issued.

The Committee recommended that the Board approves inclusion of the travel imprest procedure into the Travel Policy.

The Chairperson further pointed out that the outgoing CEO had made a presentation to the Committee on management of funds that had been raised for the hosting of the ICANN 2010 meeting, explaining that whereas a total of Kshs.3, 135, 000 had been raised, Kshs.2, 901, 110 had been spent, leaving a balance of Kshs.233, 890, which pursuant to a KENIC Board decision, would be used as seed money for hosting of the IGF meeting 2011. The Committee also noted the IGF organizing committee's request that KeNIC hires a fund manager for the IGF hosting and requested for formal communication from the IGF organizing

committee, to formalize its relationship with KeNIC. The Committee also recommended that it was necessary to have a fund raiser in addition to a fund manager and pointed out that the costs of sourcing for the consultant should be included as KeNIC's contribution to the IGF kitty.

After due deliberation, the Committee recommended to the Board closure of the ICANN 2010 account after an audit and transfer of the account balance to an IGF 2011 account to be opened; sourcing of a fund raiser and fund manager; and engagement of a forensic auditor to audit the ICANN 2010 account, to enable KeNIC report back to the ICANN sponsors before beginning to source for more finance for IGF 2011.

After due discussion, the Board made a decision to:

- a) Defer decision making on the investment policy to allow Directors time to review the same and send their comments, if any. The Policy would thus be re-considered at the next meeting;
- b) Approve the travel imprest policy, subject to the inclusion of clarification that only the Board Directors and the CEO are eligible for imprest;
- c) Approve Minutes of the 12th Board Finance Committee meeting and the recommendations therein, subject to the foregoing decisions.

MINUTE 427/49/2011 CONSIDERATION OF THE MINUTES OF THE 3RD MARKETING AND COMMUNICATIONS COMMITTEE MEETING

The Chairperson of the Marketing and Communications Committee gave a highlight of the Minutes, noting that the 3rd meeting of the Committee had reviewed and proposed amendments to Requests for Proposals (RFPs) for outsourcing of the following services:

- Revamping of the KENIC website;
- Advertising and development of the KENIC brand manual;
- Customer satisfaction baseline survey.

The Committee further recommended that in view of KENIC's business model, the organization needed to enter strategic partnerships that would ensure that the proposed marketing achieves intended outcomes.

After due deliberation, the Board approved Minutes of the 3rd Marketing and Communications Committee meeting.

MINUTE 428/49/2011 CONSIDERATION OF THE MINUTES OF THE 4TH MARKETING AND COMMUNICATIONS COMMITTEE MEETING

The Chairperson of the Marketing and Communications Committee took the Board through Minutes of the Committee's 4th meeting. He pointed out that three firms shortlisted to design the KENIC website had made presentations to the Committee, which had subsequently ranked them as follows:

No.	Firm	Average Score	Position
1.	J.S. Engine	85.4%	1
2.	Symphony	60%	2
3.	Kenyaweb	49.2%	3

The Committee recommended to the Board to approve award of the tender to J.S. Engine and that Management be allowed to negotiate fees with the firm, which had quoted Kshs.836, 000.

The Committee Chair added that the Committee had considered the evaluation report for procurement of an advertising agency and recommended that the best five (5) firms be given a brief of KeNIC's specific requirements, and be invited to make presentation to the Committee.

After deliberations, the Board approved Minutes of the 4th Marketing and Communications Committee meeting and directed that the Chairpersons of both the Marketing and Finance Committees join Management in negotiating fees before an award is made to J.S. Engine for development of the KENIC website.

MINUTE 429/49/2011 UPDATE ON THE WORK OF THE DISPUTE RESOLUTION TASK FORCE

The Board deferred consideration of this paper until after the Company Secretary had considered and advised the Task Force on the draft policy developed. It was agreed that the Chairperson of the Task force would report back to the Board after due completion of the process.

MINUTE 430/49/2011 KENIC SECONDARY HOSTING SERVICES

The outgoing CEO Presented this paper, pointing out the need for KENIC to setup other offsite secondary DNS servers and offsite backups for redundancy. He explained that KENIC currently has two secondary servers located at the Kenya Internet Exchange Point (KIXP) and in South Africa.

In the proposed new .KE DNS structure, he recommended the setting up of the following hosting services in addition to the existing ones:

- (i) Secondary server with tzNIC: KENIC had recently engaged tzNIC in a mutual arrangement where both registries would host the other's Secondary DNS on its infrastructure at no cost;
- (ii) Anycast secondary hosting on AfriNIC's Anycast node to be distributed in South Africa, Mauritius, Egypt and Nairobi; and
- (iii) Collocation of KENIC's online backup solution and secondary DNS server by TESPOK at the Mombasa IXP.

The foregoing partnerships would be governed by MoUs and SLAs and would cost KENIC nothing, except Kshs.250, 000 for the purchase and set up of a suitable server at the Mombasa IXP. This amount has been factored in the approved 2011 budget.

After due deliberation, the Board approved the setting up of additional secondary DNS hosting services as proposed and the execution of pertinent MoUs and SLAs with tzNIC , AfriNIC and TESPOK after review by the Company Secretary.

MINUTE 431/49/2011 UPDATE ON HOSTING OF THE AFTLD SECRETARIAT

The outgoing CEO presented this paper, noting that the AfTLD Board had granted KeNIC's request to host its secretariat. Such hosting would require provision of the following facilities for the secretariat staff: desk, telephone, postal address, basic stationery, domain, email and webhosting.

KENIC is also required to facilitate registration of AfTLD as a legal entity in Kenya, and for this purpose, the CEO recommended the retention of one of the law firms on the CCK panel of lawyers to assist KENIC with the registration process.

In discussing the paper, the Board noted that the outgoing CEO would be relinquishing his position as a Board member and Director of capacity building with AfTLD at the AGM to be held in Ghana in April, 2011. The Board, thus, made a decision to strategize on retaining a suitable position on the AfTLD Board.

The Board also approved KENIC's facilitation of registration of the AfTLD, opening of its accounts and the setting up of its secretariat.

MINUTE 432/49/2011 DNSSEC WORKSHOP

The outgoing CEO introduced and presented the paper, which recommended that KeNIC hosts a DNSSEC workshop between 25th– 29th April 2011, aimed at:

- ☒ Building technical capacity to deploy and manage DNS;

- ☒ Creating awareness on DNSSEC; and
- ☒ Driving demand for DNSSEC deployment.

He added that KeNIC would receive the assistance of the Network Startup Resource Centre (NSRC), a not for profit outfit that develops and deploys networking technology. NSRC had undertaken to provide the workshop's training personnel, cater for their air ticket, accommodation and allowances. In the circumstances, KENIC would need to cater for the training logistics amounting to Kshs.262, 000 for the proposed half day awareness workshop and Kshs.144, 800 for a four day technical training workshop. To meet this budget, he proposed that KENIC partners with the Communications Commission of Kenya (CCK) for funding of the awareness workshop, in view of CCK's mandate to develop a national cyber security management framework.

In discussing the paper, the Board proposed that Management explores the possibility of obtaining sponsorship of the entire budget by CCK and the Kenya ICT Board.

After due discussion, the Board approved the workshop and tasked management to communicate with CCK and KICTB for sponsorship of the workshop.

MINUTE 433/49/2011 KENIC/AFRINIC IPV6 WORKSHOP

The outgoing CEO presented Board Paper No.170, proposing that KENIC, as secretariat of the IPv6 Taskforce in Kenya, hosts a workshop aimed at awareness creation and capacity building on IPV6 between 15th -17th June 2011.

He indicated that KENIC had managed to secure the assistance of the Africa Network Information Centre (AfrinIC), which would provide the training personnel, pay for air ticket, accommodation and allowances.

The other training logistics consist of Kshs.262, 000 for the awareness workshop and Kshs.108, 600 for the technical training and he proposed that KENIC approaches TESPOK, another member of the IPv6 taskforce, for funding of the technical training.

In discussing the paper, the Board expressed the view that KENIC should request TESPOK to source funds to cover the entire training budget. It was also proposed that KENIC could seek sponsorship directly from other interested firms like Safaricom.

After due deliberation, the Board approved the Workshop and tasked Management to write requesting TESPOK to facilitate sponsorship of the Workshop.

MINUTE 434/49/2011 UPDATE ON KENIC SALES AUTOMATION PROCESS

The outgoing CEO took the Board through Board Paper number 180, giving an outline of steps taken or to be taken to ensure automation of KENIC's sales process in line with KENIC's Strategic Plan.

He pointed out that towards this end, KENIC proposed to hold a registrar training on 17th March 2011, to create awareness on how to integrate online sales tools with the registry using the Extensible Provisioning Protocol (EPP) feature on the .KE registry.

He added that KENIC would setup a sales portal to be used to offer domain names to registrars who will not be able to automate from their end. M/s DewCIS Solution which was involved in automation of the registry would work with KENIC's technical team to set up the said portal. He noted, however, that DewCIS' contract on registry deployment lapsed in December 2010 and proposed the execution of a new maintenance contract, which Management had negotiated at Kshs.70, 000.

After due deliberation the Board approved the paper and the execution of the maintenance contract with DewCIS, which contract would take effect from January 2011.

MINUTE 435/49/2011 KENIC POSITION ON THE KENYA COMMUNICATIONS AMENDMENT ACT, 2009

The outgoing CEO presented this paper, elaborating KENIC's position on provisions of the Kenya Communication Amendment Act, 2009 relating to management of domain names.

He highlighted the challenges faced by KENIC in implementing the new law and pointed out the need to maintain KENIC's operations as a single registry in charge of both the top and second level domains.

While noting that the initial draft provided a good start, the Board pointed out that the paper required more input. The Board proposed inclusion of:

1. Examples of registries operated in converged environments and not just zadna, which may not be an appropriate example;
2. An analysis of new and emerging frameworks for managing the Internet, most of which employ the multi-stakeholder model e.g. the IGF. This would help justify maintenance of KENIC's multi stakeholder partnership framework.
3. A concrete proposal to have KENIC suitably recognized in law, but not as a parastatal nor as a licensed entity.

MINUTE 436/49/2011 ANY OTHER BUSINESS

The outgoing CEO was instructed to draft a response on the request by the Permanent Secretary-Ministry of Information and Communication, requesting KENIC to sponsor his Personal Assistant for the ICCAN meeting held in San Francisco in the US, and forward it to the Chair for signing.

There being no other business, the meeting ended at 10.45 a.m.

Confirmed on this _____ day of _____ 2011.

Sammy Buruchara
Chairman

Lucky Waindi
Secretary