

Investment Subcommittee Minutes

Meeting held in the Whale Bay Room
36 Water Street, Whangārei
on Tuesday 25 September 2018, commencing at 8.30am

Present:	Cr John Bain	(Chair)
	Cr Bill Shepherd	
	Cr Penny Smart	
	Cr Rick Stolwerk	(Alternate)
	Geoff Copstick	(Independent Financial Member)
In Attendance:	Full Meeting	GM, Corporate Excellence Finance Manager Accounting Assistant, Treasury & Projects PA, Corporate Excellence (minutes)
	Part Meeting	NRC Chief Executive Jonathan Eriksen, EriksensGlobal (via phone)

The Chair declared the meeting open at 8.30am

1.0 APOLOGIES

There were no apologies.

2.0 DECLARATIONS OF CONFLICTS OF INTEREST

It was advised that committee members should make any declarations item-by-item as the meeting progressed.

3.0 CONFIRMATION OF MINUTES

3.1 Confirmation of Minutes

ID: A1108976

Report from Dave Tams, Group Manager, Corporate Excellence

Moved (Bain / Smart)

That the minutes of the Investment SubCommittee meeting held on 29 August 2018 be confirmed as a true and correct record.

Carried

The order of the agenda items was rearranged to allow for other commitments by attendees

5.0 BUSINESS WITH PUBLIC EXCLUDED

Moved (Bain / Smart)

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.
2. That the general subject of the matters to be considered whilst the public is excluded, the reasons for passing this resolution in relation to this matter, and the specific grounds under the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

Item No.	Item Issue	Reasons/Grounds
5.1	Review of Investment Report	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(b)(ii) and the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h).

Carried

8.56am - NRC Chief Executive left the meeting

9.08am - Jonathan Eriksen joined the meeting

4.0 REPORTS

4.1 Performance of Council's Externally Managed Funds to August 2018

ID: A1109362

Report from Simon Crabb, Finance Manager

Moved (Smart / Shepherd)

1. That the report 'Performance of council's externally managed funds to August 2018' by Simon Crabb, Finance Manager and dated 17 September 2018, be received.
2. That \$5.5m of \$8m in maturing term deposits be invested in the following fund managers within the Infrastructure Investment Fund (IIF):
 - Aspiring \$1m
 - Castle Point \$1m
 - Harbour Income \$1.5m
 - Milford Income \$500k
 - Mint Income \$1.5m
3. That the remaining \$2.5m be deposited into the IIF Mint Income Fund, temporarily breaching the SIPO fund manager allocation limit, until T Rowe Price Global and Mint Trans-Tasman Equity Fund are approved by Council for inclusion in the Infrastructure Investment Fund SIPO.

4. That the Subcommittee endorse that Council approve T Rowe Price Global be included in the Infrastructure Investment Fund SIPO and \$1.5m is transferred from the IIF Mint Income Fund.
5. That the Subcommittee endorse that Council approve the Mint Trans-Tasman Equity Fund be included in the Infrastructure Investment Fund SIPO and \$1m is transferred from the IIF Mint Income Fund.
6. That the Subcommittee endorse that Council approve the Mint Trans-Tasman Equity Fund be included in the Community Investment fund SIPO.
7. That \$9.4m be invested in the following fund managers within the Short Term Investment Fund (STIF):
 - Castle Point \$1.2m
 - Harbour Income \$2m
 - Milford Income \$2m
 - Mint Income \$2m
 - Quay Street Income \$2.2m

Carried

Summary of Discussion

- All funds are performing well, considering the events in February / March of this year
- Black Rock is performing as expected - but it is currently a difficult market for bonds
- We are now entering the critical three months leading up to the end of the year
- Australia and US markets are currently looking good, however, the November mid-term elections in the US could have a significant impact
- EriksensGlobal do not consider that any coming correction would be as severe, nor last as long as first thought - likely to be around 10 - 20% for two to three months
- The question was raised as to whether the settings are correct for the IIF - EriksensGlobal advise they have sent suggestions for fund movement through to the Finance Manager

9.24am - NRC Chief Executive re-joined the meeting

- Discussion took place regarding the relative merits of New Zealand vs global equities
- SALT long-short fund was discussed and EriksensGlobal advised that the NZ stock market was at a record high last week - SALT will create returns when the market falls
- Discussion followed regarding the cashflow requirements for the upcoming Kensington investment project

10.03am - Jonathan Eriksen left the meeting

Agreed Actions:

1. Jonathan Eriksen be invited to attend the November committee meeting instead of 24 October RK
2. Council workshop on investment for follow on from the November meeting RK

The meeting ended at 10.07am