

Investment Subcommittee Minutes

Meeting held in the Whale Bay Room
36 Water Street, Whangārei
on Tuesday 26 February 2019, commencing at 8.30am

Present:
Cr John Bain (Chair)
Cr Bill Shepherd (Ex-Officio)
Cr Penny Smart
Mr Geoff Copstick

In Attendance:
Full Meeting
GM, Corporate Excellence
Finance Manager
Accounting Assistant, Treasury & Projects
PA, Corporate Excellence (minutes)
Part Meeting
Cr Rick Stolwerk
Jonathan Eriksen, EriksensGlobal (via phone)

The Chair declared the meeting open at 8.30am

1.0 APOLOGIES

The apologies from the NRC Chief Executive for non-attendance were received.

2.0 DECLARATIONS OF CONFLICTS OF INTEREST

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

3.0 CONFIRMATION OF MINUTES

3.1 Confirmation of Minutes

ID: A1154435

Report from Dave Tams, Group Manager, Corporate Excellence

Moved (Smart / Shepherd)

That the minutes of the Investment Subcommittee meeting held on 28 November 2018 be confirmed as a true and correct record.

Carried

8.34am - Geoff Copstick joined the meeting

4.0 REPORTS

4.1 Performance of council's externally managed funds to 31 January 2019

ID: A1166166

Report from Simon Crabb, Finance Manager

Moved (Bain / Smart)

That the report 'Performance of council's externally managed funds to 31 January 2019' by Simon Crabb, Finance Manager and dated 21 February 2019, be received.

Carried

8.40am - GM, Corporate Excellence joined the meeting

Summary of Discussion

- Council's managed funds made \$916k worth of gains in January, therefore, managed capital fund losses at the end of January 2019 equal \$226k compared to \$1.1m at the end of December 2018
- It was requested that YTD figures be provided as dollar amounts, not just percentages
- It was noted that globally, fund managers allocation to cash is higher than it has been since the 1970s
- The proposal is to use some of the historical gains to balance the books

8.45am - Cr Rick Stolwerk left the meeting

8.45am - Jonathan Eriksen joined the meeting

- Changes in investment behaviour are possible if the capital gains tax is implemented
- EriksensGlobal are anticipating a 20 – 40% chance of another correction, the same or worse than the last quarter of last year, within the next twelve months
- Council's portfolio is positioned very defensively within multi-asset funds
- Discussion took place regarding continued investment in SALT – the committee advised they would like to see the basis on which EriksensGlobal have continued confidence in the long term
- Jonathan Eriksen advised that they are actively reviewing AMP in light of the recent publicity
- EriksensGlobal do not expect that the Reserve Bank of Australia or New Zealand will raise the cash rate this year

9.15am - Jonathan Eriksen left the meeting

- The Finance Manager advised that the budget for the IIF, PRF and CIF this year (2018/19) is based upon SIPO targets plus 1%
- The draft budgets for next year (2019/20) have been compiled based on the (conservative) fund manager return expectations supplied by EriksensGlobal in November 2018
- Discussion took place regarding various ways in which to look at de-risking operational expenditure through different methods of funding – this is to be subject to a subcommittee workshop
- Council needs to uphold its promises made around spending and project delivery

Agreed Actions

- | | |
|---|-------------|
| 1. Calculate and provide YTD figures as dollar values as opposed to percentages | Finance Mgr |
| 2. Schedule an Investment Workshop for the end of March | PA, CorpEx |

The meeting concluded at 9.28am

UNCONFIRMED