

Investment Subcommittee Minutes

Meeting held in the Whale Bay Room
36 Water Street, Whangārei
on Tuesday 27 August 2019, commencing at 8.30am

Present:

Chairman, Councillor John Bain
Independent Financial Advisor, Mr Geoff Copstick
Councillor Bill Shepherd (Ex-Officio)
Councillor Penny Smart

In Attendance:

Full Meeting
Councillor Rick Stolwerk
NRC Chief Executive
GM, Corporate Excellence

The Chair declared the meeting open at 8.32am.

Apologies (Ngā whakapahā) (Item 1.0)

There were no apologies.

Declarations of Conflicts of Interest (Nga whakapuakanga) (Item 2.0)

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

Secretarial Note: 8.33am Chief Executive and Independent Financial Advisor, Mr Geoff Copstick joined the meeting.

Confirmation of Minutes - (Item 3.1)

ID: A1230156

Report from Dave Tams, Corporate Excellence

Moved (Smart / Shepherd)

That the minutes of the Investment Subcommittee meeting held on 28 May 2019 be confirmed as a true and correct record.

Carried

July Investment Report (Item 4.1)

ID: A1230161

Report from Dave Tams, Corporate Excellence

By Eriksens and Associates

- Discussion around current local and global markets and what is happening in the US and how it may impact NZ.
- Opex reserve is set up now.
- Morningstar Index not performing as well as expected need to address it.
- Long term fund should be looking at a 10-year period rather than 5-year horizon for investment performance.
- Workshop to be held with Jonathan Eriksen and team and with new councillors to review and understand investment report.

Secretarial Note: 8.57am called Jonathan Eriksen from Eriksens and Associates.

- Jonathan Eriksen advised that the market has bounced back over night. Spoke about the global economy and particular that manufacturing is stretched. Markets in tough times not seen like this before.
- Predicting another interest rate cut and correction in the property market.
- Jonathan Eriksen said that changing to the two funds, long term and short term fund that council will be in a better position to achieve its objectives.
- Jonathan Eriksen to include sharp ratio data into the monthly investment report.
- Currently around 2% of overall funds are invested in fossil fuels (target is 1%). Not possible to fully exclude fossil fuels due to the investment fund sources structure.
- Greater acceptance for more renewable energy impacts investment performance in this sector.
- Continuity capital is the preferred investment fund for the long term private equity fund. Eriksens and Associates to provide information on where funds are invested in fund. Looking at Continuity 5 fund once long and short term funds are in place. Agreed that Jonathan Eriksen to review private equity in new funds.
- Jonathan Eriksen and Andy Mahony from Eriksens and Associates to come up and meet with the new council.

Secretarial Note: Call to Jonathan Eriksen concluded at 9.49am.

Statement of Investment Policy & Objectives - Implantation of Council decision to restructure funds (Item 4.2)

ID: A1231228

Report from Dave Tams, Group Manager, Corporate Excellence

- Discussed the new Statement of Investment Policy & Objectives (SIPO). GM, Corporate Excellence to contact Jonathan Eriksen from Eriksens and Associates to work on the finer details the basics are wright.
- Contract for the Kensington construction works has been signed. Discussed where funds are to be held as this will set a precedent for holding funds for future projects.

Moved (Smart / Shepherd)

\$6M to be placed into the new short term fund to cover cost of the Kensington construction works.

Carried

Conclusion

The meeting concluded at 9.58am.