

Investment and Property Subcommittee
Wednesday 30 March 2022 at 1.00pm

AGENDA

Investment and Property Subcommittee Agenda

Meeting to be held remotely
on Wednesday 30 March 2022, commencing at 1.00pm

Recommendations contained in the agenda are NOT decisions of the meeting. Please refer to minutes for resolutions.

MEMBERSHIP OF THE INVESTMENT AND PROPERTY SUBCOMMITTEE

Chairperson, NRC Councillor, Rick Stolwerk

Ex-Officio Penny Smart	Councillor Justin Blaikie	Councillor Colin Kitchen
Councillor Jack Crow	Councillor Terry Archer	Independent Consultant Jonathan Eriksen
Independent Audit & Risk Advisor Danny Tuato'o	Independent Advisor Stuart Henderson	

KARAKIA / WHAKATAU

RĪMITI (ITEM)

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2.0 NGĀ WHAKAPAHĀ/APOLOGIES

3.0 NGĀ WHAKAPUAKANGA/DECLARATIONS OF CONFLICTS OF INTEREST

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6.1 Confirmation of Confidential Minutes - 24 November 2021

6.2 Northland Private Equity Fund Update

6.3 Summary of Kensington Crossing Redevelopment Project

6.4 Update on Council's Current Property Redevelopments

6.5 Current Property Negotiations

6.6 Council's Water Street Offices

TITLE: Confirmation of Minutes - 24 November 2021


From: Judith Graham, Corporate Services P/A

**Authorised by
Group Manager/s:** Bruce Howse, Pou Taumatua – Group Manager Corporate Services, on

Ngā mahi tūtohutia / Recommendation

That the minutes of the Investment and Property Subcommittee meeting held on 24 November 2021 be confirmed as a true and correct record.

Attachments/Ngā tapirihanga

Attachment 1: Investment and Property Subcommittee minutes 24 November 2021 [↓](#) 

Investment and Property Subcommittee
24 November 2021

Investment and Property Subcommittee Minutes

Meeting held in the Council Chamber
36 Water Street, Whangārei
on Wednesday 24 November 2021, commencing at 1.00pm

Tuhinga/Present:

Chairperson, NRC Councillor, Rick Stolwerk
Ex-Officio Penny Smart *via audio link*
Councillor Justin Blaikie *via audio link*
Councillor Colin Kitchen *via audio link*
Councillor Jack Crow *via audio link*
Councillor Terry Archer *via audio link*
Independent Consultant Jonathan Eriksen *via audio link*
Independent Audit & Risk Advisor Danny Tuato'o *via audio link*
Independent Advisor Stuart Henderson *via audio link*

I Tae Mai/In Attendance:

Full Meeting

Pou Taumatua - GM Corporate Services
Tumuaki – Chief Executive Officer
Personal Assistant Corporate Services
Finance Manager

Part Meeting

Accounting Assistant – Treasury & Projects Officer
Strategic Projects and Facilities Manager
Property Officer
Property Officer

The Chair declared the meeting open at 1.00pm.

Ngā Mahi Whakapai/Housekeeping (Item 1.0)

Ngā whakapahā/Apologies (Item 2.0)

There were no apologies.

Nga whakapuakanga/Declarations of Conflicts of Interest (Item 3.0)

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

Investment and Property Subcommittee
24 November 2021

Confirmation of Minutes - Investment and Property Subcommittee 29 September 2021 (Item 4.1)

Report from Judith Graham, Corporate Services P/A

Moved (Craw/Smart)

That the minutes of the Investment and Property Subcommittee meeting held on 29 September 2021 be confirmed as a true and correct record.

Carried

Receipt of Investment and Property Subcommittee Action Sheet (Item 5.1)

Report from Judith Graham, Corporate Services P/A

Moved (Stolwerk/Smart)

That the action sheet be received.

Carried

Changes to Property Management Plan and Investment Policy (Item 6.1)

Report from Bruce Howse, Pou Taumatua – Group Manager Corporate Services

Moved (Stolwerk/Smart)

1. That the report 'Changes to Property Management Plan and Investment Policy' by Bruce Howse, Pou Taumatua – Group Manager Corporate Services and dated 28 October 2021, be received.

Carried

2. That the subcommittee endorse the changes to the Property Management Plan and Investment Policy as described in this report and recommend to Council the adoption of the changes.

Councillor Craw opposed the changes, Councillor Kitchen and Archer wanted more time to consider. Subcommittee agreed to put it on hold and discuss it further at the next Investment and Property Subcommittee meeting dated 30 March 2022

Secretarial Note: 1.20pm Strategic Projects and Facilities Manager and the two Property Officers joined the meeting.

Kaupapa ā Roto/Business with Public Excluded (Item 7.0)

Moved (Stolwerk/Craw)

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:

Investment and Property Subcommittee
24 November 2021

Item No.	Item Issue	Reasons/Grounds
7.1	Confirmation of Confidential Minutes - Investment and Property Subcommittee meeting 29 September 2021	The public conduct of the proceedings would be likely to result in disclosure of information, as stated in the open section of the meeting -.
7.2	Introduction of Pencarrow VI Fund into the Long-Term Fund Investment Fund	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h).
7.3	Investment strategy for the proceeds from the sale of the Kensington Development	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).
7.4	Update on Council's Current Property Redevelopments	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h) and the withholding of which is necessary to enable council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(i).
7.5	Sale of an Industrial Area Property	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h) and the withholding of which is necessary to enable council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(i).

3. That the Independent Advisors be permitted to stay during business with the public excluded.

Carried

Whakamutunga (Conclusion)

The meeting concluded at 2.32pm.

TITLE: Performance of Councils Externally Managed Funds to 28 February 2022

From: Simon Crabb, Finance Manager

Authorised by Bruce Howse, Pou Taumatua – Group Manager Corporate Services, on 18
Group Manager/s: March 2022

Whakarāpopototanga / Executive summary

In the month of February 2022, councils Externally Managed Fund Portfolio incurred losses of (\$565k). For the 8 months to the end of February, the portfolio has now recorded an overall loss of (\$118k).

A summary of the returns and target objectives for the 8 months ending 28 February for councils 2 managed funds is presented below, with the supporting detail and fund performance for longer periods contained in the attached EriksensGlobal Report (Attachment 1).

8 Months Ending 28 February 2022	Long Term	Short Term
	Fund (LTF)	Fund (STF)
Fund Return %	1.0%	-0.7%
Fund Objective %	5.0%	2.4%
Fund Over / (Under) Performance	-4.0%	-3.1%

Jonathan Eriksen from EriksensGlobal will be joining in via Zoom to answer any questions.

All monthly, quarterly and year to date (YTD) return percentages in this report and its attachment are **not** annualised.

Ngā mahi tūtohutia / Recommendation

That the report 'Performance of Councils Externally Managed Funds to 28 February 2022' by Simon Crabb, Finance Manager and dated 17 March 2022, be received.

Background/Tuhinga

Long Term Investment Fund (LTF)

At 28 February 2022, the LTF has an overall market value of \$62.8m, comprising of funds attributable to:

- Economic Development of \$17.4m,
- Property Reinvestment of \$28.6m, and
- Regional Project Development of \$14.6m.
- Rates collected for Debt repayment and Depreciation \$2.2m

The LTF has performed as follows:

LTF	1 month		Quarter		YTD						1 year			5 year	
	Return	Objective	Return	Objective	Return	Objective	Budget	Return \$	Budget \$	Var \$	Return	Objective	Budget	Return	Objective
	-0.7%	0.6%	0.7%	1.8%	1.0%	5.0%	4.1%	\$115K	\$2.4M	(\$2.3M)	8.2%	7.6%	\$3.7M	8.4%	7.0%

Short Term Investment Fund (STF)

At 28 February 2022, the STF has an overall market value of \$19.4m, comprising funds attributable to:


- Working capital requirements of \$9.4m
- Property Reinvestment of \$8.9m.
- Investment and Growth reserve requirements of \$1.1m

The STF has performed as follows:

STF	1 month		Quarter		YTD						1 year			5 year	
	Return	Objective	Return	Objective	Return	Objective	Budget	Return \$	Budget \$	Var \$	Return	Objective	Budget	Return	Objective
	-0.4%	0.3%	-1.1%	0.9%	-0.7%	2.4%	2.5%	(\$233K)	\$329K	(\$562K)	2.9%	3.5%	\$495K	6.6%	4.3%

Non-compliance with the Statement of Investment Policy and Objectives (SIPO) At 28 February 2022, the Short-Term Investment Fund allocation to the QuayStreet Income fund was 30.6% which is slightly above its upper limit of 30%. This over exposure is being progressively reduced as cashflow requirements are managed from the Short-Term Fund. Furthermore, QuayStreet is a low-risk product that is favoured to preserve capital in volatile markets.

Attachments/Ngā tapirihanga

Attachment 1: EriksensGlobal - NRC Externally Managed Investment Funds Monthly Report 28 February 2022 [↓](#) 

ERIKSENSGLOBAL

Actuaries & Investment Strategists

NORTHLAND REGIONAL COUNCIL

EXTERNALLY MANAGED

INVESTMENT FUNDS

MONTHLY REPORT 28 FEBRUARY 2022

16 MARCH 2022

STRICTLY PRIVATE & CONFIDENTIAL

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TITLE: **Responsible Investment Report December 2021**

From: Judith Graham, Corporate Services P/A

Authorised by Bruce Howse, Pou Taumatua – Group Manager Corporate Services, on 03
Group Manager/s: March 2022

Executive summary/Whakarāpopototanga

Responsible investing, also known as ethical investing or sustainable investing, is a holistic approach to investing, where social, environmental, corporate governance (ESG) and ethical factors are considered alongside financial performance when making an investment decision.

Councils Statement of Investment Policy and Objectives (SIPO) is the key document that sets out council's responsible investment expectations in regards to its externally managed fund portfolio. Specifically, transitioning away from any investments listed below over a five-year time horizon:

- Fossil fuels (exploration, extraction and processing)
- Alcohol
- Tobacco
- Gambling
- Military weapons
- Civilian firearms
- Nuclear power
- Adult entertainment

The EriksensGlobal responsible investment report as at 31 December 2021 is **attached**. This report presents councils exposure to restricted investments, as well as it investments in companies that support environmental sustainability.

Recommendation(s)

1. That the report 'Responsible Investment Report December 2021' by Judith Graham, Corporate Services P/A and dated 03 March 2022 be received.
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Attachments/Ngā tapirihanga

Attachment 1: Responsible Investment Report December 2021 [↓](#) 

TITLE: Mount Tiger Forest Report

From: Nicole Inger, Property Officer

Authorised by Bruce Howse, Pou Taumatua – Group Manager Corporate Services, on 17
Group Manager/s: March 2022

Executive summary/Whakarāpopototanga

The purpose of this agenda item is to present an update on Councils Mount Tiger Forest by way of the attached report from George Dods of Northland Forest Managers Limited, Councils Forestry Consultant. Mr Dods will be present at the meeting to answer any questions.

This item also presents interim findings on the Biodiversity Values of the Mount Tiger Forest undertaken by the NRC Biodiversity team to March 2022 detailed in an attached report. Stephanie Tong, Biodiversity Advisor and Lisa Forester, Biodiversity Manager will be present to answer any questions.

Recommendation(s)

1. That the report 'Mount Tiger Forest Report' by Nicole Inger, Property Officer and dated 16 March 2022, be received.
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Background/Tuhinga

As per the Forestry Management Plan, council's consultant, Northland Forest Managers Ltd, is to report back to Council every six months. Key points to note are as follows:

- In this period no adverse Health and Safety (H&S) matters have arisen.
- H&S induction for the Biodiversity Survey team has been completed prior to Survey start up.
- No forest harvesting or silviculture was undertaken in the second half of 2021.
- Trees and small slips, along with large rock placements at the Drews Main Road gate, were completed in December 2021 at a cost of \$1925.00.

An ongoing biodiversity survey of Mount Taika Forest currently underway. The report is attached for Councillors information.

Attachments/Ngā tapirihanga

Attachment 1: NFM Report Mt Tiger Forest July-Dec 2021 [↓](#) 

Attachment 2: Biodiversity Values of the NRC managed land at Mt Tiger Plantation Forestry Block
Interim findings March 2022 [↓](#) 

TITLE: Business with the Public Excluded

Whakarāpopototanga / Executive Summary

The purpose of this report is to recommend that the public be excluded from the proceedings of this meeting to consider the confidential matters detailed below for the reasons given.

Ngā mahi tūtohutia / Recommendations

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
6.1	Confirmation of Confidential Minutes - 24 November 2021	The public conduct of the proceedings would be likely to result in disclosure of information, as stated in the open section of the meeting -.
6.2	Northland Private Equity Fund Update	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h).
6.3	Summary of Kensington Crossing Redevelopment Project	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).
6.4	Update on Council's Current Property Redevelopments	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h) and the withholding of which is necessary to enable council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(i).
6.5	Current Property Negotiations	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), the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h) and the withholding of which is necessary to enable council to carry on, without

		prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(i).
6.6	Council's Water Street Offices	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 on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(i).

3. That the Independent Financial Advisors be permitted to stay during business with the public excluded.

Considerations

1. Options

Not applicable. This is an administrative procedure.

2. Significance and Engagement

This is a procedural matter required by law. Hence when assessed against council policy is deemed to be of low significance.

3. Policy and Legislative Compliance

The report complies with the provisions to exclude the public from the whole or any part of the proceedings of any meeting as detailed in sections 47 and 48 of the Local Government Official Information Act 1987.

4. Other Considerations

Being a purely administrative matter; Community Views, Māori Impact Statement, Financial Implications, and Implementation Issues are not applicable.