

Investment and Property Subcommittee Minutes

Meeting held in the Council Chamber
36 Water Street, Whangārei
on Wednesday 27 January 2021, commencing at 1.00pm

Present:

Chairperson, NRC Councillor Rick Stolwerk
Councillor Jack Craw
Ex-Officio Penny Smart
Independent Audit & Risk Advisor Danny Tuato'o
Independent Financial Advisor Stuart Henderson

In Attendance:

Full Meeting

Chief Executive Officer
GM - Corporate Excellence
PA – Corporate Excellence
Finance Manager
Accounting Assistant – Treasury & Projects
Strategic Projects and Facilities Manager

Part Meeting

Independent Financial Consultant Jonathan Eriksen (*via audio visual link*)
Jenksmax consulting - Ian Jenkins

The Chair declared the meeting open at 12.59pm.

Apologies (Ngā whakapahā) (Item 1.0)

Moved (Smart / Craw)

That the apologies from Councillor Justin Blaikie and Councillor Colin Kitchen for non-attendance be received.

Carried

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.

Confirmation of Minutes - 25 November 2020 (Item 4.1)

ID: A1405503

Report from Judith Graham, Corporate Excellence P/A

Moved (Craw/Smart)

That the minutes of the Investment & Property Subcommittee meeting held on 25 November 2020 confirmed as a true and correct record.

Carried

Receipt of Action Sheet (Item 5.1)

ID: A1403935

Report from Judith Graham, Corporate Excellence P/A

Moved (Craw/Smart)

That the action sheet be received.

Carried

Independent Financial Advisor raised concerns about the gaps in the alternative investments taken out, that there is no one responsible for the risk in the foreign exchange rate.

Action Add clause to the Statement of Investment Policy & Objectives (SIPO) stating that council be responsible for the foreign exchange risk Finance Manager to arrange this ready for 10 February 2021 Council meeting.

Action GM - Corporate Excellence, Independent Audit & Risk Advisor Danny Tuato'o to meet with newly appoint Independent Financial Advisor Stuart Henderson to meet to run through Northland Regional Council externally managed investments.

Mount Tiger Forest Half Year Report July - December 2020 (Item 6.1)

ID: A1404677

Report from Nicole Inger, Property Officer

Moved (Stolwerk/Smart)

That the report 'Mount Tiger Forest Half Year Report July - December 2020' by Nicole Inger, Property Officer and dated 18 January 2021, be received.

Carried

Ian Jenkins from Jenksmax consulting gave an update on the Mount Tiger Forestry advising the subcommittee that is likely to be \$20,000 over in the expenditure budget due to July 2020 rainfall event causing significant damage, also advising of the fire insurance for the Mount Tiger Forest which covers the value of crop replanting and the crop lost approximately \$3 million.

Introduction of the Fermat Capital Management - ILS Yield fund into Councils Long Term Investment Fund (Item 6.2)

ID: A1400937

Report from Simon Crabb, Finance Manager

Secretarial Note: 1.30pm Independent Consultant Jonathan Eriksen joined the meeting via audio visual link.

Moved (Stolwerk/Craw)

1. That the report 'Introduction of the Fermat Capital Management - ILS Yield fund into Councils Long Term Investment Fund' by Simon Crabb, Finance Manager and dated 6 January 2021, be received.
2. That the Fermat Capital Management ILS yield fund is introduced into the Long-Term Investment Fund
3. That 50% of the Blackrock FIGO fund balance is transferred into the Fermat Capital Management ILS yield fund.
4. That the Statement of Investment Policy and Objects (SIPO) is updated to reflect the approved recommendations.

Carried

Independent Financial Consultant Jonathan Eriksen suggested to de risk the portfolio he also went on and gave a bit of background history on Fermat Capital. Northland Regional Council is considered an existing client with Fermat Capital due to the relationship with EriksensGlobal therefore minimum investment amount is \$100,000 rather than the \$5,000,000.

Proposals to Rebalance the Asset Mix of the Managed Fund Investment Portfolio (Item 6.3)

ID: A1401302

Report from Simon Crabb, Finance Manager

Moved (Craw/Stolwerk)

1. That the report 'Proposals to Rebalance the Asset Mix of the Managed Fund Investment Portfolio by Simon Crabb, Finance Manager and dated 7 January 2021, be received.
2. That \$500K is transferred from the Short-Term Mint Growth fund and \$500K is transferred from the Short-Term Milford Growth funds, into the respective Short-Term Income fund.
3. That the subcommittee endorse a recommendation to council that the Pioneer Capital No IV private equity fund, the Continuity Capital PE No.6 LP private equity fund, and the MLC III fund are introduced into the Long-Term Investment Fund.
4. That the subcommittee endorse a recommendation to council and that an investment of \$1M is committed to the Pioneer Capital No IV private equity fund, and \$2M is committed to the Continuity Capital PE No.6 LP private equity fund and \$500k AUD is committed to MLC III fund; and that all investments into these three new funds are paid out of Long Term Growth funds, in accordance with EriksensGlobal recommendations.
5. That the subcommittee endorse a recommendation to council that the Statement of Investment Policy and Objectives is revised to replicate the document attached as Attachment One.

Carried

Performance of Managed Fund Portfolio to 31 Dec 2020; and Proposals to De-Risk the Long Term Fund (Item 6.4)

ID: A1405033

Report from Simon Crabb, Finance Manager

Moved (Stolwerk/Smart)

1. That the report 'Performance of Managed Fund Portfolio to 31 Dec 2020; and Proposals to De-Risk the Long Term Fund' by Simon Crabb, Finance Manager and dated 20 January 2021, be received.
2. That \$346,797 of gains is withdraw from the IIF reserve portion of the LTF in line EriksensGlobal advice, placed into STF term deposits, and held as a funding contribution towards the Enterprise System project.
3. That \$914,486 of gains attributable to the CIF reserve portion of the LTF, and \$547,852 of gains attributable to the PRF reserve portion of the LTF are transferred into LTF term deposits in line with EriksensGlobal advice, and held until EriksensGlobal recommend reinvestment back into growth/equity markets.
4. That the Subcommittee acknowledge the allocation to cash in the Short-Term Investment Fund is more than the allowable range and consider it a prudent measure for the time being given the current market environment.

Carried

Finance Manager highlighted to the Subcommittee the over exposure of cash in the short term fund and prudent to do so in the current environment on advice received from Independent Financial Consultant.

Action Recommendation from Independent Financial Consultant that a proposal to increase Long-Term Investment Fund self-managed cash range limit be included as an agenda item on the 31 March 2021 Investment & Property Subcommittee meeting.

Secretarial Note: Independent Financial Consultant Jonathan Eriksen left the meeting at 2:10pm.

Business with Public Excluded (Item 7.0)

Moved (Stolwerk/Smart) 2.17pm

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
7.1	Confirmation of Confidential Minutes - 25 November2020	The public conduct of the proceedings would be likely to result in disclosure of information, as stated in the open section of the meeting -.

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

Carried

Conclusion

The meeting concluded at 2.42pm.

Unconfirmed Minutes