

TARANAKI ELECTRICITY TRUST

MINUTES OF A MEETING OF TRUSTEES HELD AT 84 RATA STREET, INGLEWOOD ON WEDNESDAY 15 JULY 2020 AT 9.25AM.

Present

Mr Jamieson, (Chairman), and Messrs Bedford, Davey, Erwood, Wood & Hassall. Ms Kay. Mrs Wood. Mr Swasbrook from 9.30am, Mr Wilson from 9.50am and Mr Chamberlain from 10.00am

Apologies

There were no apologies.

Declarations of conflicts of Interest

Mr Wood – Taranaki Masters Games

Minutes

The minutes of the meeting held on 24 June 2020 were confirmed.

Davey/Wood

Matters Arising

There were no matters arising.

Correspondence

1. Stratford District Citizens & Services Club Inc

It was resolved to allow the organisation to use \$8,640.22 of the grant approved on 18 March 2020 towards rent, with the remaining balance of \$16,359.78 to be paid quarterly.

To be included in letter – suggestion that the organisation approach The Bishop's Action Foundation with a view to receiving support and undergoing a review of the organisation.

Kay/Jamieson

2. TET Quarterly grants approved

Mr Wood noted the TET Grants approved for the QTR ended 30.06.20 had been circulated to the newspapers and that to date none of the newspapers had published the information.

3. Norfolk School

The late correspondence was accepted for discussion.

It was resolved to allow a change in use of the grant which was approved on 16 October 2019. The \$6,000.00 would now be used for an upgrade of the school swimming pool solar heating, filtration and pumping system.

Erwood/Wood

A schedule of correspondence covering the period 24 June 2020 to 10 July 2020 had been circulated. It was resolved that inwards correspondence be received and outward approved.

Wood/Davey

TET Athletics Taranaki

Olly Jowsey and Jason Cressingham attended the meeting at 9.45am to speak to the application. Additional information to support the application had been previously circulated to the Trustees. Mr Jowsey gave a brief overview of the activities he had carried out in the preceding twelve months.

Questions were raised about the involvement from schools within the TET area, and what steps were taken if the schools were not engaging in the programmes offered by the organisation. Mr Jowsey confirmed the offer to schools was by letter and that currently there is no follow up if any school chose not to participate.

When questioned about what funders the organisation approaches, Mr Jowsey confirmed the organisation approached TET and NZCT for operational funding and TSB Community Trust for event funding.

Mr Jowsey and Mr Cressingham left the meeting at 10.00am

Accounts for payment & receipt of financial information.

A schedule of accounts had been circulated. It was resolved that the following accounts which had been paid be ratified:

| | | | |
|----------|------------------------------------|--|-----------|
| DC 01/07 | Corporate Trustee Services | Custody fee & recovery of BNP fees - May 2020 | 1,029.20 |
| DC 01/07 | Election Services | Provision of electoral services - progress payment 2 | 16,525.50 |
| DC 01/07 | Nova Energy | Electricity charges | 68.87 |
| DC 01/07 | RMY Legal | Professional fees - Inglewood Community Mini Putt | 230.00 |
| DC 01/07 | Clifton Rowing Club | Grant | 4,598.00 |
| DC 01/07 | A Cullen | Grant | 1,148.99 |
| DC 01/07 | J Hiestand | Grant | 2,000.00 |
| DC 01/07 | Matapu Preschool | Grant | 9,062.00 |
| DC 01/07 | NZ Military Vehicle Club | Grant | 750.00 |
| DC 01/07 | Stratford A & P Assoc | Grant | 2,500.00 |
| DC 01/07 | Stratford Primary School | Grant | 152.07 |
| DC 01/07 | Taranaki Community Stadium Trust | Grant | 15,590.00 |
| DC 01/07 | Waitara High School | Grant | 5,283.15 |
| | Blue Light Te Ara Tika Drive | | |
| DC 08/07 | Licensing | Grant | 750.00 |
| DC 08/07 | Inglewood Kindergarten | Grant | 6,786.09 |
| DC 08/07 | Inglewood Rugby League Club | Grant | 1,394.70 |
| DC 08/07 | Inglewood Rugby League Club | Grant | 2,854.70 |
| DC 08/07 | Stratford A & P Assoc | Grant | 5,000.00 |
| DC 08/07 | Te Atiawa Kaumatua Housing Trust | Grant | 23,183.04 |
| DC 08/07 | Te Wera Outdoor Recreational Trust | Grant | 13,750.00 |
| DC 08/07 | Waitara High School | Grant | 3,285.98 |
| DC 08/07 | Computer Wise | McAfee security monitoring & yearly license fee | 94.88 |
| DC 08/07 | Election Services | Provision of electoral services - progress payment 3 | 16,238.46 |
| DC 08/07 | Embark Solutions | July licence fee & hosting of system | 171.93 |
| DC 08/07 | NZ Couriers | Rural delivery costs | 9.79 |

Davey/Wood

TET Financial Advisors

Mr Chamberlain - MCA NZ Ltd

Mr Chamberlain's report 'Consolidated investment monitoring report and analysis to 30 June 2020' had previously been circulated to the Trustees.

Mr Chamberlain gave an overview of his role including determining which fund managers to use. Mr Chamberlain explained that Mr Swasbrook was the global shares manager and Mr Wilson the NZ & Australia shares and NZ bonds manager and Hunter Investment Funds were the overseas bonds purchaser.

Mr Chamberlain explained there were two ways to derive income to generate money for grants, namely 1. earning dividends and interest and 2. realising proceeds by selling assets. It was important for the cash holding to be sufficient so as to avoid being forced to sell an asset. Mr Chamberlain went on to explain that property and shares had the highest expected returns and protected the capital against inflation. Bonds were good for the difference between dividends and what the Trust wants to grant.

Mr Chamberlain advised that the last 12 months generated more interest and dividends than expected at the beginning of the year. Mr Chamberlain said the Trust had suffered during COVID 19 more than he would have liked and that he would evaluate the information to ascertain if there was a flaw in the policies or if it was just bad luck.

Mr Chamberlain further advised that the current environment meant low interest rates and he didn't expect there to be a significant change in the next 5-10 yrs. For this to change there was a need for large economic growth or people to take wage cuts. Going forward Mr Chamberlain expected that the level of generated income would be the same as the previous 12 months and therefore the Trust could consider approving grants to the community in the region of \$3.2M as per the 2019/2020 year budget.

Mr Chamberlain ended by explaining the investments in private equity. There were two equity managers - Direct Capital and Pioneer Capital. Essentially for the first 5 years money was put in, in stages, followed by the next 5 years where the investor started to see a return. The funds were invested with mature companies who needed to expand and grow.

Mr Swasbrook – Elevation Capital

Mr Swasbrook tabled his report 'TET Global Share Sector Mandate – Portfolio Review. 01 July 2019 – 30 June 2020' and spoke to it.

Mr Swasbrook reiterated the mandate which was to hold 40 stocks with a net income return of 3.75%.

The following was discussed –

*Portfolio holdings and the need to hold dividend paying shares from companies who can actually pay the dividends. There was a mixture of growth companies and established companies

*Portfolio income since inception

*Portfolio performance since inception

*New positions (12) since COVID 19 and estimated net dividend yields

*Actual net income return of 3.66% against net income return requirement of 3.75%. Mr Chamberlain commented that the return was very successful given that the average yield was between 2.0 and 2.5% and that Mr Swasbrook had been tasked with growing the portfolio to a 3.75% return.

*Portfolio activity – 7 increased positions and 20 decreased positions

*Geographical and industry breakdown

Mr Wilson – Jarden

Mr Wilson tabled his report 'TET NZ & Australian Equity and NZ Fixed Interest Update 15 July 2020' and spoke to it.

Mr Wilson reiterated the mandate for NZ and Australian shares – discretionary, each portfolio to consist of around 15-25 shareholdings equally weighted and for NZ Fixed Interest/Bonds – non discretionary, a mix of rated and unrated NZ fixed interest securities with Mr Chamberlain having the final sign off.

The following was discussed –

*Importance not to have a knee jerk reaction

*Changes in the last 12 months – continued to rebalance towards more equal weights, however COVID 19 had meant the bias remained to slight overweight Australian shares over NZ currently (50.4% vs 49.6%)

*Notable positional changes (sells and buys) both NZX and ASX

*Review and Outlook – positives and negatives

*Cash in portfolio was more than normal – possibility of a negative OCR.

Summing up, Mr Chamberlain stated between now and Xmas he would be revisiting the Trust's policies to ensure they were still fit for purpose.

Mr Chamberlain, Mr Swasbrook and Mr Wilson stayed for the remainder of the meeting.

TET Grants Budget

It was agreed to set the 2020/2021 Grants budget at \$3.2M. Individual breakdown per category as per the 2019/2020 year.

Jamieson/Davey

Mr Bedford referred to the report 'Grants since inception to 30 June 2020' and noted that as the annual grants increased each year, the funds left for 'new' applications would decrease, possibly to the point where no funding was available for 'new' applications.

It was agreed to include the topic on the next workshop agenda.

Loans to Applicants

Mr Davey noted that the loans to applicants had reached 9.7% of the capital and suggested the figure needed to be capped. Mr Chamberlain confirmed that the current guideline was for no more than 10% of capital to be invested locally.

Annual Plan and Policy on Income Distribution

The document was reviewed. It was agreed the only changes required was the date at the top of page one and changing 2019/2020 to '2020/2021' on page three under 'Income Available for Distribution'.

Wood/Jamieson

TET Application Form

The document was reviewed. It was agreed to make the following changes –

Adding the TET logo to the top of the application.

Q5 (d) adding 'TET' before the word 'grant'.

Q5 (e) adding 'TET' before the word 'grant'.

Bedford/Erwood

It was noted that although it was stated in the grant approval letter that acknowledgement of TET assistance must be made in any publicity arising from the grant, this did not always happen. Mr Wood advised the meeting that a condition for recipients of a TSB Community Trust grant was to acknowledge the TSB Community Trust in the organisation's annual minutes.

It was further noted that the grant approval letter stated that any items purchased should be from businesses within the TET area, unless they cannot be secured locally or the price is substantially different. This was something Trustees could check when doing due diligence on any application.

Education Funding

The following grant budgets were set –

\$90,000.00 for Kindergarten, Playcentre and Community Childcare Centres (project based)

\$80,000.00 for schools (project based)

\$96,000.00 for TET Tertiary Scholarship

Davey/Wood

TET Tertiary Scholarship Grant

It was agreed to review the terms and conditions of the TET Tertiary Scholarship grant. Item to be placed on the workshop agenda and recommendations to be brought to the August ordinary meeting. In the interim, Office Administrator to circulate a copy of all current TET Tertiary Scholarship documents to the new Trustees.

Grants

1. TET Athletics Taranaki

The application was deferred.

Wood/Bedford

Questions remained around how the organisation intended to increase engagement with schools for the programmes currently offered. Mr Bedford to approach the primary schools in Waitara, Mimi and Urenui for feedback.

2. Te Roopu Pukaaka Inc

The application was declined.

Kay/Bedford

3. Stratford Cricket Club

\$13,000.00 for coaching costs for 26 weeks from October 2020 – March 2021, **subject to the satisfaction of clause 14.1 of the application form.**

Erwood/Wood

4. Stratford Parents Centre

Miss Kay declared an interest.

\$10,400.00 for operating expenses, **subject to the satisfaction of clause 14.1 of the application form.**

Wood/Erwood

5. Eltham Youth Health & Development Trust

\$16,000.00 toward staff salaries, **subject to the satisfaction of clause 14.1 of the application form.**

Wood/Erwood

6. Inglewood Combined Sports Club

\$13,426.00 to purchase two 20' A grade containers, including freight and site preparation costs.

Davey/Bedford

7. Age Concern Taranaki Inc – Waitara

\$10,000.00 towards operating costs for the Waitara branch programme of ‘In Tune with Waitara’, Waitara drop in café and to operate a singing program in Inglewood.

Kay/Bedford

8. Waitara Alive

\$10,000.00 to host one leg of the 2021 AmeriCARna event – to be held 25 February 2021.

Davey/Erwood

9. Taranaki Masters Games

Mr Wood had previously declared an interest and left the room while discussions took place.

\$58,000.00 for the 2021 Taranaki Masters Games.

Erwood/Bedford

10. Kees Millar

\$2,000.00 towards apprenticeship costs (tools), **subject to confirmation that the apprenticeship was offered following the one month trial.**

Erwood/Davey

11. Mountain Mystics Leisure Marchers

The application was declined as the organisation had been in existence for less than one year.

Jamieson/Bedford

12. Waitara District History & Research Group

\$2,400.00 for operating expenses.

Kay/Davey

13. Stratford District Scottish Soc

\$11,890.00 being \$1,890.00 towards Skype lessons and a further \$10,000.00 to purchase 10 kilts.

Wood/Jamieson

14. Stratford Tennis Club

\$1,500.00 to host an S band tennis tournament at the TET Multisports Centre in Stratford – to be held 17-18 July 2020.

Organisation to be advised that TET note that the club has not filed its 2018 and 2019 accounts with the Registrar of the Incorporated Societies and should do so promptly.

Jamieson/Wood

15. Waitara Mobility Scooter Agency

\$10,000.00 to ‘top up’ the mobility scooter fund.

Jamieson/Kay

General Business

TET Workshop Meeting

It was agreed to hold another workshop meeting. Date to be advised.

Whiteboard

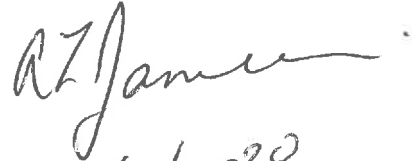
Mr Erwood asked if it was possible to have a white board and white board markers in the boardroom. It was agreed Mr Hassall would organise one.

Next meeting

It was agreed to hold the next meeting on Wednesday, 19 August 2020 at 9.30am at 84 Rata Street, Inglewood.

The meeting closed at 1.10pm.

Confirmed



Chairman

