



T/24/01

MINUTES

ORDINARY MEETING OF TRUSTEES

Date: Tuesday, 27 February 2024
Time: 2.30pm
Place: Trust Office, Perry House, 360 Tristram Street, Hamilton

PRESENT: Trustees Afeaki (Chair), Chew, Harvey, Johnston, Silverton, Strange & West

IN ATTENDANCE: Chief Executive Officer, Grants Manager, Grants Advisor, Trust Administrator & Emerging Director, Andrew Corkill

APOLOGY: Finance Administrator

CONFLICT OF INTEREST DECLARATIONS: Nil

KARAKIA TIMATANGA: All

AGENDA ITEM

Trustee Afeaki welcomed all those present, including the newly-appointed Grants Advisor and the community representatives in attendance.

Trustee Chew highlighted clause 3.1 (ya) (ii) of the Trust Deed (Conflict of Interest), stating that there must be a unanimous vote by non-conflicted Trustees to include or exclude conflicted Trustees from voting/participating during meeting items which they have declared an interest in.

T/24/01/1.0 DISTRIBUTIONS/IMPACT

T/24/01/1.1 Waikato Wellbeing Project – Final Year Three Tranche Payment (Ref: 26/07)

A report from the Grants Manager dated 21 February 2024 was circulated.

The Grants Manager gave a brief summary of the Waikato Wellbeing Project (WWP) grant payment process, reminding Trustees that the circulated report is an annual one that reflects on the past year. He pointed out that in previous reports, as well as a recommendation to confirm the next tranche payment, there had been an additional recommendation to conditionally approve payments for the upcoming year, and that he was not aware that this was to be moved to the Revised Budget item.

Trustee Strange conveyed that he was not convinced in terms of the benefit of the WWP. Trustee West reminded Trustees that the tranche payment had been conditionally-approved, subject to objectives being met by WWP, and the Chief Executive Officer (CEO) noted that provision had been made in the current budget for this. Trustee Harvey expressed her support for the payment to be made.

The Grants Manager affirmed that the targets had been met, as per the Agreement with Waikato Regional Council, and as per the report from WWP.

MOVED: (Harvey/West) That:

1. The report and Waikato Wellbeing Project 2023-24 Update be received for information.
2. The second tranche of the Year Three (FY2022/23) payment of \$250,000 to the Waikato Regional Council for the Waikato Wellbeing Project, as conditionally approved at the February 2023 Trust meeting, be confirmed and actioned.
3. Payment for Year Four be discussed in the next item (2024-25 Revised Draft Annual Budget).

CARRIED

T/24/01/2.0 OTHER REPORTS

T/24/01/2.1 2024-25 Revised Draft Annual Budget (Ref: 35/5)

A report from the CEO dated 12 February 2024 was circulated.

The CEO advised that there had been some material changes made to the preliminary draft budget. This included the increase of \$3.3M in the dividend amount due to the positive financial performance of the Company, \$3M of which he had allocated to a Special Project Fund under Distributions, to allow for a float in future dividend payments. Trustee Harvey summarised the discussion from the recent Finance, Audit and Risk (FAR) Sub-Committee meeting, relaying that the minimum dividend payment would be used for the Trust's base granting activity, with any amount over and above the minimum to be used for special projects yet to be determined.

The CEO indicated the increase in forecast Capital Expenditure due to the potential relocation of the Trust office to new premises. He also indicated the circa \$400K surplus to be held in contingency in order to cover any capital calls for the Purpose Capital investment.

The CEO then relayed that he had taken into account conversations with members of the Trust's Capital Beneficiaries and the current state of the community needs landscape compared to that of five or six years earlier, hence the rationale to signal a transitional early exit from the WWP (by about 18 months), as indicated by the reduced allocation in the FY2025 budget. He commented that this would allow some conversations to be had with WRC, while allowing WWP to transition, or to source alternative funding to continue.

Trustee Harvey added that, as discussed at the recent FAR Sub-Committee meeting, WWP would be able to apply to the Trust's larger distribution pools.

The CEO pointed out that the suggested revisions had not yet been incorporated into the Draft Annual Plan document. He also mentioned that the approved draft would be going out for public consultation, so the community would have the opportunity to offer feedback on any aspect of the plan, including the budget.

It was established that the recommendation to reduce the WWP allocation was made by the CEO rather than Management, and Trustee Chew enquired as to the grounds for this. The CEO said that he wished to acknowledge the comments from some of the Trust's Capital Beneficiaries who had questioned the tangible benefits of the WWP. He also speculated on whether the initial intents and aims of the WWP were still relevant in today's environment as his view is that community aspirations around knowledge and data have shifted towards outcomes. He observed that there had been a lot of change since COVID times, and that programmes needed to be reviewed sooner than five years to allow more agility, and potential repurposing.

Trustee Harvey clarified that the investment in WWP to-date was not seen as not having value, and that there is still money available from the Trust, but how the Trust chooses to distribute it going forward might look different.

Trustee Chew acknowledged the Trust's investment in WWP and expressed his wish to examine all options, including the opportunity to talk to WWP about repurposing, and Mr Corkill enquired as to the impact of the revenue reduction for WWP. The Grants Manager emphasised that the shortfall would be \$500K in total.

In response to the discussion, the Grants Manager, as someone who has been actively involved in WWP from its inception, gave some background with regard to its goals that were set in alignment with the Sustainable Development Goals (SDG), which included aims towards eradicating poverty and reducing inequalities, etc, stressing that there was currently even more need to address these issues. He explained that WWP was not set up to be a delivery organisation, but was in fact established to be a connecting organisation to uphold regional goals that were agreed to by a wide range of people, and that are still important to many. He expressed his view that the Trust should not cut its agreement with WRC, made in good faith, based on a few negative comments, especially when there were still many strong supporters, but rather conduct a proper, independent evaluation based on sound reasoning and evidence.

The CEO stated that there had been some signalling to WRC and WWP that the Trust's support was going to be discussed, and that it could not fully guarantee its continuation. He remarked that the transition approach is the mechanism to allow some outcomes on a smaller component of funds, and that the WRC obligation would need to step up for WWP to survive.

The Grants Manager communicated that Trust Waikato had made a recent contribution in support of WWP. Trustee Strange conveyed his concern that the Trust had been the main financial supporter to-date and was in favour of signalling a transition of support so WWP can seek other sources of funding.

Trustee West pointed out that, although the Trust is obliged to make provision in the budget for the WWP funding as outlined in the Agreement, approving the payments is based on WWP performance, which should be discussed more formally.

Trustee Harvey reiterated that \$200K had been circled in the budget, but that there were potentially other avenues through which the Trust could provide further funding to WWP, and this would allow further conversation.

It was clarified that, according to the Agreement, either party could give four weeks notice of termination.

Trustee Afeaki observed that the Trust's contribution had been significant, and that there could be reputational risk with either continuing to fund or not continuing to fund WWP, as there were differing views on the value of WWP to the region. She emphasised that the public expects the Trust to act responsibly with its funds, and that any shift in support for WWP would be transitional so there would be time for conversations to be had.

It was clarified that WRC could apply to the Trust's Community Support rounds on behalf of WWP.

Trustee Strange enquired as to the possible purposes and criteria for the proposed Special Projects Fund, and it was established that this would be purely for distribution, rather than for operations, and any decisions would be made at the full Trust level.

Trustee Silverton observed that the change from the preliminary draft budget was significant, particularly with regard to the dividend which he had expected would remain flat given the anticipated Company CapEx spend. He noted that the increase was partly due to lines revenue, which the discount is driven by, and yet the discount amount remained static.

There was a discussion about the increased dividend amount, which had been driven by talks with the Company with regard to the discount formula within the Company's Strategic Directions Document, and its planned expenditure/debt-funding.

Trustee West also noted that the discount amount in the proposed budget had not increased, and that the way shareholder returns are to be spent should be considered by all Trustees.

Trustee Afeaki pointed out that the Trust's Community Investment Strategy is due for a refresh and that planning for this would need to start in the near future. Trustee Harvey added that Trustees would need to agree on future direction, taking into consideration the feedback from the Trust's beneficiaries, and she drew attention to the flexibility of the revised budget to drive those discussions.

There was a conversation on the draft Annual Plan consultation process, including ways to boost engagement, and on the suggested additions/changes to the budget, specifically the appropriate wording associated with these.

The CEO provided further clarification with regard to the Purpose Capital investment, and the provision in the revised budget for potential capital calls.

It was acknowledged that the changes to the budget were considerable, and that recommendations of such significance would be communicated to the full Trust in a more timely fashion in future.

Trustee West expressed his concerns around the communication of the proposed Special Project Fund and there was further discussion on this, and on the timing/reporting of any discount decisions.

MOVED: (Harvey/Strange) That the increase in Company dividend (\$6M to \$9.3M) be incorporated into the Trust's 2024-25 draft Budget.

CARRIED

Votes recorded against: Trustees Silverton and West

MOVED: (Chew/Johnston) That the increase in Capital Expenditure for the office relocation/fitout be incorporated into the Trust's 2024-25 draft Budget.

CARRIED

MOVED: (Harvey/Strange) That a Distribution fund of \$3M be incorporated into the Trust's 2024-25 draft Budget.

CARRIED

MOVED: (Silverton/Harvey) That a reduction in allocation to the Waikato Wellbeing Project, signalling a transition of support of the programme, be incorporated into the Trust's 2024-25 draft Budget.

CARRIED

MOVED: (Chew/Strange) That a surplus of \$400K, to be used as a contingency for any increase in capital calls from Purpose Capital Investments over and above the budget assumption, be incorporated into the Trust's 2024-25 draft Budget.

CARRIED

T/24/01/2.2 2024-25 Draft Annual Plan and Budget (Ref: 35/5)

A report from the CEO dated 13 February 2024 was circulated.

The CEO reiterated that the draft Annual Plan in the meeting papers did not include the budget changes as proposed, and subsequently approved, in the previous item. It was agreed that staff would initiate these changes to enable the draft to be circulated the next day for public consultation.

There was some discussion with regard to the initial feedback from the Trust's Capital Beneficiary, Hamilton City Council (HCC), and Trustee Strange made mention of the Climate Change inclusions.

Trustee Silverton pointed out that the feedback was from staff and did not necessarily represent the views of the Council itself.

It was clarified that a more formal submission from HCC would be forthcoming, after the adopted draft goes out for public consultation.

MOVED: (Afeaki/Harvey) That:

1. The submission from Hamilton City Council dated 19 February 2024 be received.
2. The draft Annual Plan and associated budget, including the changes approved in the previous item (2024-25 Revised Draft Annual Budget), be adopted for formal consultation.
3. The draft Annual Plan and budget be sent out for submissions, as per the usual process.
4. The submissions be received at the Trust meeting on 26 March 2024, and submitters be given an opportunity to speak to these submissions at the same meeting.

CARRIED

T/24/01/2.3 Office Relocation (Ref: 15/5)

A report from the CEO dated 16 February 2024 was circulated.

The CEO gave some background on his investigation into the relocation of the Trust office, and his rationale for the recommendation in the report.

Trustee Silverton enquired as to the plans of the other tenants of Perry House who would be affected by its closure.

MOVED: (Johnston/West) That the Chief Executive Officer be authorised to negotiate an alternative lease for the Trust with DV Bryant Trust for the office premises located at 127 Alexandra Street, Hamilton.

CARRIED

T/24/01/2.4 Insurance Renewals (Ref: 30/5)

A report from the CEO dated 22 February 2024 was re-circulated.

The CEO thanked Trustees for their prompt attention to the Roving Resolution about insurance renewals for the Trust, noting the slight adjustments to the premium and COVID clauses from the previous year.

Trustee Harvey commended the Trust's insurance brokers for their level of service.

MOVED: (Afeaki/Chew) That the following Roving Resolution circulated 21 February 2024 and subsequently approved by Trustees be ratified:

THAT the Trust resolves to approve the insurance policies and premium, as recommended by the Trust's Insurance Broker, for the 28 February 2024 to 28 February 2025 period.

CARRIED

T/24/01/3.0 MANAGEMENT REPORTS

T/24/01/3.1 Resolution Schedule (Ref: 15/20/5)

The Resolution Schedule dated 14 February 2024 was circulated for noting.

MOVED: (Afeaki/Silverton) That the Resolution Schedule be noted.

CARRIED

T/24/01/3.2 Trustee Meeting, Workshop and Event Attendance (Ref: 15/2)

A report from the Trust Administrator dated 1 February 2024 was circulated for noting.

Trustees Afeaki and Harvey, and Mr Corkill reported on community events recently attended.

MOVED: (Afeaki/West) That the Trustee Meeting and Workshop Attendance report be noted.

CARRIED

T/24/01/3.3 Ongoing Status Report (Ref: 15/20/5)

A report from the Grants Manager dated 14 February 2024 was circulated for noting.

MOVED: (Afeaki/Johnston) That the Ongoing Status report be noted.

CARRIED

T/24/01/3.4 Financial & Budget Report (Ref: 20/10)

A report from the Finance Administrator for the months of November 2023, December 2023 and January 2024 was circulated.

MOVED: (Harvey/West) That the financial and budget report for the months of November 2023, December 2023 and January 2024 be adopted.

CARRIED

T/24/01/3.5 Energy Trusts of New Zealand (Ref: 5/30/15)

A report from the Trust Administrator for the month of February 2024 was circulated.

There was a brief discussion about Trustee availability for the ETNZ Autumn Conference to be held in Wellington on 9 and 10 May 2024.

MOVED: (Afeaki/Strange) That:

1. Trustees Afeaki and Chew, and the Chief Executive Officer attend the ETNZ Autumn Conference in Wellington on 9 and 10 May 2024.
2. Trustees attending the Conference be given delegated authority to decide at the Conference any matters requiring a vote.
3. Decisions made at the Conference be determined on a simple majority vote of those in attendance and eligible to vote.

CARRIED

The CEO gave a quick update on the Trust's bid to host the Spring Conference in November 2024.

T/24/01/3.6 Industry & Trust Activity Verbal Updates

The Grants Manager gave brief updates with regard to the following:

- February 2024 Quick Response grants round
- March 2024 Community Support grants round

Trustee Strange reported briefly on the recent Investment Committee meeting.

MOVED: (Afeaki/Silverton) That the verbal reports be received.

CARRIED

T/24/01/3.7 Confirmation of Minutes (Ref: 15/20/10)

The Minutes of Ordinary Meeting T/23/13 dated 12 December 2023 were circulated.

MOVED: (Afeaki/Chew) That the Minutes as circulated be confirmed as a true and correct record.

CARRIED

T/24/01/4.0 EXCLUSION OF PUBLIC

MOVED: (Afeaki/Harvey) That the public be excluded from the following parts of the proceedings of this meeting under Section 48(1) of the Local Government Official Information and Meetings Act 1987, for reasons relating to third party commercial sensitivity, on the following grounds:

1. To enable the Trust to carry out, without prejudice or disadvantage, negotiations (including commercial or industrial negotiations).
2. To protect information where the making available of the information would be likely unreasonable to prejudice the commercial position of the person/organisation who supplied or who is the subject of the information.

CARRIED

Agenda Item	General subject matter to be considered	Grounds for passing this resolution
T/24/01/5.1	2023-24 Audit Plan	Definitions 1 & 2 above
T/24/01/6.1	WEL Networks Ltd – Pricing Discussion	Definitions 1 & 2 above
T/24/01/6.2	WEL Networks Ltd – Draft SDD	Definitions 1 & 2 above
T/24/01/6.3	WEL Networks Ltd – Quarterly Report	Definition 2 above
T/24/01/7.1	Makao Investments Quarterly Report	Definitions 1 & 2 above
T/24/01/8.1	Resolution Schedule	Definitions 1 & 2 above
T/24/01/8.2	Risk Management Report	Definitions 1 & 2 above
T/24/01/8.3	Industry & Trust Activity Verbal Updates	Definitions 1 & 2 above
T/24/01/8.4	Confirmation of Minutes	Definitions 1 & 2 above

The meeting closed at 3.59pm.

Confirmed at T/24/03 on 26 March 2024 as a true and correct record.


CHAIR