

Agenda for a meeting of the Waikato District Community Wellbeing Trust to be held in the Te Piringa Boardroom, District Office, 15 Galileo Street, Ngaruawahia on **TUESDAY 10 DECEMBER 2019** commencing at **9.00am**.

1. **APOLOGIES AND LEAVE OF ABSENCE**
2. **CONFLICT OF INTEREST AND DISCLOSURES**
3. **CONFIRMATION OF MINUTES**
 Meeting held on 27 September 2019 2
4. **ACTION POINTS UPDATE**
5. **APPROVED GRANTS AND PAYMENT RECONCILIATION** 6
6. **QUARTERLY CERTIFICATE OF COMPLIANCE FOR PERIOD ENDING 30 SEPTEMBER 2019** 9
7. **FUND PERFORMANCE TO 30 SEPTEMBER 2019** 11
8. **TRANSFER OF WELLBEING TRUST FUNDS TO WAIKATO DISTRICT COUNCIL FOR THE 2018/19 FINANCIAL YEAR** 14
9. **TRUST BOARD VACANCY** 16
10. **GENERAL BUSINESS**

MINUTES of a meeting of the Community Wellbeing Trust held in the Ruru Room, District Office, 15 Galileo Street, Ngaruawahia on **FRIDAY 27 SEPTEMBER 2019** commencing at **9.34am.**

Present:

Cr J Church (Chairperson)
Ms J Muru
Ms E Bateup
Cr R McGuire

Attending:

Ms A Diaz (Chief Financial Officer)
Ms M Davis (Financial Accountant)
Ms E Wilson (Minutes)

Apologies and Leave of Absence
Agenda Item 1

THAT apologies be received from His Worship the Mayor, Mr AM Sanson.

Resolved: (Ms Bateup / Ms Muru)

CARRIED on the voices

WBT1909/1

Conflict of Interest and Disclosures
Agenda Item 2

Resolved: (Ms Bateup / Ms Muru)

THAT there were no disclosures of interest.

CARRIED on the voices

WBT1909/2

Confirmation of Minutes
Agenda Item 4

Resolved: (Cr Church / Ms Bateup)

THAT the minutes of the meeting of the Waikato District Community Wellbeing Trust held on Friday 31 May 2019 be confirmed as a true and correct record of that meeting;

AND FURTHER THAT the amended minutes of the meeting of the Waikato District Community Wellbeing Trust held on Friday 22 February 2019 be confirmed as a true and correct record of that meeting.

CARRIED on the voices

WBT1909/3

Action Points update
Agenda item 5

- Add identification of Trustees at the Triennium to Kiwiwealth – still to happen.
- Reports at the next meeting to discuss the Statement of Intent and covering the risks of having a second round of funding in December.
 - Statement of Intent will be discussed at future meeting with new Trustees.
 - Lianne to email Trustees about funding round options for non-distributed funds as well as future rounds being increased.

CARRIED on the voices

WBT 1909/4

Kiwi Wealth Limited Fund Performance to 30 June 2019
Agenda item 5

Report received via email; taken as read.

Resolved: (Ms Muru / Cr McGuire)

THAT the report from the Chief Financial Officer be received.

CARRIED on the voices

WBT1909/5

Quarterly Certificate of Compliance to 30 June 2019
Agenda Item 6

Report received via email; taken as read.

Resolved: (Cr McGuire / Cr Church)

THAT the report from the Chief Financial Officer be received.

CARRIED on the voices

WBT1909/6

Trust Deed Compliance Report
Agenda Item 7

Lateness of Report due to staff change over caused a breach from the Statement of Intent.

Resolved: (Ms Bateup / Ms Muru)

THAT the report from the Legal Counsel be received.

CARRIED on the voices

WBT1909/7

Waikato District Community Wellbeing Trust Draft Performance Report for 2018/19
Agenda Item 8

ACTION: Amend “Gareth Morgan Investments” in Report and attachment to “Kiwi Wealth”.

Noted there is an error on page 27: Capital maintenance fund and accumulated fund dollar amounts are incorrect. This will be picked up when the Draft Performance Report goes through the Audit process.

ACTION: An email will be sent to all Trustees with any changes and a copy of the Final Draft Report.

ACTION: Trustees will sign the Final Performance Report once ratified; prior to 11 October 2019.

Resolved: (Ms Muru / Cr McGuire)

THAT the report from the Chief Financial Officer be received;

AND THAT the Trust approve the Draft Performance Report for 2018/19 subject to final audit sign-off;

AND FURTHER THAT the Trustees will approve any changes to the final performance report report by email prior to sign off;

AND FURTHER THAT the Performance Report be formally ratified before 31 December 2019 at the Annual General Meeting.

CARRIED on the voices

WBT1909/7

General Business

Agenda item 9

Ms Bateup is resigning post December AGM meeting.

ACTION: Farewell morning tea to be arranged for existing Trustees at the December meeting.

Next meeting:

Week of 9 December 2019.

There being no further business the meeting was declared closed at 10.27am.

Minutes approved and confirmed this day of 2019.

Cr J Church
CHAIRPERSON

Open Meeting

To	Waikato District Community Wellbeing Trust
From	Alison Diaz Chief Financial Officer
Date	3 December 2019
Prepared by	Lianne van den Bemd Community Development Advisor
Chief Executive Approved	Y
Reference #	CVN0102/ CDR0502/ 2409416
Report Title	Approved grants and payment reconciliation December 2019

I. EXECUTIVE SUMMARY

This report provides a summary of unspent grants and details payments of completed projects grants. Status updates and Accountability Forms are attached to the report.

Unspent Grants

Organisation	Project	Amount Funded
Tuakau Youth Sport Trust	To build a new skate park in Tuakau. Stage one of the consultation phase with the Tuakau youth and community is complete. The status update will be provided by February 2020. The Trust is currently engaging with Council Staff and the Tuakau community regarding the preferred location for the Skate park.	\$17,391.30 + gst The contractor is yet to invoice Council for the completed work.
Waikato District Crime Prevention Trust	To upgrade the Huntly township existing CCTV cameras and equipment. Partial upgrade work has been completed for Ngaruawahia and Tuakau. Council continues to work closely with the Trust. Status update complete.	\$30,000.00 \$25,000.00

Scout Association of New Zealand: Camp Waingaro	<p>On behalf of “Scout Association of New Zealand: Camp Waingaro” I advise that the Camp Waingaro Committee has not been able to take up the District Council Trust’s offer of a grant. I am sure that at some future stage we will be able to make a similar application, and look forward to doing business with you at that point.</p> <p>Yours faithfully Barry Barton</p>	<p>\$5,500.00</p> <p>The unspent grant is no longer required</p>
David Johnstone Pukemokemoke Trust	<p>Towards two composting toilets, of which the Pukemokemoke Trust are contributing \$12,000 themselves to complete the composting toilet component of the project.</p> <p>The project is due to commence early 2020. Project accountability will be filed once completed.</p>	<p>\$8,000.00</p>
Glen Afton/ Pukemiro Communities Society Inc.	<p>Peggy Molleman has advised the first instalment of \$10,000 paid to Terra firma has partially completed the foundation work at the memorial site.</p> <p>A Status update has been requested from the Society. We hope to have this before the December 10 meeting. The remaining \$10,000 has not yet been paid.</p>	<p>\$20,000.00</p>

Project Accountability Forms

The following groups have completed their respective projects.

Organisation	Project	Amount Funded
Raglan Community Arts Council	<p>To build a new theatre and clay shed on the Old School site in Raglan.</p> <p>Project Completed.</p> <p>The accountability documentation will be provided to the Wellbeing Trust at its February meeting.</p>	<p>\$20,000.00</p> <p>Invoice paid</p>

2. RECOMMENDATION

THAT the report from the **Chief Financial Officer** be received.

3. ATTACHMENTS

1. Unspent Grants

Waikato District Crime Prevention Trust

Open Meeting

To	Waikato District Community Wellbeing Trust
From	A Diaz Chief Financial Officer
Date	11 November 2019
Chief Executive Approved	Y
Reference #	CVN0102/ 2410306
Report Title	Quarterly Certificate of Compliance for period ending 30 September 2019

1. EXECUTIVE SUMMARY

The Waikato District Community Wellbeing Trust's ("Wellbeing Trust") Statement of Intent requires the Trustees to consider certain compliance obligations. These obligations are considered by the Trustees at each meeting from performance reporting and associated discussion.

This report provides a quarterly certificate of compliance using the information that has been considered by the Trustees since the commencement of this financial year.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

3. ATTACHMENTS

Quarterly Certificate of Compliance for period ending 30 September 2019

Waikato District Community Wellbeing Trust
Quarterly Certificate of Compliance
for period ending 30 September 2019

	Actual	Per Policy
Benchmark Portfolio (fixed interest : equities)	45 : 55	>45 : <55
Cap on value of single investments	Compliant	<7.5%
Grant distribution limit as % of net income after inflation	Compliant	<50%
Grant distribution cap as a % of capital	Compliant	<10%
Review of investment mandate (within last year)	Yes – at February 2019 meeting	Annual
Applicant accountability reports received	Yes	Required upon completion of project

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Chairperson

Open Meeting

To	Waikato District Community Wellbeing Trust
From	A Diaz Chief Financial Officer
Date	11 November 2019
Chief Executive Approved	Y
Reference #	CNV0102/ 2410307
Report Title	Kiwi Wealth Limited Fund Performance to 30 September 2019

I. EXECUTIVE SUMMARY

The investment fund performance for the quarter ended 30 September 2019 was 3% against a benchmark performance of 2.7%. The total return since inception after tax, brokerage and fees is 95.4% or 9.1% on an annualised basis.

The result for the month of September provides a return of 0.6% against a benchmark performance of 1.2%. The Trust's cash and core stock investments were both lower than the benchmark. The core stock decline was due to what is termed a momentum crash which is effectively a corrective drop in "hot stocks", in our case the Global Thematic fund.

The Trustees are familiar with the fact that the investment objectives and investment portfolio do assume that the performance for some months may be negative, a long term view of the fund needs to be taken.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

3. ATTACHMENTS

Kiwi Wealth Limited Fund Performance to 30 September 2019

Waikato District Community Wellbeing Trust

Investment Mandate

This is a balanced portfolio split 45/55 fixed interest/growth shares investments

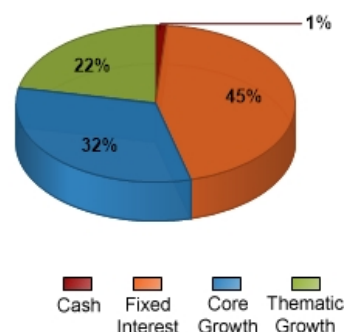
This mandate was last reviewed on 26 February 2019.

Asset Class	Ultimate Allocation	Target NZD Exposure
Cash	0.0%	
Fixed Interest	45.0%	100.0%
Core Growth	27.5%	50.0%
Thematic Growth	27.5%	50.0%
Total	100.0%	

Portfolio Position

As at 30 September 2019, the total value of your investment portfolio is \$4,332,750. Your net contributions since inception in January 2012 have totalled \$2,063,333 (\$2,514,366 deposits less \$451,032 withdrawals).

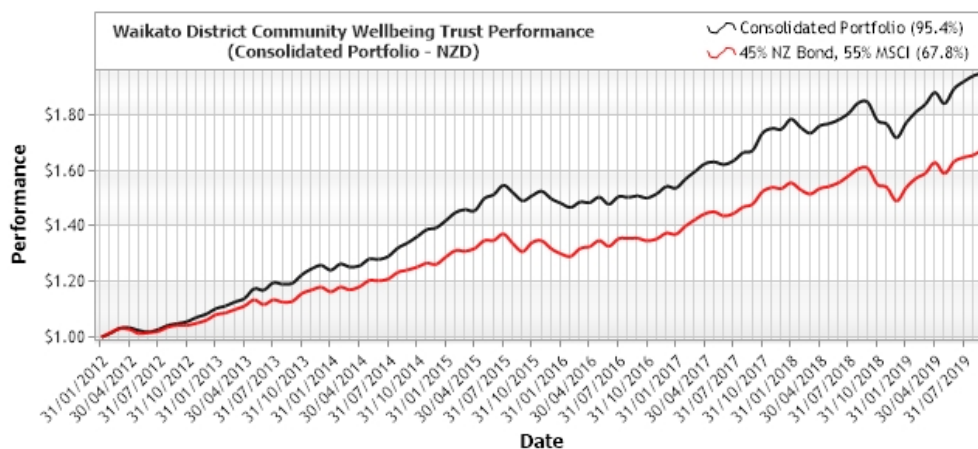
Asset Class	Actual Value	Actual Allocation
Cash	\$55,182	1.3%
Fixed Interest	\$1,936,243	44.7%
Core Growth	\$1,397,122	32.2%
Thematic Growth	\$944,203	21.8%
Total	\$4,332,750	100.0%



Portfolio Performance

The Growth Fund returned 1.23% after tax and fees in September, 1.06% behind the MSCI All Country benchmark. The main detractor was the Global Thematic fund which had been performing strongly for the year, but naturally had greater exposure to the momentum selloff. Alternatives also gave back returns from the previous month, while other strategies finished close to benchmark.

The Kiwi Wealth Fixed Income PIE returned -0.09% in September matching its benchmark. The return was flat due to higher market interest rates and therefore bond price declines. On a relative basis to the benchmark, shorter duration (lower bond sensitivity to higher rates) and strength in company bonds was offset by our position in US treasury bonds which lagged NZ government bonds mostly due to month end timing issues.



Your return for the month of September was 0.6% against a benchmark of 1.2%. Your net contributions since 31 January 2012 have totalled \$2,063,333 (\$2,514,366 deposits less \$451,032 withdrawals). As of 30 September 2019 the total value of your portfolio is \$4,332,750. This is a simple return of 110.0%. The total return on each dollar invested at inception is 95.4% (after withholding tax, brokerage, and fees), or 9.1% p.a. on an annualised basis.

	13 Loss/Gain				
	Last Month	Last 3 Months	Last 12 Months	Since Inception	Annualised
Consolidated Portfolio Inception date (31/01/2012)	0.6%	3.0%	5.8%	95.4%	9.1%
45% NZ Bond, 55% MSCI	1.2%	2.7%	4.2%	67.8%	7.0%
Cash Inception date (31/01/2012)	0.1%	0.4%	13.2%	39.3%	4.4%
45% NZ Bond, 55% MSCI	1.2%	2.7%	4.2%	67.8%	7.0%
Fixed Interest Inception date (31/01/2012)	-0.1%	2.4%	8.2%	56.5%	6.0%
100% NZ Bond	-0.1%	1.8%	6.0%	24.5%	2.9%
Core Stocks Inception date (31/01/2012)	1.2%	3.8%	4.8%	129.4%	11.4%
MSCI	2.3%	3.4%	2.3%	110.9%	10.2%

Investment Strategy

Market Review

Global markets edged up slightly for the month ended September, with the MSCI All Country World Index (MSCI ACWI) gaining 2.3% in local US dollar terms. Global bonds declined marginally from elevated market interest rates. WTI crude oil rallied off the back of the Saudi refinery bombings but most of the gains had faded by the close of the month.

Portfolio Changes

We made a number of adjustments to the Thematic portfolio in September, adding to some stocks that were sold off indiscriminately during the style rotation (such as **Yum! Brands** and **Nestle**), boosting our exposure to defensive utility names that should do well in a slowing economy (**NextEra Energy** and **Sempra Energy**), and further trimming our exposure to health care companies that are likely to be in the line of fire during the long build-up to 2020's US presidential election. In Global Quantitative, our top-down macro positioning continues to favour the US and Europe, focussing on those companies with attractive metrics across valuations, earnings quality, capital efficiency, sentiment and sustainability. Over the month, we've increased our allocation to Communications Services (**Activision Blizzard**, **NTT DoCoMo**) while trimming Energy (**Valero**, **Patterson UTI**) and Consumer Discretionary (**Starbucks**, **Home Depot**). Technology and Consumer Staples remain our favoured sectors. Alternatives are currently adding about 2.5% to our equity exposure, bringing total equity exposure across the portfolio to a little under 96%.

For Fixed Interest, caution continues to be our watchword given the economic environment. There clearly will be a better time to buy company bonds and we spend a lot of our time discovering those opportunities which we will buy when the time is right. With that in mind, we purchased bonds issues by **L-Bank**, the regional development bank of Baden-Wurttemberg (AAA), **Housing New Zealand** (AA+), **Local Government Funding Authority LGFA** (AA+) and **Transpower** (AA). We also bought **Kiwibank's** (A) new 5-year maturity bond which came at an attractive rate relative to the Aussie banks.

Open Meeting

To	Waikato District Community Wellbeing Trust
From	Alison Diaz Chief Financial Officer
Date	29 November 2019
Chief Executive Approved	Y
Reference #	CVN0102/ 2410304
Report Title	Transfer of Wellbeing Trust funds to Waikato District Council for the 2018/19 financial year

I. EXECUTIVE SUMMARY

Payments during the year are processed by Waikato District Council on behalf of the Trust with a resolution supporting reimbursement approved annually.

The attached workings support a transfer of \$134,776.43 for the 2018/19 financial year

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received;

AND THAT the Waikato District Community Wellbeing Trust approves a payment of \$134,776.43 from the Trust's investment portfolio account to reimburse Waikato District Council for 2018/19 expenditure on behalf of the Trust.

3. ATTACHMENTS

Workings to support payment

**Payments made by Waikato District Council
On behalf of Waikato District Community Wellbeing Trust
Year ended 30 June 2019**

Grants	118,217.76
Audit fees & disbursements	15,357.56
Charities annual return fee	51.11
Insurance premiums	1,150.00
Total to be reimbursed	<u>\$134,776.43</u>

Open Meeting

To	Waikato District Community Wellbeing Trust
From	Alison Diaz Chief Financial Officer
Date	2 December 2019
Chief Executive Approved	Y
Reference #	CVN0102/ 2410301
Report Title	Trust Board vacancy

I. EXECUTIVE SUMMARY

After many years of service, Eileen Bateup has decided to step down from her role as an externally appointed trustee.

In accordance with section 5.5 of the Trust Deed, a vacancy should be filled as soon as reasonably practicable. The Strategy & Finance Committee as a full committee of Waikato District Council holds overall responsibility for the appointment of the external members of the Trust Board. The earliest opportunity to make an appointment would be at the 5 February 2020 meeting of the Strategy & Finance Committee, should an appropriate replacement be able to be found over the December/January period.

In order for the business of the Trust to continue without interruption regular quorum rules will need to apply. Clause 6.5 of the Trust Deed determines a quorum as being “not less than a majority in the number of Trustees.” This requires a minimum of three trustees to be in attendance at Trust Board meetings. While it is therefore unlikely that any delay in making an appointment will affect Trust operations, it should be noted that external trustees enhance the operation and decision-making of the Trust.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received;

AND THAT the Waikato District Community Wellbeing Trust advises the Waikato District Council of the vacancy on the Trust Board.

3. ATTACHMENTS

Nil