

Committee: Council Controlled Organisations Subcommittee

Date: 06 April 2016

Report Name: Vibrant Hamilton Trust - Chairperson's Six Month Report to 31 December 2015

Author: Ian Loiterton

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Monitoring the performance of CCOs</i>
Financial status	<i>Not applicable</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

- To present the Chairperson's Six Month Report to 31 December 2015 for the Vibrant Hamilton Trust.

3. Recommendation from Management

That the Report be received.

4. Attachments

- Attachment 1 - Chairperson's Six Month Report to 31 December 2015 for the Vibrant Hamilton Trust

Signatory

Authoriser	Jude Pani, Democracy Manager
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31 March 2016

Richard Briggs
Chief Executive
Hamilton City Council

Dear Richard

Chairperson's Report for the Six months to 31 December 2015

1. This report outlines the operations and results of the Vibrant Hamilton Trust for the six months to 31 December 2015.
2. Based on the information provided to the Trust:
 - 2.1. The Trust made a deficit of \$453,890 for the six months which was mainly due to a decrease in the value of unrealised gains of \$356,815;
 - 2.2. Since 1 July 2015 the Trustees approved and distributed \$375,000 grants against an annual budget of \$300,000. The grants were used to fund four projects managed by Hamilton City Council;
 - 2.3. The Statement of cash flows for the six months ended 31 December 2015 shows that fixed interest securities and stocks reduced by \$84,573 to cover the negative cash flows from operating activities;
 - 2.4. The total value of the GMI investment portfolio as at 31 December 2015 was \$6,164,031, which is an increase of \$3,908,821 since 31 January 2012. This is a simple return of 57.7%. The total return on each dollar invested at inception is 47.9% (after tax and fees) or 10.7% p.a. on an annualised basis;
 - 2.5. The return for the month of December was -1.8% against a benchmark of -2.1%;
 - 2.6. Market review:
 - Global shares fell 1.8% in US dollar terms during December;
 - Global shares declined by 5.5% when measured in NZ dollar terms due to the appreciation of the Kiwi dollar; and
 - The Reserve Bank of New Zealand lowered the Official Cash Rate by 25 basis points to 2.5%.

- 2.7. The Trustees are cognisant of the current uncertainties in international markets. However, the Trustees are also confident that:
- The Trust has established a sound investment mandate with the fund manager, GMI Investments; and
 - The Trust has allocated appropriate reserves and to ensure grants can continue to be made, notwithstanding market volatility.
- 2.8. The proposed Statement of Intent for the Vibrant Hamilton Trust is also attached. The Trust welcomes feedback from Council on this, and/or on the Trust's operations.
- 2.9. The Trustees are also looking forward to feedback from HCC on the Trustees' proposed revisions to the Trust Deed.

Yours sincerely

Thomas Gibbons
Chairperson
Vibrant Hamilton Trust

Malcolm Brooker
Deputy Chairperson
Vibrant Hamilton Trust

Attached:

1. Statement of financial performance
2. Statement of cash flows
3. Investment portfolio position
4. Investment strategy

Vibrant Hamilton Trust			
Statement of financial performance			
for the six months ended 31 December 2015			
	Actual 2016 (6 months)	Budget 2016 (12 months)	Actual 2015 (6 months)
Revenue			
Dividend revenue	40,576	152,736	31,636
Interest revenue	10,452	38,184	88,773
Other income	2,326		
Realised gains on investments	251,462	311,836	174,827
Unrealised gains on investments (movement)	(356,815)		225,825
Total revenue	(51,998)	502,756	521,061
Expenses			
Audit fees	3,700	7,476	3,600
Management fees - Gareth Morgan Investments	17,352	37,548	16,671
Other expenses	5,840	8,100	4,051
Unrealised losses on investments			
Grants distributed	375,000	300,000	
Total expenses	401,892	353,124	24,322
Surplus/(deficit) for the period	(453,890)	149,632	496,739
Vibrant Hamilton Trust			
Statement of financial position			
as at 31 December 2015			
	Actual 2016	Budget 2016	Actual 2015
Assets			
Current assets			
Bank account and cash	362,761	300,000	381,845
Other financial assets	5,801,270	6,211,879	5,797,551
Total current assets	6,164,031	6,511,879	6,179,396
Total assets	6,164,031	6,511,879	6,179,396
Liabilities			
Current liabilities			
Creditors and accrued expenses	27,538	15,576	10,300
Grants payable			100,000
Total current liabilities	27,538	15,576	110,300
Total liabilities	27,538	15,576	110,300
Total assets less total liabilities	6,136,492	6,496,303	6,069,096
Trust equity			
Contributed capital	4,169,850	4,169,850	4,169,850
Accumulated surpluses/(deficits)	1,966,642	2,326,453	1,899,246
Total Trust equity	6,136,492	6,496,303	6,069,096

Vibrant Hamilton Trust			
Statement of cashflows			
for the six months ended 31 December 2015			
	Actual 2016 (6 months)	Budget 2016 (12 months)	Actual 2015 (6 months)
Cash flows from operating activities			
Interest and dividends	51,029	190,920	120,409
Realised gains on investments	251,462	311,836	174,827
Other income	2,326		
Payments to suppliers	(17,352)	(54,877)	(31,763)
Grants paid	(375,000)	(300,000)	
Net cash flows from operating activities	(87,535)	147,879	263,473
Cash flows from investing and financing activities			
Payments to acquire investments	84,573	(147,879)	(249,797)
Net cash flow from investing and financing activities	84,573	(147,879)	(249,797)
Net increase/(decrease) in cash for the year	(2,962)		13,676
Add opening bank accounts and cash	365,723	300,000	368,169
Closing bank accounts and cash	362,761	300,000	381,845



December 2015

Vibrant Hamilton Trust

Investment Mandate

This is a balanced portfolio split 45/55 fixed interest/growth shares investments. That mix reflects the purpose of the portfolio, which is to enable regular drawings of 4% pa as required, as well protect the capital over the longer term.

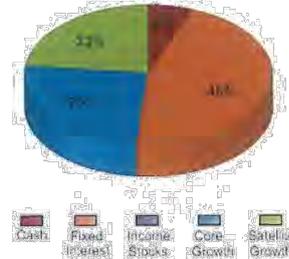
This mandate was last reviewed on 26 June 2015.

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

Portfolio Position

As at 31 December 2015, the total value of your investment portfolio is \$6,164,031. Your net contributions since inception in February 2012 have totalled \$3,908,821 (\$4,669,214 deposits less \$760,393 withdrawals).

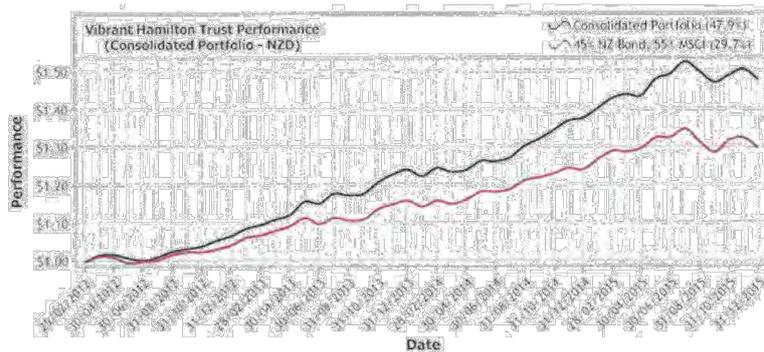
Asset Class	Actual value	Actual Allocation
Cash	\$362,761	5.9%
Fixed Interest	\$2,814,172	45.7%
Income Stocks	\$0	0.0%
Core Growth	\$1,557,335	25.3%
Satellite Growth	\$1,429,763	23.2%
Total	\$6,164,031	100.0%



Portfolio Performance

GMI Growth portfolios declined 2.6% on average, and outperformed the benchmark which fell 3.8%. Satellite outperformed the benchmark strongly, whilst Core was in line. There was a small positive contribution from being underweight in shares in a falling market but this was offset by losses on our hedge positions.

GMI Fixed interest portfolios declined 0.2% on average before tax and fees, underperforming the NZ Government Bond Index, which was flat. Most of the underperformance came from wider spreads in company bonds.



Your return for the month of December was -1.8% against a benchmark of -2.1%. Your net contributions since 29 February 2012 have totalled \$3,908,821 (\$4,669,214 deposits less \$760,393 withdrawals). As of 31 December 2015 the total value of your portfolio is \$6,164,031. This is a simple return of 57.7%. The total return on each dollar invested at inception is 47.9% (after withholding tax, brokerage, and fees), or 10.7% p.a. on an annualised basis.

	Loss/Gain				
	Last Month	Last 3 Months	Last 12 Months	Since Inception	Annualised
Consolidated Portfolio					
Inception date (29/02/2012)	-1.8%	0.5%	7.4%	47.9%	10.7%
45% NZ Bond, 55% MSCI	-2.1%	0.7%	4.4%	29.7%	7.0%
Cash					
Inception date (29/02/2012)	0.1%	0.5%	4.4%	12.1%	3.0%
45% NZ Bond, 55% MSCI	-2.1%	0.7%	4.4%	29.7%	7.0%
Fixed Interest					
Inception date (29/02/2012)	-0.2%	0.3%	4.6%	26.7%	6.4%
100% NZ Bond	0.0%	-0.3%	3.3%	10.2%	2.6%
Core Stocks					
Inception date (29/02/2012)	-4.1%	1.4%	7.0%	60.4%	13.1%
MSCI	-3.8%	1.5%	5.1%	47.3%	10.6%
Satellite Stocks					
Inception date (29/02/2012)	-2.6%	0.7%	16.0%	105.5%	20.6%
MSCI	-3.8%	1.5%	5.1%	47.3%	10.6%

Investment Strategy

Market Review

It was a subdued end to the year for global shares which fell 1.8% in US dollar terms during December. The lower appetite for shares was due to a combination of factors including continued falls in commodity prices and more lacklustre economic data in China. Global shares declined by 5.5% when measured in NZ dollar terms, due to the appreciation in the Kiwi dollar.

Near zero interest rates in the US ended with the first US Federal Reserve (Fed) rate hike since 2006. The interest rate on a US 10 year government bond rose marginally to 2.29% with the equivalent NZ 10 year at 3.5%. The Reserve Bank of New Zealand moved in the opposite direction to the Fed, lowering the Official Cash Rate (OCR) by 25 basis points to 2.5%, and indicating there will be no further rate cuts in the immediate future.

Portfolio Changes

GMI Growth portfolios are around 87% invested in shares. Additionally the GMI Growth PIE holds just under 3% in the GMO Systematic Global Macro Fund. The GMO strategy is a systematic quantitative strategy across highly liquid global futures and foreign exchange markets. We expect the Fund to perform at least as well as our own benchmark but for the performance to be relatively uncorrelated to key assets in which we invest. We were slightly underweight NZ dollars in early December but closed this position back to benchmark (50% NZ exposure) mid-month.

We continue to position fixed interest portfolios with shorter maturities. In December we added 5 year bonds of Oracle (rated AA-) and McDonalds (BBB+) in US dollars, and 3 year Aussie denominated bonds in Ford Motor Credit (BBB-). We sold out of Telstra (A) and Watercare (AA-) taking advantage of very tight credit spreads in NZ relative to the rest of the world.

Committee: Council Controlled
Organisations Subcommittee

Date: 06 April 2016

Report Name: Vibrant Hamilton Trust - Draft
Statement of Intent 2016/17
and Half Year Report to 31
December 2015

Author: Brett Brinkworth

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Monitoring the performance of CCOs</i>
Financial status	<i>Not applicable</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

- To present the Vibrant Hamilton Trust Draft Statement of Intent 2016/17 and Half Year Report to 31 December 2015.

3. Executive Summary

4. Statement of Intent 2016/17

- Trustees have forecast a distribution of grants of at least \$300k for the 2016/17 year.
- Surpluses of between \$173k and \$185k are forecast for the 2017 to 2019 period of the Statement of Intent.
- See Attachment 1 for the Draft Statement of Intent in full.

8. Half Year Report to 31 December 2015

- A deficit of \$454k compared with a budgeted surplus of \$150k was achieved for the six month period. This was a \$604k unfavourable result due to adverse movement of investment values, lower dividend revenue and additional grants distributed.
- Despite lower revenue in the short term, forecast distributions remain unchanged given the substantial investment returns achieved over recent years.
- See Attachment 2 for full results in the Half Year Report.

Recommendations from Management

That:

- a) the Report be received, and
- b) Council provides a written response to the Vibrant Hamilton Trust advising that the CCO Subcommittee approves the Draft Statement of Intent 2016/17 with no amendments.

12. Attachments

13. Attachment 1 - VHT - Draft Statement of Intent 2016/17
14. Attachment 2 - VHT - Half Year Report to 31 December 2015
15. Attachment 3 - VHT - Letter of Expectation

Signatory

Authoriser	David Bryant, General Manager Corporate
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STATEMENT OF INTENT (DRAFT)

VIBRANT HAMILTON TRUST

for the year ended 30 June 2017

This Statement of Intent (SOI) is presented by Vibrant Hamilton Trust (VHT) as required by Section 64(1) of the Local Government Act 2002.

The SOI forms the basis for the accountability of the Trustees of Vibrant Hamilton Trust to Hamilton City Council, and sets out the objectives, scope of activities undertaken, and performance targets by which Vibrant Hamilton Trust will be measured.

The purpose of this SOI is to provide accountability and transparency by outlining the activities and intentions of this Council Controlled Organisation (CCO) and the objectives of our activities for the year.

This SOI covers the year ended 30 June 2017 and includes the forecast financial statements for the following two years 2018 and 2019.

Thomas Gibbons
Chair
12 February 2016



INTRODUCTION

Vibrant Hamilton Trust was established as a CCO in accordance with section 64(1) of the Local Government Act 2002.

It is a legal entity incorporated under the Charitable Trusts Act 1957.

The Waikato Foundation Trust resolved in 2010 to make distributions to Vibrant Hamilton Trust (65%) and The Waikato District Wellbeing Trust Board (35%).

Vibrant Hamilton Trust received a \$4.671 million distribution from Waikato Foundation Trust on 31 January 2012. The Waikato Foundation Trust was subsequently wound up.

Vibrant Hamilton Trust approved grants totalling \$375,000 in 2015/16 for the following projects:

- *Hamilton Gardens Development Project (\$200,000)*
- *Dominion Park Destination Playground (\$100,000)*
- *Bike Hamilton (\$50,000)*

- *Alexandra/Collingwood Laneway Development Project (\$25,000)*

Applications must be projects that support Hamilton's City vision and strategic aspirations, in particular, sustainable, well planned projects for the well-being of people and the environment now and in the future.

Grants are distributed based on charitable purposes (and in line with the Trust Deed).



PURPOSE

PURPOSE OF THE TRUST

In addition to the statutory objective as stated in section 59 of the Local Government Act 2002, the objectives of the Trust as outlined in clause 3 (3.1) of the Trust Deed are:

1. Promote the social, economic, environmental and cultural wellbeing of the City of Hamilton and its communities, and/or
2. Relieve poverty through sustainable policies and practices, and/or
3. Advance education in the City of Hamilton, particularly to promote and advance economic standards for the benefit of the public generally, and/or
4. Deliver on the strategic aspirations of Hamilton City as identified by the community from time to time and endorsed by the Hamilton City Council.

These purposes, objectives and activities will be monitored to ensure that they are charitable and in accordance with the law.

ACTIVITIES

- *Governance*
- *Investment*
- *Grant Disbursement*

SCOPE OF ACTIVITIES



GOVERNANCE

The Trust will be governed in accordance with the terms of the Trust Deed.

Objective

- To comply with the terms of the Trust Deed and in particular with the duties of the Trust Board as set out in clause 11 of the Deed.

Performance measure

- Trust membership obligations are fulfilled in accordance with clause 5 of the Trust Deed.

INVESTMENT

The Trust will, in accordance with the Trust Deed, invest or reinvest part or parts of the Trust Fund not immediately required for the purposes of the Trust (whether income or capital) in investments or securities, as the Trust Board considers beneficial to the Trust Fund.

Objective

- To adhere to the Trust's Management of Share Portfolio and Distribution Policy.
- To review on an annual basis the investment mandate with the portfolio manager and the performance of the portfolio manager.

Performance measure

- The performance of investments is monitored by receiving and considering portfolio reports and financial information, on at least a quarterly basis.
- The investment mandate is monitored to ensure the investment portfolio reflects the risk tolerance, investment time zone and drawings requirement of the Trust.
- The performance of the portfolio manager is found satisfactory.

GRANT DISBURSEMENT

The Trust will, as appropriate, fund projects that meet the Trust's criteria and the Objects of the Trust Deed.

Objective

- To distribute grants totalling a minimum of \$300,000 for 2016/2017 in accordance with the Management of Share Portfolio and Distribution Policy.

Performance measure

- A process is undertaken that distributes the annual fund to eligible recipients who meet the fund criteria. Any distributions are determined by the Trustees in their sole discretion in accordance with the Trust Deed and the law.
- As a minimum, six-monthly reports are received from all successful applicants within the required timeframe.

FINANCIAL STATEMENTS

The budgeted/forecast financial statements for the years 2016 to 2019 are shown below. For comparative purposes, we have disclosed the original budget for 2016 (i.e. the approved SOI for 2016) and the revised forecast for 2016 (which incorporates the audited results for 2015 and more recent information on the portfolio performance).

Vibrant Hamilton Trust
Statement of financial performance
Forecast for the year ended 30 June

	Note	Revised forecast 2016 \$	Budget 2016 \$	Budget 2017 \$	Forecast 2018 \$	Forecast 2019 \$
Revenue						
Interest and dividend revenue	2	198,251	190,290	200,898	200,575	205,768
Increase in value of investment	2	323,811	311,836	328,134	327,605	336,087
Total revenue		522,062	502,756	529,032	528,180	541,855
Expenses						
Management fee	3	38,989	37,548	39,510	39,446	40,468
Audit fee	3	7,393	7,476	7,541	7,692	7,846
Other expenses	3	9,940	8,100	8,100	8,100	8,100
Grants distributed	4	375,000	300,000	300,000	300,000	300,000
Total expenses		431,322	353,124	355,151	355,238	356,414
Surplus/(deficit) for the year		90,740	149,632	173,881	172,942	185,441

Vibrant Hamilton Trust
Statement of financial position
Forecast as at 30 June

	Note	Revised forecast 2016 \$	Budget 2016 \$	Budget 2017 \$	Forecast 2018 \$	Forecast 2019 \$
Assets						
Current assets						
Bank account and cash	5	290,723	300,000	300,000	300,000	300,000
Other financial assets	6	6,405,892	6,211,879	6,385,825	6,558,918	6,744,513
Total current assets		6,696,615	6,511,879	6,685,825	6,858,918	7,044,513
Total assets		6,696,615	6,511,879	6,685,825	6,858,918	7,044,513
Liabilities						
Current liabilities						
Creditors and accrued expenses		15,493	15,576	15,641	15,792	15,946
Grants payable		0	0	0	0	0
Total current liabilities		15,493	15,576	15,641	15,792	15,946
Total liabilities		15,493	15,576	15,641	15,792	15,946
Total assets less total liabilities		6,681,122	6,496,303	6,670,184	6,843,126	7,028,567
Trust equity						
Contributed capital		4,169,850	4,169,850	4,169,850	4,169,850	4,169,850
Accumulated surpluses/(deficits)		2,511,272	2,326,453	2,500,334	2,673,276	2,858,717
Total Trust equity		6,681,122	6,496,303	6,670,184	6,843,126	7,028,567

Vibrant Hamilton Trust
Statement of cashflows
forecast for the year ended 30 June

	Revised				
	Forecast	Budget	Budget	Forecast	Forecast
	2016	2016	2017	2018	2019
Cash flows from operating activities					
Interest and dividends	198,251	190,920	200,898	200,575	205,768
Realised gains on investments	323,811	311,836	328,134	327,605	336,087
Payments to suppliers	(56,322)	(54,877)	(53,003)	(55,087)	(56,260)
Grants paid	(375,000)	(300,000)	(300,000)	(300,000)	(300,000)
Net cash flow from operating activities	90,740	147,879	176,029	173,093	185,595
Cash flows from investing and financing activities					
Payments to acquire investments	(165,740)	(147,879)	(176,029)	(173,093)	(185,595)
Net cash flow from investing and financing activities	(165,740)	(147,879)	(176,029)	(173,093)	(185,595)
Net increase/(decrease) in cash for the year	(75,000)	0	0	0	0
Add opening bank accounts and cash	365,723	300,000	300,000	300,000	300,000
Closing bank accounts and cash	290,723	300,000	300,000	300,000	300,000

Vibrant Hamilton Trust
Notes to the financial statements
Forecast for the year ended 30 June 2017-2019

1. Statement of accounting policies

Reporting entity

Vibrant Hamilton Trust (the "Trust") is controlled by Hamilton City Council and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002, by virtue of Hamilton City Council's right to appoint the Board of Trustees.

The Trust was incorporated on 24 August 2010 under the Charitable Trusts Act 1957 and is domiciled in New Zealand. The Trust was registered in accordance with the Charities Act 2005 on 1 November 2010 to give it charitable status.

The principal activities of the Trust are to promote the social, economic, environmental and cultural well-being of the City of Hamilton and its communities. Accordingly the Trust is designated as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The Trust commenced trading when the initial capital was received from on 31 January 2012, resulting from the transfer of 65% of funds previously held by Waikato Foundation Trust.

The budget/forecast financial statements of the Trust are for the year ended 30 June 2017-2019 and were authorised for issue by the Trustees on 12 February 2016.

Basis of preparation

The Board has elected to apply PBE-SFR-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

Goods and services tax

The Trust is not registered for GST. All amounts in the financial statements are recorded inclusive of GST.

Significant Accounting Policies

• Interest revenue

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Trust reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

• Dividend revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Grant expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Trust has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Board and the approval has been communicated to the applicant.

Realised gains/(losses) on investments

Realised gains/(losses) on investment portfolio managed by GMI

Unrealised gains/(losses) on investments

Unrealised gains/(losses) on investment portfolio managed by GMI

Foreign currency transactions

Foreign currency transactions are translated into New Zealand Dollars (the functional currency) using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Bank accounts and cash

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within interest bearing liabilities in current liabilities on the balance sheet.

Debtors and other receivables

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

Financial assets

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

Income Tax

The Trust has charitable status and is exempt from income tax.

Budget figures

The budget figures are derived from the Statement of intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with Tier 3 standards, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Equity

Equity is measured as the difference between total assets and total liabilities.

Accumulated funds are defined as the aggregated surplus/deficit for each financial year.

Changes in accounting policies and transition to the new PBE SFR-A (PS) standard

This is the first Statement of intent using the new PBE SFR-A (PS) standard.

The forecast assumptions for 2017 to 2019 are summarised below.

Forecast assumptions 2017-2019:

2. GMI have estimated an average return on the portfolio of 7.9% per annum, before deducting management fees, over the next three years.

Interest and dividend revenue has been based on an average rate of return of 3.0% of the previous year's closing portfolio balance per annum.

3. Expenses:

- Audit fees: base of \$7,393 for 2016 plus an increment of 2% per annum thereafter
- Accounting and administration fee is fixed at \$8,000 per annum
- GMI management fee is based on an average rate of 0.59% of the previous year's closing portfolio balance per annum.

4. Value of grants distributed \$300,000 per annum.

5. Maintain cash balance of \$300,000 to provide liquidity to the Trust.

6. Investments comprise fixed interest securities and shares.
Net operating surpluses are reinvested to investments.

7. Ratios:

The Local Government Act 2002 requires the Statement of Intent to include the projected ratio of equity to total assets.

Year	Ratio %
2017	99.77%
2018	99.77%
2019	99.77%

8. Reports to be provided to Hamilton City Council

- The audited financial statements for the year ended 30 June 2017, including a summary of how the Trust has performed against its objectives and performance targets, within three months of year-end i.e. 30 September 2017.
- Report for the six months ended 31 December 2016 by 28 February 2017
- Draft Statement of Intent for 2017/2018 by 28 February 2017.
- Final Statement of Intent for 2017/18 by 30 June 2017.

Vibrant Hamilton Trust
Performance measures for 2016/2017

Performance measure	How measured/by whom	Timeframe
1. Trust Deed review to be completed and implemented.	Review is completed.	<ul style="list-style-type: none"> No later than June 2016 subject to Council comments.
2. Ensure all Trustees are appointed in accordance with section 5 of the Trust Deed.		<ul style="list-style-type: none"> Within five months of completing Trust Deed review.
3. Trust funds are prudently invested.	<ul style="list-style-type: none"> Funds are invested according to the Trust's Investment Policy. Trustees to review annually the investment mandate for VHT with GMI's Portfolio Manager for the next financial year. 	<ul style="list-style-type: none"> Annual review with Portfolio Manager to be completed in August/September.
4. Investment portfolio to be monitored to ensure it meets the risk tolerance, investment time zone and drawings requirements of the Trust.	<ul style="list-style-type: none"> Trustees to receive and consider investment portfolio reports and financial information 	<ul style="list-style-type: none"> Most recent monthly GMI report received prior to VHT meeting.
5. Provide funding for projects that support Hamilton City Council's vision and strategic aspirations, in particular, sustainable, well planned projects for the well-being of people and the environment now and in the future.	<ul style="list-style-type: none"> Funding applications must demonstrate that they meet the Trust's core objective of 'promoting the social, environmental and cultural wellbeing of the Waikato District and its communities'. Six monthly review of previous funding. 	<ul style="list-style-type: none"> Each funding round. February and September
6. Ensure audit issues raised in the Management Letter are actioned.	<ul style="list-style-type: none"> Council staff to address any audit issues. 	Any response/action to be approved by Trustees at first meeting after Management Letter is received.

Financial Performance Targets:

	Budget 2017 \$	Forecast 2018 \$	Forecast 2019 \$
Surplus/(deficit) for the year before grants distributed	473,881	472,942	485,441
Grants distributed	300,000	300,000	300,000
Projected Portfolio Balance	6,685,825	6,858,918	7,044,513

VIBRANT HAMILTON TRUST

MEMO

To:	Trustees of Vibrant Hamilton Trust	
From:	Finance Unit of Hamilton City Council	
Subject:	Vibrant Hamilton Trust - Half Year Report 31 December 2015	
Meeting Date:	12 February 2016	File:

1. Purpose of the Report

- To present the Half Year Report for the six months ended 31 December 2015.

3. Executive Summary

- The attached Half Year Report for the six months ended 31 December 2015 has not been audited.
- The Trust made a deficit of \$453,890 for the six months which was mainly attributable to a decrease in the value of unrealised gains of \$356,815.
- Since 1 July 2015 the Trustees approved and distributed \$375,000 grants against an annual budget of \$300,000. The grants were used to fund four projects managed by Hamilton City Council.
- The Statement of cash flows for the six months ended 31 December 2015 shows that fixed interest securities and stocks reduced by \$84,573 to cover the negative cash flows from operating activities.
- The total value of the GMI investment portfolio as at 31 December 2015 was \$6,164,031, which is an increase of \$3,908,821 since 31 January 2012. This is a simple return of 57.7%. The total return on each dollar invested at inception is 47.9% (after tax and fees) or 10.7% p.a. on an annualised basis.
- The return for the month of December was -1.8% against a benchmark of -2.1%.
- Market review
 - Global shares fell 1.8% in US dollar terms during December.
 - Global shares declined by 5.5% when measured in NZ dollar terms due to the appreciation of the Kiwi dollar.
 - The Reserve Bank of New Zealand lowered the Official Cash Rate (OCR) by 25 basis points to 2.5%.

11. Recommendations

- That the report be received.
- That the Report for the six months ended 31 December 2015 is approved for issue to the CCO Subcommittee by 28 February 2016.

14. Attachments

- Financial statements for the six months ended 31 December 2015.
- Portfolio snapshot report.

Vibrant Hamilton Trust			
Statement of financial performance			
for the six months ended 31 December 2015			
	Actual 2016 (6 months)	Budget 2016 (12 months)	Actual 2015 (6 months)
Revenue			
Dividend revenue	40,576	152,736	31,636
Interest revenue	10,452	38,184	88,773
Other income	2,326		
Realised gains on investments	251,462	311,836	174,827
Unrealised gains on investments (movement)	(356,815)		225,825
Total revenue	(51,998)	502,756	521,061
Expenses			
Audit fees	3,700	7,476	3,600
Management fees - Gareth Morgan Investments	17,352	37,548	16,671
Other expenses	5,840	8,100	4,051
Unrealised losses on investments			
Grants distributed	375,000	300,000	
Total expenses	401,892	353,124	24,322
Surplus/(deficit) for the period	(453,890)	149,632	496,739
Vibrant Hamilton Trust			
Statement of financial position			
as at 31 December 2015			
	Actual 2016	Budget 2016	Actual 2015
Assets			
Current assets			
Bank account and cash	362,761	300,000	381,845
Other financial assets	5,801,270	6,211,879	5,797,551
Total current assets	6,164,031	6,511,879	6,179,396
Total assets	6,164,031	6,511,879	6,179,396
Liabilities			
Current liabilities			
Creditors and accrued expenses	27,538	15,576	10,300
Grants payable			100,000
Total current liabilities	27,538	15,576	110,300
Total liabilities	27,538	15,576	110,300
Total assets less total liabilities	6,136,492	6,496,303	6,069,096
Trust equity			
Contributed capital	4,169,850	4,169,850	4,169,850
Accumulated surpluses/(deficits)	1,966,642	2,326,453	1,899,246
Total Trust equity	6,136,492	6,496,303	6,069,096

Vibrant Hamilton Trust Statement of cashflows for the six months ended 31 December 2015			
	Actual 2016 (6 months)	Budget 2016 (12 months)	Actual 2015 (6 months)
Cash flows from operating activities			
Interest and dividends	51,029	190,920	120,409
Realised gains on investments	251,462	311,836	174,827
Other income	2,326		
Payments to suppliers	(17,352)	(54,877)	(31,763)
Grants paid	(375,000)	(300,000)	
Net cash flows from operating activities	(87,535)	147,879	263,473
Cash flows from investing and financing activities			
Payments to acquire investments	84,573	(147,879)	(249,797)
Net cash flow from investing and financing activities	84,573	(147,879)	(249,797)
Net increase/(decrease) in cash for the year	(2,962)		13,676
Add opening bank accounts and cash	365,723	300,000	368,169
Closing bank accounts and cash	362,761	300,000	381,845

Vibrant Hamilton Trust

Investment Mandate

This is a balanced portfolio split 45/55 fixed interest/growth shares investments. That mix reflects the purpose of the portfolio, which is to enable regular drawings of 4% p.a. as required, as well protect the capital over the longer term.

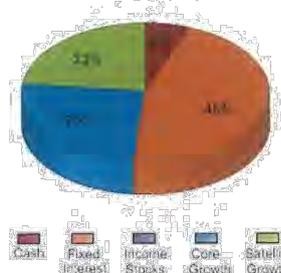
This mandate was last reviewed on 26 June 2015.

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

Portfolio Position

As at 31 December 2015, the total value of your investment portfolio is \$6,164,031. Your net contributions since inception in February 2012 have totalled \$3,908,821 (\$4,669,214 deposits less \$760,393 withdrawals).

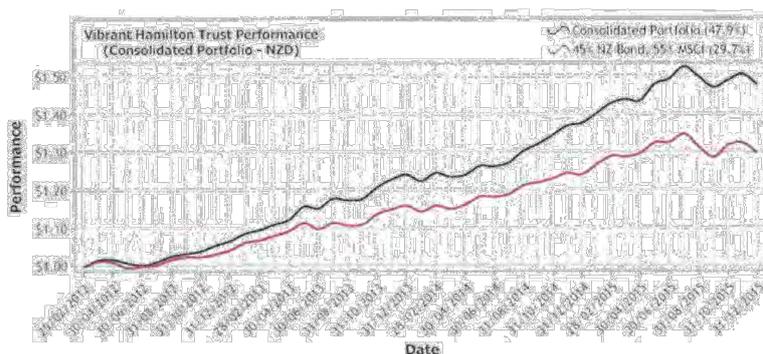
Asset Class	Actual value	Actual Allocation
Cash	\$362,761	5.9%
Fixed Interest	\$2,814,172	45.7%
Income Stocks	\$0	0.0%
Core Growth	\$1,557,335	25.3%
Satellite Growth	\$1,429,763	23.2%
Total	\$6,164,031	100.0%



Portfolio Performance

GMI Growth portfolios declined 2.6% on average, and outperformed the benchmark which fell 3.8%. Satellite outperformed the benchmark strongly, whilst Core was in line. There was a small positive contribution from being underweight in shares in a falling market but this was offset by losses on our hedge positions.

GMI Fixed interest portfolios declined 0.2% on average before tax and fees, underperforming the NZ Government Bond Index, which was flat. Most of the underperformance came from wider spreads in company bonds.



Your return for the month of December was -1.8% against a benchmark of -2.1%. Your net contributions since 29 February 2012 have totalled \$3,908,821 (\$4,669,214 deposits less \$760,393 withdrawals). As of 31 December 2015 the total value of your portfolio is \$6,164,031. This is a simple return of 57.7%. The total return on each dollar invested at inception is 47.9% (after withholding tax, brokerage, and fees), or 10.7% p.a. on an annualised basis.

	Loss/Gain				
	Last Month	Last 3 Months	Last 12 Months	Since Inception	Annualised
Consolidated Portfolio					
Inception date (29/02/2012)	-1.8%	0.5%	7.4%	47.9%	10.7%
45% NZ Bond, 55% MSCI	-2.1%	0.7%	4.4%	29.7%	7.0%
Cash					
Inception date (29/02/2012)	0.1%	0.5%	4.4%	12.1%	3.0%
45% NZ Bond, 55% MSCI	-2.1%	0.7%	4.4%	29.7%	7.0%
Fixed Interest					
Inception date (29/02/2012)	-0.2%	0.3%	4.6%	26.7%	6.4%
100% NZ Bond	0.0%	-0.3%	3.3%	10.2%	2.6%
Core Stocks					
Inception date (29/02/2012)	-4.1%	1.4%	7.0%	60.4%	13.1%
MSCI	-3.8%	1.5%	5.1%	47.3%	10.6%
Satellite Stocks					
Inception date (29/02/2012)	-2.6%	0.7%	16.0%	105.5%	20.6%
MSCI	-3.8%	1.5%	5.1%	47.3%	10.6%

Investment Strategy

Market Review

It was a subdued end to the year for global shares which fell 1.8% in US dollar terms during December. The lower appetite for shares was due to a combination of factors including continued falls in commodity prices and more lacklustre economic data in China. Global shares declined by 5.5% when measured in NZ dollar terms, due to the appreciation in the Kiwi dollar.

Near zero interest rates in the US ended with the first US Federal Reserve (Fed) rate hike since 2006. The interest rate on a US 10 year government bond rose marginally to 2.29% with the equivalent NZ 10 year at 3.5%. The Reserve Bank of New Zealand moved in the opposite direction to the Fed, lowering the Official Cash Rate (OCR) by 25 basis points to 2.5%, and indicating there will be no further rate cuts in the immediate future.

Portfolio Changes

GMI Growth portfolios are around 87% invested in shares. Additionally the GMI Growth PIE holds just under 3% in the GMO Systematic Global Macro Fund. The GMO strategy is a systematic quantitative strategy across highly liquid global futures and foreign exchange markets. We expect the Fund to perform at least as well as our own benchmark but for the performance to be relatively uncorrelated to key assets in which we invest. We were slightly underweight NZ dollars in early December but closed this position back to benchmark (50% NZ exposure) mid-month.

We continue to position fixed interest portfolios with shorter maturities. In December we added 5 year bonds of Oracle (rated AA-) and McDonalds (BBB+) in US dollars, and 3 year Aussie denominated bonds in Ford Motor Credit (BBB-). We sold out of Telstra (A) and Watercare (AA-) taking advantage of very tight credit spreads in NZ relative to the rest of the world.

4 December 2015

Mr. Thomas Gibbons
Vibrant Hamilton Trust
C/- Hamilton City Council

Dear Thomas

Letter of Expectation (LOE) (2016/17) for Vibrant Hamilton Trust

This letter sets out Hamilton City Council's (HCC) expectations of Vibrant Hamilton Trust (VHT) for consideration in VHT's planning and the development of its 2016/17 Statement of Intent (SOI).

1. Statement of Intent

In accordance with the Local Government Act 2002, HCC expects the Trustees of VHT to submit its SOI in advance of the next financial year. Council reviews all VHT reports and accountability documents and we request that your draft 2016/17 SOI be provided as early as possible and no later than 1 March 2016.

In developing the SOI, HCC welcomes discussion on the content of this letter and the Trustees' views on its priorities in drafting the SOI 2016/17. We expect the Trust's strategic direction, as set out in its current (2015/16) SOI, will continue in the SOI 2016/17 and beyond.

HCC expects this LOE will give the Trustees a clear sense of VHT's purpose, strategic direction, and the outcomes its activities will achieve.

We will respond with formal feedback prior to 1 May 2016, in order that the Trustees are in a position to deliver the final SOI by 30 June 2016.

2. Principle of good governance relationships with shareholders, information flows and no surprises

As a local government entity largely funded by ratepayers, HCC can face more rigorous scrutiny in the conduct and performance of CCO than private shareholders.

It is vital the Trustees keep Council fully informed on matters material to the Trust and/or of public interest.

Where there are commercial sensitivities involved the Trustees should communicate directly with the Chief Executive of HCC and can have total confidence that those matters will be handled appropriately and in confidence.

3. Consistency with wider objectives of HCC

It is important that the Trustees be familiar with the relevant strategies and policies of HCC that have a bearing on VHT.

Section 59 of the Local Government Act sets out the principle objectives of a CCO. HCC sets out its own objectives, in accordance with s59 (1) (a), in the Hamilton Plan and this should be considered when developing the SOI.

HCC highlights the need for the following specific objectives to be met:

- **Trust Deed** – Completion and implementation of the Trust Deed review. We understand this is well in hand and we would expect this to be completed at the earliest opportunity.
- **Number of Trustees** – Once the trust deed review is completed, HCC expects the Trust to move quickly to fill any vacancies that may remain.
- **Prudently invest trust funds.**
- **Provide funding for projects that support HCC's vision and strategic aspirations, in particular, sustainable, well planned projects for the well-being of people and the environment, now and in the future.**

We recognize the significant achievements of VHT over the last year and since creation. We thank you for your diligence on behalf of HCC and the Trust.

If you have any queries or comments, please don't hesitate to contact me on 021 741 021.

Yours sincerely



Garry Mallett
Chairman
Council Controlled Organisations Subcommittee
Hamilton City Council

Committee: Council Controlled Organisations Subcommittee

Date: 06 April 2016

Report Name: Vibrant Hamilton Trust - trustee vacancy and deed review update

Author: Morva Kaye

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>N/A</i>
Financial status	<i>There is no budget allocated</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is/is not considered to have a high degree of significance</i>

1. Purpose of the Report

- The purpose of this report is to seek approval to accept the Variation of Deed of Trust for Vibrant Hamilton Trust.

3. Executive Summary

- The April 2015 CCO sub-committee resolved that the Vibrant Hamilton Trust were to review their Trust Deed to ensure it meets the current purpose and objectives of the Trust and to allow the Trust to function in an efficient and cost effective manner.
- The Trust Deed has been reviewed by the Vibrant Hamilton Trust and attached is the Variations of Deed for Trust for Vibrant Hamilton Trust.

Recommendation from Management

That the proposed changes to the Variation of the Trust Deed are approved.

6. Attachments

- Attachment 1 - DRAFT - Variaton of Trust Deed

Signatory

Authoriser	David Bryant, General Manager Corporate
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Variation of Deed of Trust for Vibrant Hamilton Trust

Dated:

DRAFT

NU-443177-1-2-V3:TNG

One on London
1 London Street
PO Box 9348
Hamilton 3240
New Zealand

DX GP 20020
T 64-7-838 2079
F 64-7-839 4652
W www.mccawlewis.co.nz



McCaw Lewis
LAWYERS

Variation of Deed of Trust for Vibrant Hamilton Trust

Date:

Parties:

1. The trustees of the Trust Board of the Vibrant Hamilton Trust (“Trustees”)

Background:

- A. The Vibrant Hamilton Trust is:
 - (i) An incorporated charitable trust pursuant to the Charitable Trusts Act 1957;
 - (ii) A registered charity pursuant to the Charities Act 2005; and
 - (iii) A council-controlled organisation pursuant to the Local Government Act 2002.
- B. The Trustees are the current trustees of the Vibrant Hamilton Trust pursuant to a Deed of Trust dated 24 August 2010 (the Trust Deed).
- C. Clause 13.3 of the Trust Deed was varied by a Variation of Deed of Trust dated on or around 2012 (the First Variation).
- D. The Trustees are entitled to vary the Trust Deed in accordance with clause 16 of the Trust Deed, which provides the following:

16.1 *After discussion with the Hamilton City Council (although the recommendations of the Hamilton City Council will not be binding on the Trust Board), the Trust Board shall have power to amend, revoke, or vary any provisions of this Deed PROVIDED THAT no such amendment, revocation or variation shall be made:*

 - (a) *If it results in a change to the objects of the Trust unless such change:*
 - (i) *Is to ensure that the objects of the Trust are or remain Charitable Purposes; or*
 - (ii) *Relates to the criteria to be applied to the Projects.*
 - (b) *If the effect will be to deprive the Trust Fund of its character as a charitable Trust whether pursuant to the Charitable Trusts Act 1957 or the Charities Act 2005 or any other statute or regulation pursuant to law.*
- E. The Trustees want to create greater flexibility in the Trust Deed in respect of appointment rights and the grants process.
- F. The Trustees now wish to amend the Trust Deed pursuant to clause 16 as set out below.

Matters Agreed:

1. The Trust Deed is amended by deleting clause 5.1 and substituting the following clause 5.1:

“5.1 The Trust Board will consist of at least three (3) but no more than five (5) Trustees who will comprise the following:

- (a) The Mayor from time to time of Hamilton City Council, or such other person as is nominated by the Mayor.
 - (b) At least two (2) but no more than four (4) other persons appointed by:
 - (i) Hamilton City Council; or
 - (ii) Such person or persons as are delegated the power of appointment by Hamilton City Council from time to time. By way of example but not limitation, Hamilton City Council might delegate its power of appointment to a Hamilton City Council subcommittee, or the Trustees, or another person or persons as Hamilton City Council sees fit, and for the avoidance of doubt, any delegation:
 - (A) Is revocable by Hamilton City Council at any time; and
 - (B) Does not limit Hamilton City Council's power to remove a trustee under clause 5.3(b) or otherwise.
2. The Trust Deed is amended by deleting clause 5.3 and substituting the following clause 5.3:
- "5.3 The Trustees will continue to hold office until:
- (a) In the case of the Trustee who holds office pursuant to clause 5.1(a), upon such person no longer holding the office of Mayor (in which case he/she will be replaced by the person who succeeds him/her in office or his/her nominee).
 - (b) In the case of the Trustees holding office pursuant to clause 5.1(b), Hamilton City Council decides to remove any such Trustee by giving written notice of such removal to the Trust Board.
 - (c) It is recorded that Hamilton City Council may review the appointment of the Trustees following each triennial general election of that local authority, and at such time:
 - (i) Hamilton City Council or its delegate may remove any or all of the sitting Trustees and appoint new trustees; or
 - (ii) Hamilton City Council or its delegate may confirm the re-appointment of the sitting Trustees; provided that
 - (iii) If Hamilton City Council or its delegate does not act under either clause 5.3(c)(i) or (ii), then the sitting Trustees will continue in office (until removal, resignation, or other ineligibility to be a Trustee).
 - (d) Every Trustee will cease to be eligible to hold office as a Trustee by virtue of any of the following applying to that Trustee:
 - (i) **Resignation:** A Trustee may resign by notice in writing to the Trust Board;
 - (ii) **Bankrupt:** A Trustee is bankrupt and has not obtained a final order of discharge, has been suspended for a term not yet expired, or is subject to a condition not yet fulfilled or to any order under the Insolvency Act 2006;
 - (iii) **Conviction:** A person who has been convicted of any offence punishable by a term of imprisonment of two (2) or more years unless that person has

obtained a pardon or has served the sentence or otherwise suffered the sentence imposed upon that person;

- (iv) **Imprisonment:** A person who has been sentenced to imprisonment for any offence unless that person has obtained a pardon or has served the sentence;
- (v) **Prohibition Order:** A person to whom an order made under Section 385 of the Companies Act 1993 applies;
- (vi) **Mentally Disordered:** A person who is mentally disordered within the meaning of the Mental Health (Compulsory Assessment and Treatment) Act 1992;
- (vii) **Property Order:** A person who is subject to a property order under Section 30 or Section 31 of the Protection of Personal and Property Rights Act 1988; and
- (viii) **Absence:** A person who is absent from three consecutive meetings without the prior leave of the Chairperson of the Trust Board."

Should any of the above occur, the affected Trustee will automatically be removed from his or her office.

3. The Trust Deed is amended by deleting clause 5.4 and substituting the following clause 5.4:

"5.4 In the event of the Trust Board having less than three (3) Trustees at any time:

- (a) Hamilton City Council (or its delegate) will appoint such persons as Trustees as are required to fulfil the minimum number in accordance with clause 5.1; and
- (b) If Hamilton City Council does not take such appointment action in clause 5.4(a) within ten working days of the number of Trustees falling below three (3), this right of appointment will revert to those persons who remain Trustees as if Hamilton City Council had delegated this right of appointment to them in accordance with clause 5.1(b), provided that if there are no remaining Trustees, the right of appointment will revert back to the Hamilton City Council."

4. The Trust Deed is amended by deleting clause 13.3 (as was amended by the First Variation) and substituting the following clause 13.3:

"13.3 Without fettering the Trust Board's discretion, the following general criteria will be applied to all distributions:

- (a) Distributions by the Trust Board must be for Projects;
- (b) Subject to clause 13.3(c), all Projects must be recommended to the Trust Board by the Hamilton City Council (or such Hamilton City Council subcommittee(s) or other person(s) who has or have been delegated this power by Hamilton City Council;
- (c) Notwithstanding clause 13.3(b) above, the Trust Board may request that Hamilton City Council (or such Hamilton City Council subcommittee(s) or other person(s) who has or have been delegated by Hamilton City Council) consider and recommend a particular Project to the Trust Board for its approval;

- (d) Projects must also have two or more (in the sole and absolute discretion of the Trust Board) of the following characteristics to ensure the meeting of the Objects of the Trust:
 - (i) Support Hamilton City’s strategies and community outcomes;
 - (ii) Be sustainable and well-planned for the well-being of people and the environment, now and in the future;
 - (iii) Have a strong project management component;
 - (iv) Encourage community involvement, either directly or through increased awareness;
 - (v) Are designed to be ongoing and become self-supporting; and
 - (vi) Not conflict with the interests of Hamilton City Council as a consent authority.”

- 5. The Trustees expressly record that in accordance with clause 16.1 of the Trust Deed:
 - (a) They have discussed the amendments described above with Hamilton City Council; and
 - (b) The criteria to be applied to Projects remain unchanged.
- 6. The Trust Deed is amended from the date this Deed is signed by all parties.
- 7. In all other respects the terms of the Trust Deed remain unchanged.

Signed by the **Vibrant Hamilton Trust** by affixing its common seal pursuant to a resolution of its board in the presence of two of the trustees:

Signature of Trustee

Signature of Trustee

Name of Trustee

Name of Trustee

Committee: Council Controlled Organisations Subcommittee

Date: 06 April 2016

Report Name: Hamilton Properties Ltd - Exemption from CCO requirements of Local Government Act

Author: Morva Kaye

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>N/A</i>
Financial status	<i>There is not budget allocated</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

- To update the Subcommittee on Hamilton Properties Ltd.

3. Executive Summary

- Hamilton Properties Ltd (HPL) is a non-trading company 100% owned by Council for tax losses that may be able to be accessed should Council have taxable income. There are currently no foreseeable opportunities to access these losses.
- HPL has one director Richard Briggs.
- HPL has had no transactions since it stopped trading on 30 September 1998. It last prepared an annual report in June 2009.
- HPL has exemptions for filing tax returns, but must file annually to the Companies Office an annual return and declaration of non-activity and is currently exempt from CCO requirements of the local government act until 10 May 2016.

Recommendations from Management

That:

- the report be received, and
- the subcommittee recommend to Council that Hamilton Properties Ltd will continue to be exempt from CCO annual reporting requirements while it is a non-trading company until the period ending 10 May 2019.

8. Attachments

9. There are no attachments for this report.

Signatory

Authoriser	David Bryant, General Manager Corporate
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Committee: Council Controlled Organisations Subcommittee

Date: 06 April 2016

Report Name: Waikato Regional Airport Ltd Half Yearly Report to 31 December 2015 and Draft Statement of Intent 2016/17

Author: Brett Brinkworth

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Monitoring the performance of CCOs</i>
Financial status	<i>Not applicable</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

- To present the Waikato Regional Airport Limited (WRAL) Draft Statement of Intent for the year ending 30 June 2017 and Interim Report for the six months ended 31 December 2015.

3. Executive Summary

4. Draft Statement of Intent for the year ending 30 June 2017

- The key strategic activities for 2016/17 are:
 - Optimize domestic passenger services
 - Maximize property lease income
 - Completion of the review of Titanium Park Joint Venture
 - Debt repayment
- Improving cash flow is forecast for the next three financial years (2017 \$183k, 2018 \$536k, 2019 \$1,032k).
- The Directors propose to recommend that no dividend is paid for the next two years and that subsequent decisions are determined at the annual general meeting each year thereafter. This is to enable debt repayments to be prioritized.
- See Attachment 1 for the Draft Statement of Intent.

9. Interim Report for the six months ended 31 December 2015

- Passenger numbers have increased 7.5% from a year earlier reversing a declining trend in recent years.
- A permanent Chief Executive and Finance Manager have been appointed during the period.
- A small operating surplus of \$102k has been achieved for the Group.
- Debt outstanding at 31 December 2015 is \$9.7m. This has reduced by \$1.9m during the past 12 months.

- 14. See Attachment 2 for the Interim Report in full.

Recommendations from Management

That:

- a) the report be received, and
- b) Council provides a written response to Waikato Regional Airport Limited advising that the CCO Subcommittee approves the Draft Statement of Intent with no amendments.

15. Attachments

- 16. Attachment 1 - Draft Statement of Intent for the year ending 30 June 2017
- 17. Attachment 2 - Interim Report for the six months ended 31 December 2015
- 18. Attachment 3 - Letter of Expectation

Signatory

Authoriser	David Bryant, General Manager Corporate
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2016/2017

Waikato Regional Airport Limited DRAFT Statement of Intent

January 2016



1.0 Introduction

This statement is presented by the Directors in accordance with s.64 (1) Local Government Act 2002 and sets out the Board's intentions for the Company for the year ending 30 June 2017 and succeeding two financial years.

2.0 Strategic Intent

The Airport has identified its core purpose and key objectives that recognise the strategic intent of the business:

Core Purpose

1. Enabler of air services to the region
2. Operate a first class, safe and compliant regional airport
3. Strategic positioning of the business to enhance capital value

Key Objectives

1. Operate an efficient and compliant airport
2. Enhance the traveller experience
3. Maintain a viable aeronautical business
4. Maximise revenue diversification through non-aeronautical business opportunities

3.0 In Pursuing its Goals the Company will:

- At all times behave in a professional and ethical manner in all its business dealings with its customers and stakeholders
- Be a good employer
- Ensure a safe and healthy work place environment that complies with government legislation
- Identify and recognise Shareholders' expectations, within the bounds of corporate prudence

4.0 Nature and Scope of Activities to be Undertaken

(4.1) Operate an efficient and compliant airport

Operate a safe, secure and compliant airport by providing for essential projects together with any compliance expenditure warranted

(4.2) Enhance the traveller experience

Maximise traveller satisfaction and airport experience

(4.3) Maintain a viable aeronautical business

Identify opportunities to develop new, and expand existing, domestic passenger services

Promote development and growth of the general aviation sector

To allow the main runway to be extended when supported by an appropriate business case

Position and protect the airport as an efficient, cost-effective international port of arrival for private, corporate and medical aircraft

Page 2

(4.4) Maximise revenue diversification through non-aeronautical business opportunities

Support the development of land within the bounds of a sound strategic approach to long-term planning for the airport precinct

Identify and market for sale and or lease all available surplus airport-owned land

(4.5) Ensure appropriate internal and external resource to enable a commercially driven and high performing organisation

Knowledgeable and capable, high performing and appropriately resourced management team to ensure sound reporting and accountability, and delivery of the strategic plan

(4.6) Capital Expenditure

Planned major capital expenditure included in the 3 year forecast is:

2017:\$1,479k;

2018 \$1,155k

2019 \$670k

(4.7) Strategic Activities

Key activities for the 2016/17 year are:

- Optimise domestic passenger services
- Maximise property lease income
- Completion of the review of Titanium Park Joint Venture
- Debt repayment

5.0 Shareholders' Funds to Total Assets

Years ending 30 June	2017	2018	2019
Shareholders' funds to total assets	78%	78%	80%

Definitions:

Shareholders' funds Total assets less the total liabilities.

Total assets The value of all assets reported in the Company's statement of financial position at the end of each reporting period.

6.0 Statement of Accounting Policies

The accounting policies adopted by the Group for the year ending 30 June 2017 and succeeding 2 years are those as adopted in the 2015 Annual Report adjusted for the concessions provided for by Tier 2 of the new accounting standards framework issued by the External Reporting Board in April 2012.

7.0 Performance Targets

The following annual performance targets exclude any Titanium Park land sales.

		Year Ended 30 June		
Based on consolidated company forecasts		2017	2018	2019
7.1	Earnings before interest, taxation & depreciation (EBITDA)	\$2,338,000	\$2,412,000	\$2,425,000
7.2	Net deficit after tax	(\$336,000)	(\$351,000)	(\$344,000)

7.3	Net profit after tax to average shareholders' funds	-1%	-1%	-1%
7.4	Net profit after tax to total assets	0%	0%	0%
7.5	Net cash flow (operating & investing)	\$183,000	\$536,000	\$1,032,000
7.6	Total liabilities/shareholders' funds (debt/equity ratio)	30:70	28:72	26:74
Applicable to parent company operations only		2017	2018	2019
7.7	Percentage of non-landing charges Revenue	76%	76%	74%
7.8	Interest cover	6.51x	6.41x	6.96x
<i>The interest cover measures the number of times the net profit before interest, tax and depreciation (EBITDA) covers interest paid on debt</i>				
Non-financial performance targets				
7.9 Health & Safety				
7.9.1	Facilitate Health & Safety meetings every 2 months with representatives from each company department			
7.9.2	Zero WorkSafe notifiable accidents/injuries			
7.9.3	Independently review and implement the company's Health & Safety framework to align with the requirements of the Health and Safety at Work Act 2016.			
7.10 Operational Compliance				
7.10.1	To achieve the Airport Certification Standards as required by the Civil Aviation Authority and as evidenced by Civil Aviation Authority audit reports			
7.10.2	Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events)			
7.10.3	Facilitate noise management meetings each 4 months in accordance with the Noise Management Plan			
7.11 Customer Satisfaction				
7.11.1	Collect, document and act (where viable) on customer feedback forms to continuously monitor and improve the customer experience. Maintain a database to ensure recurring negative feedback is promptly acted upon			

8.0 Dividend Policy

In view of the priority to reduce debt, and as agreed by Shareholders, the Directors propose to recommend that no dividend be paid for the next two years and that the dividend payment decisions for subsequent years are determined at the annual general meeting each year.

9.0 Information to be provided to Shareholders

- 9.1 The Annual Report of the Company will include:
- Chairman & Chief Executive Report;

- Statement of Comprehensive Income;
- Statement of Movements in Equity;
- Statement of Financial Position; and
- Statement of Cash Flows.

9.2 An Interim Report circulated to Shareholders each half-year will include:

- Chairman's Report; and
- Summary of the unaudited financial results for the six months ended 31 December.

10.0 Future Investment Proposals

If the Company wishes to subscribe for, purchase, or otherwise acquire shares in any other company or any other organisation it can do so only after first obtaining approval from the majority of shareholders at either a General Meeting or at a Special Meeting convened for that purpose.

11.0 Commercial Value of the Shareholders Investment

No valuation of shares has been completed.

The consolidated balance sheet of WRAL as at 30 June 2015 shows shareholder equity of \$59.7m. Company investment in Titanium Park Joint Venture is recorded at cost. Company Property, Plant & Equipment is based upon a 2011 valuation except for land which was revalued as at 30 June 2013. Company assets such as runways, aprons, taxiways and the terminal building are based upon depreciated replacement cost.

A revaluation of Property Plant & Equipment will be completed for year ending 30 June 2016

12.0 Compensation from Local Authorities

There are no activities of the Company for which the Directorate would seek compensation from any local authority.

13.0 Major Transactions

Shareholders approve major transactions via a special resolution. A major transaction is defined as:

- (a) the acquisition of, or an agreement to acquire (whether contingent or not), assets the value of which is more than 25 % of the value of the company's assets before the acquisition; or
- (b) the disposition of, or an agreement to dispose of (whether contingent or not), assets the value of which is more than 25 % of the value of the company's assets before the disposition; or
- (c) a transaction which has or is likely to have the effect of the company acquiring rights or interests or incurring obligations or liabilities, the value of which is more than 25 % of the value of the company's assets before the transaction; but does not include:
- (d) any transaction entered into by a receiver appointed pursuant to a security over all or substantially all of the property of the company.

Nothing in paragraph (c) of this definition applies by reason only of the company giving, or entering into an agreement to give, a floating charge secured over assets of the company the

Page 5

value of which is more than half the value of the company's assets for the purpose of securing the repayment of money or the performance of an obligation.

There are no major transactions planned during the period.

14.0 Health and Safety

The Board and Management will systematically implement any requirements to existing frameworks as a result of the Health and Safety at Work Act 2015. In accomplishing this during the past 12 months an independent consultant has been working to ensure the organisation and its subsidiary companies are aligning processes and frameworks with any applicable regulatory changes. These works will continue for a further six months post April 2016 to ensure full system integration. At all times the company will continue to monitor and review Health and Safety requirements via monthly reporting.



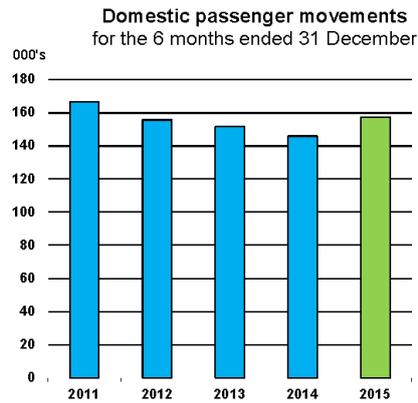
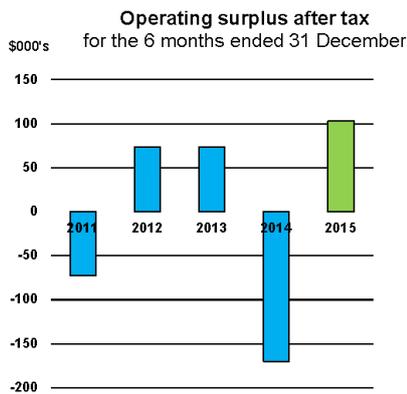
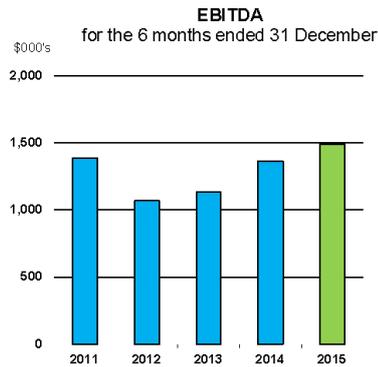
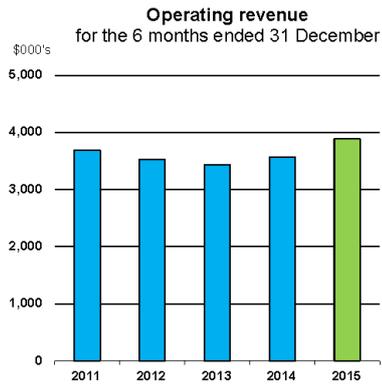
Hamilton Airport

Interim Report
For the six months ended
31 December 2015

GROUP RESULTS AT A GLANCE

Domestic Passenger Numbers	157,000
Domestic passengers up 7.5%	
Air Movements	62,000
Air movements are the same as prior year	
Operating Revenue	\$3,886,000
Operating revenue up 9%	
Operating Expenses	\$1,350,000
Operating expenses up 11% Total expenses down \$16k	
Earnings before Interest, Tax, Depreciation and Amortisation	\$1,492,000
EBITDA up 10%	
Operating Surplus After Tax	\$102,000
Term Loans	\$9,733,000
Term loans reduced by \$1.9m over the 12 months	

Note: Results are compared to six months ended 31 December 2014 unless otherwise stated. The financial results shown above are "normalised" and exclude the revenue from the NZTA compulsory acquisition of land.



CHAIRMAN'S REPORT

OVERVIEW OF THE HALF YEAR

The first six months trading delivered an acceptable financial performance, primarily assisted by revenue growth from increased passenger numbers and the benefit of lower interest expenses. The focus for the Management Team has been the on-going efficient operation of the Airport and the completion of a number of projects.

These projects have included the agreement with Air New Zealand to construct a new Koru Lounge, which will be completed in mid-2016. There has been a full review of the company I.T. systems and a new support provider was appointed in December. In addition, the book store was re-branded and launched as "The Store" in November.

A full review of the five year lapse period designation for approach lighting is being completed by independent aviation consultants and recommendations will be discussed in the first quarter of 2016.

The new management structure was finalised, with the appointments of a permanent Chief Executive and Finance Manager along with the existing role of General Manager Operations.

The half year has seen 157,486 passengers using the airport which is a 7.5% increase on last year and reverses the trend of recent years of passenger decline. The Air New Zealand services to Wellington and Christchurch have seen reasonable growth, somewhat offset by the reduction in frequency of the Hamilton to Auckland service which will cease completely in February 2016. In November Kiwi Regional Airlines commenced a new service from Hamilton to Nelson which is receiving good support from both Nelson and the Waikato markets.

During late 2016 we will see increased seat capacity on the Air New Zealand service as they introduce a 50 seater Q300 aircraft to the schedule that replaces the Beech 19 seater aircraft on the Palmerston North route.

Capital works this financial year have been focused on maintaining operational improvements and general capital maintenance to the aerodrome. A detailed review of all assets has been conducted and an updated asset management plan has been completed for board review in early 2016.

There continues to be a major focus on Health & Safety. Independent expertise has been engaged to oversee Health and Safety audit and compliance for the company ensuring obligations are met in relation to the new legislation that comes into effect on the 4th April 2016.

Financial Results

The operating surplus after tax for the Group (inclusive of Titanium Park Limited and Hamilton & Waikato Tourism Limited) is \$102,000. The improved performance is due to higher passenger numbers. In November there was a compulsory acquisition of five hectares of land by NZTA which resulted in a profit (net of tax) of \$562,000 bring the total surplus after tax to \$664,000.

Term loans reduced by \$1.9m over the 12 months of which \$1.7m related to Titanium Park Limited. Given the current economic climate, the company cancelled the swap agreements that were in place with the associated cost of \$0.6m being added to the term loan balance. Other loan repayments were \$0.8m.

Operations

Operations continue to be conducted in accordance with CAA regulatory compliance. Total Air Movements remain consistent with the same period in 2014. Airfield capital works have included the implementation of enhanced passenger control infrastructure on the terminal apron area, the installation and introduction of enhanced aerodrome manoeuvring area signage and the sealing of additional taxiway areas.

Titanium Park Joint Venture (TPJV)

The Board's key priority this year has been the review of Titanium Park and the agreement with its joint venture partner. This review has considered the future options for the Park and the Board will have finalised a position on this by March 2016.

CHAIRMAN'S REPORT

Hamilton & Waikato Tourism Limited

New Zealand's tourism industry is experiencing exceptional growth with visitor arrivals and expenditure at its highest level ever. The Hamilton & Waikato region has shared in this growth. Data released in November (YE March 15, MBIE) showed the region's visitor expenditure was \$1.23b, a 7% increase on the previous year.

International visitors contributed \$230m of visitor expenditure to the region, up 19% on the previous year. Hobbiton Movie Set and Waitomo Caves remain key drivers of international visitation. Domestic visitors contributed \$1b of visitor expenditure, up 4.5% on the previous year.

Mark Morgan was appointed to the Hamilton & Waikato Tourism Board in December.

Outlook

The ongoing focus for the Board and Management during the second half of the year will be the continuation of strategies to prudently control operating expenses and to continue to repay debt.

John Spencer

Chairman

 **CONSOLIDATED INCOME STATEMENT**
For the Six Months Ended 31 December 2015

	GROUP \$000	
	2015	2014
Revenue		
Operating revenue	3,886	3,569
Other revenue	-	5
TOTAL REVENUE	3,886	3,574
Expenses		
Operating expenses	1,350	1,212
Employee benefit expenses	924	891
Depreciation and amortisation	1,051	1,049
Directors' fees	81	68
Interest	258	370
Remuneration of auditor	40	43
Loss / (gain) on interest rate swaps	23	110
TOTAL EXPENSES	3,727	3,743
Operating surplus/(loss) before taxation	159	(169)
Taxation	57	4
OPERATING SURPLUS/(LOSS) AFTER TAXATION	102	(173)
NZTA compulsory acquisition of land (net of tax)	562	-
SURPLUS/(LOSS) AFTER TAXATION	664	(173)

The above results have not been audited

CONSOLIDATED BALANCE SHEET

As At 31 December 2015

	GROUP \$000	
	2015	2014
Equity		
Share capital	14,860	14,860
Asset revaluation reserve	28,677	28,677
Retained earnings	16,987	15,757
Total Equity	60,524	59,294
Current Assets		
Cash and cash equivalents	1,501	240
Trade and other receivables	677	1,005
Prepayments	84	212
Inventories	91	107
Term deposits	-	160
Development property	11,298	12,316
	13,651	14,040
Current Liabilities		
Derivative financial instruments	-	518
Payables and accruals	963	882
Employee entitlements	207	186
Income in advance	208	623
	1,378	2,209
Working Capital	12,273	11,831
Non-Current Assets		
Property, plant and equipment	60,890	62,423
Investment property	3,730	3,720
Other financial assets	25	25
Intangible assets	9	3
Other assets	88	97
	64,742	66,268
Non-Current Liabilities		
Term loans	9,733	11,668
Deferred taxation	6,758	7,137
	16,491	18,805
Net Assets	60,524	59,294

The above results have not been audited

FINANCIAL PERFORMANCE TARGETS

For the Six Months Ended 31 December 2015

	Group		
	SOI 30/06/16	Actual 31/12/15	Forecast 30/06/16
MEASURES			
Earnings before interest, taxation & depreciation (EBITDA)	\$2.06m	\$1.492m	\$2.39m
Net surplus/(deficit) after tax	-\$421k	\$102k	-\$195k
Net profit after tax to average shareholders' funds	-1.0%	0.2%	-0.3%
Net profit after tax to total assets	-1.0%	0.1%	-0.3%
Net cash flow (operating & investing)	-\$632k	\$104k	\$695k
Total liabilities to shareholder funds	25:75	30:70	27:73
Parent only:			
Percentage of non-landing charges revenue to total revenue	64%	80.9%	78.8%
Interest cover (Banking covenant requirement 1.50)	2.86	4.05	5.0

The above results have not been audited and excludes NZTA compulsory acquisition of land

 **CORPORATE DIRECTORY**

For the Six Months Ended 31 December 2015

Board of Directors	John Spencer, Chairman Annabel Cotton Margaret Devlin Carlos da Silva
Chief Executive	Mark Morgan
General Manager - Operations	Simon Hollinger
Finance Manager	Michelle Clark
Registered Office	Hamilton Airport Terminal Building Hamilton Airport Airport Road, R D 2 Hamilton 3282
Telephone	07 848 9027
Facsimile	07 843 3627
E-mail	wral@hamiltonairport.co.nz
Web Site	www.hamiltonairport.co.nz
Bankers	Bank of New Zealand
Solicitors	Tompkins Wake, Hamilton
Auditors	Audit New Zealand, Hamilton on behalf of the Controller and Auditor-General

17 December 2015

Mr John Spencer
Chair
Waikato Regional Airport Limited
Hamilton Airport Road, RD2
HAMILTON 3282

Dear John

Letter of Expectation (2016/17) for:

- Waikato Regional Airport Limited; and its subsidiaries
- Hamilton and Waikato Tourism Limited; and
- Titanium Park Limited

This letter sets out Hamilton City Council's (HCC) expectations of Waikato Regional Airport Limited (WRAL) and its subsidiaries for consideration in WRAL's business planning and the development of its 2016/17 Statement of Intent (SOI).

1. Statement of Intent

In accordance with the Local Government Act 2002, HCC expects the Board of WRAL to submit its Statement of Intent (SOI) in advance of the next financial year. Council reviews all WRAL reports and accountability documents and we request that your draft SOI 2016/17 be provided as early as possible, and no later than 1 March 2016.

In developing the SOI, HCC welcomes discussion on the content of this letter and the Board's views on its priorities in drafting the SOI 2016/17. We expect the Company's strategic direction, as set out in its current (2015/16) SOI, will continue in the SOI 2016/17 and beyond.

HCC expects this Letter of Expectation (LOE) to give the Board a clear sense of WRAL's business purpose, strategic direction, and its business outcomes. HCC expects the Board to accept and understand its powers, responsibilities and obligations as placed upon it by its shareholders.

2. Principle of good governance relationships with shareholders, information flows and no surprises

As a local government entity largely funded by ratepayers, HCC, as shareholder, can face more rigorous scrutiny in the conduct of its business and performance of its investments than private shareholders.

It is vital the Board of WRAL directly or through its Executive team keeps shareholder(s) fully informed on matters material to the business and of public interest.

Where there are commercial sensitivities involved WRAL should communicate directly with the Chief Executive of HCC and can have total confidence that those matters will be handled appropriately and in confidence by HCC.



Board members should be aware of the major transaction thresholds that apply for the company and each subsidiary. These may be set out in the shareholder agreement or the constitution, rather than solely in the Companies Act.

In summary:

- Major transactions should be signaled via the SOI and identified as such. Approval of an SOI is not approval of a major transaction by the shareholder.
- HCC staff will engage with you to assist in preparing necessary reports for HCC to facilitate consideration by Elected Members.
- Adequate time should be allowed for HCC approval, once your board approves the transaction for presentation to the Shareholder, prior to signing contracts for the transaction.

As a minimum each SOI must clearly state the definition of a major transaction for the company and whether there are major transactions planned during the SOI period.

HCC takes health and safety matters seriously. To ensure that HCC and the group as a whole are adequately addressing health and safety risks, the draft SOI, or a separate letter, should outline how the Board will implement the Health and Safety at Work Act 2015 ahead of 4 April 2016 and include a brief summary of the Board's processes to this end.

3. HCC Shareholding

HCC remains a 50% shareholder of WRAL. HCC has no interest in increasing its shareholding in the business but would consider a reduction of its shares through the introduction of a new shareholder or by whatever means is determined to be mutually acceptable. Under any circumstance HCC wishes to remain engaged with the business to be in a position to consider its future growth and development.

This matter will be the subject of further discussion between HCC and WRAL. It is important that both parties are clear on and agree any action in this regard. The Board of WRAL should understand that HCC has no interest in increasing its investment in WRAL.

4. Consistency with wider objectives of HCC

It is important that the Board and Executive of WRAL be familiar with the relevant strategies and policies of HCC that have a bearing on the WRAL operation.

Section 59 of the Local Government Act sets out the principle objectives of a Council Controlled Organisation (CCO). HCC sets out its own objectives, in accordance with s59 (1) (a), in the Hamilton Plan and this should be considered when developing the SOI.

- Location consideration – although WRAL is not located within HCC's territorial boundaries, HCC has a strong interest in the ongoing development of land use in and around the airport operation and its implications for future core infrastructure provision and land use planning. Given its strong relationship with the Waipa District Council (where the WRAL resides) and other planning collaborations under the "Futureproof" initiative, the Board should keep HCC fully informed on matters to do with land use and major infrastructure planning requirements.

- Economic enabler – HCC sees its investment in WRAL providing vital infrastructure and services to foster business activity and economic growth. This aligns with HCC's broader infrastructure investments that have a material impact upon the city's and surrounding region's economic activity. HCC expects the Board to fully recognise WRAL's role as a business enabler for the city and region and report on those initiatives and outcomes where it has played a role in facilitating new business opportunities.

These contribute to the Hamilton Plan outcomes of "Being the Third City Economy", "Providing Outstanding Infrastructure" and "Our Books Being Balanced".

5. HCC Aspirations for WRAL

HCC also considers the following specific objectives and aspirations apply:

- Core operation – operate in full accordance with the terms of its operating licences and conditions as per relevant statutory requirements.
- Maximise returns – prudently manage the business in order to maximise the returns on investment, enabling the Board to maintain and sustain a healthy balance sheet, a profitable trading position and be able to fund future renewals and growth activity.
- Payment of Dividends – Subject to Board strategy, HCC expects a dividend from its investment in WRAL if possible and sustainable. Where no dividend is paid, HCC expects any trading surpluses to be invested back into the business or to offset debt at the Board's direction. This will be a matter for ongoing review.
- Diversification of revenue – the Board should preserve its capacity to diversify its business base, particularly through its property interests, that will add value to the WRAL operation. The Board should continue to operate and grow aviation services, regional commuter and freight services, and flight training activities.
- International Airport – HCC acknowledges that development of economically sustainable international activity is unlikely in the foreseeable future. The Board should protect, as best it can, the airports "international" designation and continue to serve international landings where it can under its current operating licence and commercial arrangements with airlines.

6. Hamilton Waikato Tourism Limited (HWT)

HCC would like the Board of WRAL to support HWT in its role of raising Hamilton's and the wider Waikato region's profile, resulting in increased visitor numbers.

7. Titanium Park Joint Venture

HCC would like the Board of WRAL to continue to review the current business model and financial performance of the Titanium Park Joint Venture and develop an appropriate strategy for an acceptable reduction or exit from its investment.



We recognise the significant achievements of WRAL over the last year and since incorporation. We thank you for your diligence on behalf of HCC and the company.

If you have any queries or comments, please don't hesitate to contact Sean Murray, Executive Director, H3 on 07 838 6403, or myself on 021 741 021.

Yours sincerely



Garry Mallett,
Chair,
Council Controlled Organisations Subcommittee,
Hamilton City Council.

Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Council Organisations Subcommittee Minutes - Public Excluded - 9 March 2016	Controlled) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. Council Organisations Subcommittee - Action List (Public Excluded) - 6 April 2016	Controlled)	
C3. Waikato Regional Airport Ltd		

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C3.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)