



**Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency**

**MINUTES OF MEETING OF THE
NATIONAL TREASURY MANAGEMENT AGENCY
HELD BY CONFERENCE CALL AT 2.00PM ON 11 JULY 2017 AT
TREASURY BUILDING, LOWER GRAND CANAL STREET, DUBLIN 2**

PRESENT: Maeve Carton
Gerardine Jones
Martin Murphy
Conor O’Kelly
Mary Walsh
Robert Watt
Susan Webb

APOLOGIES: Willie Walsh
Derek Moran

IN ATTENDANCE: Adrian O’Donovan, Secretary
Ian Black, Chief Financial and Operating Officer (CFOO)
Eugene O’Callaghan, Director, ISIF (Items 4.2 and 7 only)
Donal Murphy, Head of Infrastructure and Credit Investments, ISIF (Item 7 only)
Saoirse O’Connor, Credit/Project Finance Manager, ISIF (Item 7 only)
Breda Macnamara, Head of Compliance (Item 8 only)

1. MEETING CHAIRPERSON, NOTICE AND QUORUM

In the absence of the Chairperson, the members present agreed that Martin Murphy would be chairperson of the meeting.

The meeting chairperson noted that notice of the meeting and of the nature of the business to be conducted had been given to all members entitled to attend the meeting and a quorum was present. The meeting then proceeded to business.

2. DISCLOSURES OF INTEREST

For the purposes of Section 13A of the National Treasury Management Agency Act 1990 (as amended) and Section 17 of the Ethics in Public Office Act 1995, there were no material interests declared by members in the business to be transacted at the meeting.

3. MINUTES AND MATTERS ARISING

The meeting chairperson noted that draft minutes of the meeting of 23 May had been circulated to the members in advance of the meeting. **IT WAS RESOLVED** that the minutes be approved and that they be signed by the meeting chairperson.

With regard to Item 9 of the minutes (SCA Strategy Committee) the Secretary noted that the date of establishment of the Committee had been fixed for 3 July 2017 – subject to Ministerial consent to the proposed fee. The required Ministerial consent had been received, but subsequent to the proposed establishment date. It was therefore proposed to reset the establishment date for 1 August 2017. The Agency was satisfied to proceed on the basis proposed by the Secretary.

The Agency also noted that the member of the Department of Public Expenditure and Reform it had agreed to appoint to the Committee was no longer a member of that Department. It would not now proceed with that appointment and would consider a new name in due course.

4. COMMITTEE REPORTS

4.1 Audit and Risk Committee

THIS ITEM HAS BEEN REDACTED IN PART.

The Audit and Risk Committee Chairperson, Martin Murphy, presented and summarised the report of the Committee meeting held on 20 June. He said the Committee had reviewed the implementation of the SWIFT and Espion cybersecurity recommendations.

The Committee Chairperson noted that the updated Reporting of ‘Relevant Wrongdoing’ and Protected Disclosures Policy, and Counterparty Credit Risk Policy had been approved by the Committee. The Committee had also reviewed the effectiveness of the ERM. It was satisfied that the ERM had operated effectively, while concurring with ERM members that the ERM should become more strategic in its focus. It had approved the updated ERM terms of reference.

4.2 Investment Committee

The Investment Committee Chairperson, Susan Webb, reported on the Committee meetings held on 30 May and 19 June and on the investment proposals reviewed at those meetings. She noted that at its meeting of 19 June the Committee had recommended a one-year extension of the existing ISIF debt facilities to Irish Water – this matter would be considered separately under Agenda Item 7.

The Director, ISIF briefed the Agency on the amount of capital committed to date and the potential size of the near-term and longer-term investment pipeline.

The Chief Executive updated the Agency on the position regarding the ISIF Investment Strategy Review, noting that it was expected that a reference to the Review would be included in the Government’s Summer Economic Statement.

5. CHIEF EXECUTIVE’S REPORT

The Chief Executive presented his Report. With regard to Funding and Debt Management he updated the Agency on the results of the June bond auction, recent private placements and on the planned July bond auction. He also updated the Agency on recent developments with regard to

NDA PPP projects. He also briefed the Agency on progress on the internal NDA review and the ICT high level review, the Annual Report launch the previous day, 10 July, and the employee engagement survey.

Arising out of the Chief Executive's Report, the Agency discussed the volume of Exchequer cash balances noting that the current balances were at the high end of the preferred strategic range to provide for bond redemptions in October. It was requested that the Market Update to the September meeting include a discussion on the cash balances.

The Agency noted the Report on Delegated Matters Notifiable to the Agency.

6. APPLE UPDATE

THIS ITEM HAS BEEN REDACTED IN PART.

The Chief Executive updated the Agency on developments in the proposed arrangements for recovery by the State from Apple of State aid which the European Commission has determined that Ireland provided to Apple and the NTMA's role in such arrangements since the Agency's meeting of 23 May.

7. ISIF INVESTMENT PROPOSAL – IRISH WATER

The Director, ISIF and the Head of Infrastructure and Credit Investments presented an investment proposal for the extension for one further year of the €450m existing debt financing facilities provided to Irish Water (€300m and €150m, both maturing on 31 August 2017) in parallel with similar debt facilities provided by Irish and international lenders, as recommended by the Investment Committee. They noted that the Government had decided to commence replacing, where possible, Irish Water's external debt facilities with more competitively priced State funded facilities. Ervia, who manage the treasury function of its subsidiary, Irish Water, had requested the ISIF and its commercial banks to extend the existing facilities while the necessary arrangements for these replacement facilities were under consideration by the Government Departments concerned. The existing facilities would be repaid as soon as the new funding arrangements were in place. The Director, ISIF and the Head of Infrastructure and Credit Investments also noted that while the meeting paper said that the second €150m was so far undrawn, the ISIF Unit had received a request for a draw down from this facility, subsequent to the circulation of the paper.

The Agency reviewed the proposed investment. It noted that the proposed ISIF loan facilities were on the same terms as provided in 2016 and were also in line with those offered by the other commercial providers of financing to Irish Water who were engaged in a similar roll-over process.

On the recommendation of the Investment Committee, **IT WAS RESOLVED** that the extension of the term of the ISIF's total debt facilities of €450m to Irish Water for one further year be approved, subject to

- (i) the terms and conditions of the extended €300m and €150m facilities being consistent, in all material respects, with the "Key Terms" as presented to the Agency; and
- (ii) completion of legal and tax due diligence, and finalisation of all necessary legal agreements, to the satisfaction of the Director, ISIF and the Chief Legal Officer.

8. PA TRANSACTIONS POLICY REVIEW

The Head of Compliance noted the the Personal Account Transactions Policy, which applies to members of the Agency and its Committees, was subject to annual review by the Agency. She summarised the proposed amendments, which were all minor in nature.

IT WAS RESOLVED that the revised Personal Account Transactions Policy for the Agency and its Committees, as presented to the Agency, be approved.

9. AOB

There being no items under AOB, the meeting chairperson brought the meeting to a close.

Willie Walsh
Chairperson

19 September 2017