



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

**MINUTES OF MEETING OF THE
NATIONAL TREASURY MANAGEMENT AGENCY
HELD AT 2.00PM ON 30 JANUARY 2018 AT
TREASURY BUILDING, LOWER GRAND CANAL STREET, DUBLIN 2**

PRESENT: Willie Walsh, Chairperson
Maeve Carton
Gerardine Jones (except item 8)
Martin Murphy
Conor O’Kelly
Mary Walsh
Robert Watt (except items 12 to 14)
Susan Webb

APOLOGIES: Derek Moran

IN ATTENDANCE: Adrian O’Donovan, Secretary
Ian Black, Chief Financial and Operating Officer (CFOO)
Andrew O’Flanagan, Chief Legal Officer (CLO)
Eugene O’Callaghan, Director, ISIF (Items 4.4 and 5 only)
Frank O’Connor, Director, Funding and Debt Management (Items 6 and 7 only)
Rossa White, Chief Economist (Item 6 only)
Eileen Fitzpatrick, Director, NewERA (Item 8 only)
Jim Deery, Senior Manager, Corporate Strategy, Planning and Development (Items 9 and 10 only)
Colm McDonnell, Partner, Deloitte (Item 12 only)
Jacky Fox, Director, Deloitte (Item 12 only)
Ken Jordan, Head of ICT (Item 12 only)
John O’Donovan, Head of ICT Operations (Item 12 only)

1. NOTICE AND QUORUM

The 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.

Gerardine Jones noted that there could be a perception that she had a conflict of interest with regard to Agenda Item 7 (Apple Recovery Update). In order to avoid any possible perception of a conflict of interest arising, she would recuse herself from the meeting for this item.

3. MINUTES AND MATTERS ARISING

The Chairperson noted that draft minutes of the meeting of 21 November 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 Chairperson.

The Secretary updated the Agency on the status of items arising from the minutes. He advised the Agency that the required Ministerial consent to the reappointments of Richard Leonard and Julie Sinnamon to the Investment Committee had been received. With regard to the Agency's review of expenditure related to the NTMA's move to its new premises scheduled for 2019, he noted that Maeve Carton and Gerardine Jones had met with the CFOO and agreed a series of structured meeting through the course of 2018 with the CFOO/Programme Board. Finally, he noted that the Oversight Agreement under the Code of Practice for the Governance of State Bodies was expected to be finalised shortly.

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 23 January. He advised that the Committee had been updated on developments with regard to Schools Bundle 5 following the liquidation of Carrillion. He noted the Committee had reviewed the effectiveness of both the Risk and the Internal Audit Function and concluded that both functions were operating effectively. He noted that C&AG representatives had attended the meeting and presented the 2017 audit plan and timelines. He also updated the Agency on the Committee's annual performance review, noting the Committee had considered how to most effectively engage with the Agency on risk issues.

The Committee Chairperson advised the Agency that the Committee had considered the NTMA Risk Function Review and agreed it was satisfied with the recommendations as set out in the Review. The Agency discussed the Review, noting the importance of ensuring that major strategic risks were not obscured by detailed risk management reporting. The Chief Executive briefed the Agency on the appointment process for the Head of Risk (Financial, Investment and Enterprise) role, noting that the Audit and Risk Committee Chairperson would be involved at the final stages of the selection process.

4.2 SCA Strategy Committee

The SCA Strategy Committee Chairperson, Mary Walsh, reported on the Committee meeting held on 25 January – this meeting was deferred from 14 December. She noted the Committee had received a presentation from Lane, Clark and Peacock, the SCA's Actuarial Consultants, on the costs of General and Clinical Claims and summarised the main points of this presentation.

The Agency discussed the level and costs of claims, noting that the SCA claims portfolio was still maturing. It agreed that it would be worth comparing the amounts awarded in respect of claims and associated legal costs with those arising in other countries and under other models.

The Committee Chairperson noted that the Committee had reviewed the strategic approach being taken in respect of two of the major mass actions against the State. She also noted that the Committee had reviewed and was satisfied with the Clinical and Enterprise Risk Management Programmes 2018. As part of the clinical programme, the Clinical Risk Unit planned to carry out a strategic review of its objectives and structure during the first half of the year. The Committee had made a number of points to be considered as part of this review. Finally, the Committee had held a preliminary discussion with regard to setting sector level targets in relation to NIMS and would be returning to this issue.

4.3 Remuneration Committee

THIS ITEM HAS BEEN REDACTED IN PART.

The Remuneration Committee Chairperson, Maeve Carton, reported on the Remuneration Committee meeting held earlier that day, 30 November.

The Committee Chairperson noted that the Committee had reviewed its terms of reference and was proposing no changes to same. The Committee had also conducted its first performance review. It had concluded it was operating satisfactorily and no issues had arisen for the attention of the Agency.

4.4. Investment Committee

The Investment Committee Chairperson, Susan Webb, reported on the Committee meetings held on 15 and 22 December and 29 January. She briefed the Committee on the investment proposals reviewed at the January meeting and noted a summary of the investments approved in December was set out in the Chief Executive's Report. She briefed the Agency on the other main items reviewed at the December meeting as set out in the Investment Committee Report, including the draft ISIF 2017 Update & H1 2017 Economic Impact Report and a review of progress under the Innovation Strategy.

She noted that at the January meeting the Committee had reviewed an update on the Venture Capital Strategy. She noted that it was proposed to commit steadily but highly selectively through the cycle, the Committee had emphasised that additional commitments should be made to this sector only to the extent that genuine opportunities existed.

5. CHIEF EXECUTIVE'S REPORT

THIS ITEM HAS BEEN REDACTED IN PART.

The Chief Executive presented his Report. He briefed the Agency on a number of corporate matters including the recent visit of the Minister for Finance and Public Expenditure and Reform to the NTMA, an update on the recruitment process for the Director, NDFA position, and ongoing work on the NTMA performance management process.

The CFOO updated the Agency on the schedule and proposed timescales with regard to the move to the NTMA's new premises, Dublin Landings.

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

6. BREXIT AND MARKET UPDATE

The Chief Economist briefed the Agency on recently published UK economic data and developments in the 18 months since the Brexit referendum results, noting that over the period the UK economy had slowed relative to the eurozone. The Director, Funding and Debt Management briefed the Agency on recent developments in global and European bond yields noting that markets had softened and spreads of other euro sovereigns to German bund yields had widened. He also briefed the Agency on the €4 billion 10-year bond syndication in January. Arising from the briefing the Agency reviewed recent and likely developments in Irish sovereign credit ratings, redemptions due and planned volume of issuance in 2018.

Gerardine Jones left the meeting at this point.

7. APPLE RECOVERY UPDATE

The Director, Funding and Debt Management updated the Agency on the recovery by the State from Apple of State aid which the European Commission has decided that Ireland provided to Apple, in particular progress on the public procurement competitions for escrow agent/custodian and investment managers.

Gerardine Jones rejoined the meeting at this point.

8. NEWERA UPDATE

The Director, NewERA updated the Agency on activity and current issues in NewERA. She noted additional projects on which NewERA had been engaged in 2017, principally in the transport sector but also with regard to An Post and Vhi. She noted that inclusion of An Post in the list of designated body under the NTMA (Amendment) Act 2014 was currently under consideration. She also briefed the Agency on preliminary work being done on a high level governmental framework on ownership of State owned entities. Such a framework would be useful in setting a context for discussions with commercial State bodies on specific issues arising with the management of State assets.

The Agency discussed the additional workstreams on which NewERA was engaged, particularly working groups in which it was involved, and emphasised the importance of its maintaining its corporate finance focus and independence. It noted that NewERA's involvement in such groups was from a financial perspective only. It agreed that a high level government framework on ownership of State owned entities would be useful and it was important that this be progressed.

9. NTMA OUT-TURNS 2017

The Senior Manager, Corporate Strategy, Planning and Development presented the NTMA Highlights and Key Performance Indicators Dashboard Report 2017. He noted that the issue of aggregate SCA KPIs being supplemented with sector level measures with regard to NIMS was being progressed by the SCA in conjunction with the SCA Strategy Committee.

The Agency reviewed the Report, noting the ISIF funding committed during the year and that from 2018 on it was proposed that the relevant KPI would focus on the overall amount committed, including the co-investor multiple, as this was the economically more meaningful figure. The

Agency also reviewed the NDFA out-turn in the context of the significant delay to the Grangegorman PPP project arising from legal challenge by an unsuccessful tenderer.

The CFOO presented the NTMA and ISIF expenditure out-turns 2017. These were noted by the Agency. The Chief Executive noted that management was currently reviewing the budgetary approval process and would revert to the Agency on this matter.

10. NTMA CORPORATE STRATEGY 2018-2020

The Senior Manager, Corporate Strategy, Planning and Development presented the draft NTMA Corporate Strategy (Parts 1 and 2) for the Agency's review and approval. He detailed a number of drafting changes since the draft Strategy had previously been considered by the Agency at its November 2017 meeting. He noted that, following the November meeting, Part 2 of the Corporate Strategy had been sent to the Minister for his views. The NTMA had also engaged with officials from the Department of Finance as part of this process. The Minister had replied stating that having considered the changes made to annual targets and rolling 3 year business goals he was not requesting any further changes to the Corporate Strategy.

The Agency reviewed the draft Strategy suggesting amendments to Part 1 to clarify the wording with regard to Management Information Systems and to Part 2 to ensure consistency with the Funding Plan. Subject to these amendments, **IT WAS RESOLVED** that the *NTMA Corporate Strategy 2018 – 2020* as presented to the Agency be approved.

The Agency also agreed that for the next iteration of the Strategy it would review Part 1 at an early stage (including progress to date and future organisational challenges), given that the first three-year cycle for the Strategy would then have been completed.

11. REMUNERATION COMMITTEE MEMBERSHIP

The Chairperson noted that the terms of appointment of two of the four current members (Martin Murphy and Robert Watt) would expire on 24 March 2018. Having discussed the matter with the members concerned and with the Remuneration Committee Chairperson, Maeve Carton, he was proposing that Martin Murphy and Robert Watt be reappointed to the Remuneration Committee for a further three-year term.

IT WAS RESOLVED that both Martin Murphy and Robert Watt be reappointed as members of the Remuneration Committee, for a period of 3 years with effect from 24 March 2018, or until they are no longer an Agency member (whichever is the earlier).

12. CYBER SECURITY UPDATE

The Deloitte representatives briefed the Agency on its high-level cyber security maturity assessment of the NTMA carried out during 2017 and on the recommendations therein, noting that under the assessment the NTMA had been benchmarked against peer organisations (in the public and financial sectors). They noted that cyber-security was a fast-moving area and it was resource intensive even to maintain pace with peer maturity levels.

The NTMA Head of ICT Operations, John O'Donovan, briefed the Agency on the NTMA's areas of cyber security focus in 2018 and progress made in its areas of focus in 2017 (as outlined at the March 2017 Agency meeting).

The Chairperson requested that a further cyber-security update be scheduled for later in the year.

13. AOB

There were no items under AOB.

14. PRIVATE SESSION

The Agency met in private session. This item was minuted separately.

Willie Walsh
Chairperson

28 March 2018