



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

**MINUTES OF MEETING OF THE
NATIONAL TREASURY MANAGEMENT AGENCY
HELD AT 2.00PM ON 10 JULY 2018 AT
TREASURY BUILDING, LOWER GRAND CANAL STREET, DUBLIN 2**

PRESENT: Willie Walsh, Chairperson
Maeve Carton
Gerardine Jones
Martin Murphy
Conor O’Kelly
Mary Walsh
Susan Webb

APOLOGIES: Derek Moran
Robert Watt

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 4.3 and 5 only)
Donal Murphy Senior Investment Director, Infrastructure Investments, ISIF
(Item 5 only)
Frank O’Connor, Director, Funding and Debt Management (Items 7 and 8
only)
Rossa White, Chief Economist (Item 7 only)
Breda Macnamara, Head of Compliance (Item 9 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.

3. MINUTES AND MATTERS ARISING

The Chairperson noted that draft minutes of the meeting of 29 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 Chairperson.

The Secretary updated the Agency on the status of items arising from the minutes.

4. COMMITTEE REPORTS

4.1 New Premises Working Group

Gerardine Jones reported on the New Premises Working Group meetings held on 18 June. With regard to the delay in the commencement of the fit-out works as referred to at the May Agency meeting, she noted that mac-interiors had submitted a time extension claim and this was currently being assessed. She noted that post Practical Completion snagging had been completed on schedule. She also updated the Agency on expenditure to date on the fit-out works, noting that this would start to ramp up now that mac interiors were on-site.

4.2 SCA Strategy Committee

The SCA Strategy Committee Chairperson, Mary Walsh, presented and summarised the Report of the Committee meeting held on 6 June. She noted the Committee had received a detailed briefing on the cervical smear claims and that the Agency would be further updated on the evolving position as part of the Chief Executive's Report. The Committee had also reviewed developments with regard to open disclosure subsequent to its discussion of the matter at its April meeting. A new Patient Safety Bill was being drafted which would legislate for open disclosure on a mandatory basis. It was not anticipated that any particular implications would arise for the SCA's involvement in open disclosure policy development and programme roll-out from a move from a voluntary to a mandatory open disclosure system.

The Committee Chairperson noted that that the Committee had reviewed historic day school sexual abuse claims currently being managed by the SCA and the associated administration by the SCA of the Government's ex-gratia scheme and updated the Committee on the issues arising and approach being taken by the SCA. She also noted that the Committee reviewed the draft Clinical Risk Strategy which was close to finalisation and had been briefed on progress with regard to the SCA's targets and KPIs 2018.

4.3 Investment Committee

THIS ITEM HAS BEEN REDACTED IN PART.

The Investment Committee Chairperson, Susan Webb, reported on the Committee meeting held on 25 June. She briefed the Agency on the investment proposals reviewed at the meeting, noting that a summary of the investments approved was set out in the Chief Executive's Report. She added that the Committee had considered an extension of the ISIF loan facility to Irish Water – this would be considered under Item 5 of the agenda.

The Committee Chairperson advised the Agency that the ISIF Unit had updated the Committee on further discussions with the Department of Finance on the completion of the Investment Strategy Review. Since the Committee meeting, the Minister for Finance and Public Expenditure and Reform had announced how the Government planned to refocus the ISIF to meet stakeholder objectives. The Director, ISIF briefed the Agency on the detail of the Government's priorities. He added that the ISIF Unit would now revisit the Investment Strategy to align it with the Government's priorities and would bring the proposed updated Strategy for review by the Investment Committee and the Agency.

The Committee had also discussed the extent to which external structural factors, e.g. planning issues, acted as a constraint to the ISIF in the achievement of its economic impact objectives. The Committee agreed that broad structural planning issues were outside the ISIF's remit although the ISIF might consider, where relevant and appropriate, raising industry-wide planning related issues of which it had first-hand experience with relevant Departments and Agencies (it would be inappropriate for ISIF to raise project-specific issues with Ministers or other stakeholders). The Agency noted that any such issues should be raised in a co-ordinated manner through the NTMA.

The Committee reviewed a draft of the ISIF's interim H1 2018 ISIF update and annual Economic Impact Report (to be published in July). Previously, the Committee had asked that the ISIF include incremental employment figures in future Economic Impact Reports. That information was now included in the Report.

5. ISIF INVESTMENT PROPOSAL: IRISH WATER

The Senior Investment Director presented a proposal for the extension for a further period of 9 months of the €450m existing debt financing facilities provided to Irish Water (€300m and €150m, both maturing on 31 August 2018). He noted that, at the Agency's July 2017 meeting where a 12 month extension of the ISIF facilities was previously approved, the ISIF Unit had advised that Irish Water's existing commercial debt facilities were intended to be replaced with State funding. However, the necessary arrangements to replace the commercial debt facilities expiring in 2018 with State-funding not yet in place.

The Agency reviewed the proposed loan facility extension, noting that the nine month tenor – a reduction on the twelve month tenor of the existing facility – would give Irish Water reasonable certainty as to funding while also taking cognisance of the ISIF's likely medium-term capital requirements, following the reallocation of a portion of ISIF funds for other purposes as announced by the Minister for Finance.

The Investment Committee Chairperson noted that the Committee had reviewed the proposal, including the reduced tenor, and was satisfied to recommend it to the Agency,

On the recommendation of the Investment Committee, **IT WAS RESOLVED** that the proposed renewal of the ISIF's total debt facilities of €450m to Irish Water for a further period of 9 months 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.

6. CHIEF EXECUTIVE'S REPORT

THIS ITEM HAS BEEN REDACTED IN PART.

The Chief Executive briefed the Agency on the position with regard to Schools Bundle 5. Following a retendering process by the PPP Co., a replacement contractor, Woodvale Construction, had been appointed to complete the three most advanced schools by end-August and to undertake survey and

preliminary work at the other three buildings and provide a detailed scope of works to enable the contract arrangements for the completion of these schools to be finalised by end-December.

The Chief Executive updated the Agency on the current position with regard to cervical smear claims including active, potential and settled claims. He also briefed the Agency on the Annual Report 2017 and mid-year update 2018 press briefing held the previous day, 10 July, and on the upgrade and migration of the NIMS system to the cloud environment, which had been successfully completed.

Arising from the Chief Executive's Report, the Agency discussed a number of senior personnel departures, particularly in the ISIF and Risk areas.

The CLO and Secretary briefed the Agency on matters set out in the Report on Delegated Matters Notifiable to the Agency.

In response to a query from the Agency, the CLO briefed the Agency on the Director, ISIF's appearance in June as a witness for the prosecution in the US trial of a former State Street executive arising from the overcharging of a number of clients, including the National Pensions Reserve Fund, by State Street.

7. MARKET UPDATE

The Director, Funding and Debt Management briefed the Agency on recent developments in Irish and other European bond yields, particularly in light of the ECB announcement of the ending of its Asset Purchase Programme in December 2018 and the accompanying commitment to maintain its main interest rates at current levels "through Summer 2019".

The Agency discussed potential issues arising from Brexit for the NTMA's primary dealer network. The Director noted that all primary dealers were required to be members of the Irish Stock Exchange. A number of the NTMA primary dealers were based in EU member states other than the UK. If issues arose for UK-based primary dealers, they may need to transfer operations to an EU-based entity, which would then need to become a member of the Stock Exchange. The Funding and Debt Management Unit was working closely with its primary dealers on this matter.

With regard to potential green bond issuance later in the year, the Director advised the Agency that a Memorandum for Government had been prepared on the framework for any such issuance.

8. 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. He briefed the Agency on moneys received into the Escrow Fund to date, how these moneys had been invested by the appointed investment managers and the expected timetable for completion of the transfer of moneys from Apple to the Escrow Fund.

9. AGENCY AND COMMITTEE CODE OF CONDUCT

The Head of Compliance noted that the Code of Conduct, which applies to members of the Agency and its Committees, was subject to two-yearly review by the Agency. A number of minor amendments to the Code were proposed as set out in the draft updated Code circulated with the meeting papers.

IT WAS RESOLVED that the updated Code of Conduct for Members of the Agency and its Committees, as presented to the Agency, be approved.

The Head of Compliance drew the Agency's attention to the procedure regarding member receipt and confirmation of understanding of the Code, noting they would receive an email from the Secretary in this regard.

10. AOB

The Secretary briefed the Agency on progress on the planned external evaluation of the Agency's effectiveness, noting that it was planned to issue a tender in this regard before the Agency's next meeting.

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

Willie Walsh
Chairperson

25 September 2018