



Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency

**MINUTES OF MEETING OF THE
NATIONAL TREASURY MANAGEMENT AGENCY
HELD AT 2.00PM ON 17 SEPTEMBER 2019 AT
TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1**

PRESENT: Maeve Carton, Chairperson
Gerardine Jones
Derek Moran
Martin Murphy
Brian O'Kelly
Conor O'Kelly (except item 12)
Mary Walsh
Robert Watt
Susan Webb

IN ATTENDANCE: Elaine Hudson, Secretary (except item 12)
Ian Black, Chief Financial and Operating Officer (CFOO) (except item 12)
Susan O'Halloran, Chief Legal Officer (CLO) (except item 12)
Eugene O'Callaghan, Director, ISIF (Items 4.2, 5 and 8 only)
Ciaran Breen, Director, SCA (Items 4.3 and 5 only)
Ken Jordan, Head of ICT (Item 4.5 only)
John O'Donovan, Head of ICT Programme Management (Item 4.5 only)
Donal Steele, Senior Programme Manager (Item 4.5 only)
Jim Deery, Senior Manager, Corporate Strategy, Planning and Development (Items 5.1 and 9 only)
Alex O'Donnell, Corporate Strategy (Items 5.1 & 9 only)
Fergal Power, Head of Finance (Item 6 only)
Frank O'Connor, Director, FDM (Item 7 only)
Rossa White, Chief Economist (Item 7 only)
Kieran Bristow, Head of Investment Strategy, ISIF (Item 8 only)
Evelyn Leen, Senior Investment Manager, ISIF (Item 8 only)
Breda Macnamara, Head of Compliance (Item 10.1, 10.2 & 10.3 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 9 July 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 Agency noted the update on matters arising from previous meetings as set out in the note circulated with the meeting papers.

4. COMMITTEE REPORTS

4.1 Audit and Risk Committee

The Audit and Risk Committee Chairperson, Martin Murphy, presented and summarised the Report of the Committee meeting held on 10 September. He advised that the Committee had reviewed and approved updates to the Counterparty Credit Risk and the Reporting of 'Relevant Wrongdoing' and Protected Disclosures Policies, and enhanced measures to safeguard the independence of the Internal Audit Service Provider.

The Committee Chairperson noted that the Committee had conducted its annual review of its terms of reference and agreed that no amendments were required. He also noted that the Committee had reviewed the primary financial statements for the six months to 30 June 2019. He briefed the Agency on operational events and other risk related matters that had occurred during the reporting period.

4.2 Investment Committee

THIS ITEM HAS BEEN REDACTED IN FULL

4.3 SCA Strategy Committee

THIS ITEM HAS BEEN REDACTED IN PART

The SCA Strategy Committee Chairperson, Mary Walsh, presented the Committee Report to the Agency.

4.4 Remuneration Committee

THIS ITEM HAS BEEN REDACTED IN PART

The Remuneration Committee Meeting Chairperson, Martin Murphy, reported on the Remuneration Committee meeting held 9 September. He advised that the Committee had reviewed proposed amendments to the Committee's terms of reference and outlined the rationale for same.

On the recommendation of the Remuneration Committee, **IT WAS RESOLVED** that the terms of reference of the Remuneration Committee be amended as presented to the Agency.

The Committee had also reviewed the provisions in respect of pay reviews and performance related pay in the NTMA Expenditure Budget 2020 and agreed to recommend these to the Agency. The Committee Meeting Chairperson noted that the Budget would be considered by the Agency under Agenda item 6.

4.5 New Premises Working Group

Gerardine Jones reported on the New Premises Working Group meeting held on 2 September. She briefed the Agency that the various project work streams had either completed or become business as usual activities such as the sub-let of Treasury Building. In relation to the latter, she advised that the NTMA was in discussions with a potential tenant and that Heads of Terms had been issued in this regard.

The Agency commended the project management team on the premises move, which was completed on schedule and within budget. It noted in particular the successful migration of the complex ICT systems and networks

5. CHIEF EXECUTIVE'S REPORT

THIS ITEM HAS BEEN REDACTED IN PART

The Chief Executive presented his Report. With regard to FDM, the Chief Executive noted the increased volatility, in the short term, on foot of the ECB announcement on 12 September and that contrary to the aim of the policy intervention, yields had risen and the EURO had appreciated.

With regard to NewERA, the Chief Executive noted that NewERA hosted an event in Treasury Dock in relation to the Government's Climate Action Plan which was attended by Minister Bruton, CEOs of Commercial State Bodies and officials from a number of Government departments. He noted that the Executive Management Team would be considering the implications of climate change as a strategic risk for NTMA business units. He noted further that NewERA had been requested to review RTE's business plan.

The Director, SCA updated the Agency on the CervicalCheck litigation and also the position regarding Pandemrix/Narcolepsy related mass action claims.

5.1 KPI Dashboard

The Senior Manager, Corporate Strategy, Planning and Development presented the Key Performance Indicators Dashboard Report for the seven months to end-July 2019. The Agency discussed the ratings on a number of indicators, noting the importance of ensuring appropriate targets. The Agency also noted that KPIs which had not yet been met but were projected (on-course) to meet the full year target should be categorized as 'amber' rather than 'green'.

5.2 Delegated Matters Notifiable to the Agency

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

6. EXPENDITURE BUDGETS 2020

6.1 NTMA Expenditure Budget 2020

THIS ITEM HAS BEEN REDACTED IN PART

The Agency reviewed the NTMA Expenditure Budget 2020, noting that the budgets for NTMA ex SCA and SCA were presented separately

6.2 ISIF Expenditure Budget 2020

The Agency reviewed the ISIF Expenditure Budget noting the costs paid by the NTMA and recharged to the ISIF (staff costs, IT and other shared services costs). The ISIF expenditure budget would be revisited as part of the wider NTMA Expenditure Budget approval.

7. MARKET UPDATE

The Director, FDM, updated the Agency on the completion of the €1 billion auction of the benchmark Irish Government bond (1.1% Treasury Bond 2029) on 12th September, commenting on the increased market volatility arising from the ECB announcement on the day. He referred to the structural change in the market arising on foot of the tiering system which had been introduced by the ECB which resulted in a sharp market re-pricing at the short end of the yield curve. The Director, FDM advised that an auction of 12 month Irish Treasury Bills, targeted to raise €500 million, was scheduled for 19th September.

The NTMA Chief Economist noted that the recent decision by the ECB to link its policy to underlying (core) inflation would likely lead to sustained lower interest rates and was positive in the longer term for bond markets. He explained that as core inflation remained unchanged at 1%, the impact of the latest ECB action, if any, remained to be seen. Referring to the presentation circulated on the impact of a hard Brexit on Irish businesses, he noted that developments in relation to Brexit were being monitored closely. He mentioned that, in recent investor road shows, the NTMA had outlined the potential implications of a no-deal scenario.

8. ISIF ECONOMIC IMPACT FRAMEWORK 2.0

THIS ITEM HAS BEEN REDACTED IN PART

The Director, ISIF and members of his team presented the paper to the Agency noting, inter alia, that ISIF had generated a positive return since inception (€876m) and had adapted to evolving economic conditions as evidenced by its focus on Priority Themes. This focus had resulted in a reduced rate of investment in 2019 and a smaller investment pipeline. The ISIF team advised that ISIF employed a comprehensive deadweight assessment to ensure that it did not contribute to overheating in the economy and had a highly selective investment process which involved extensive due diligence.

The Agency reviewed the revised Economic Impact Framework noting the increased focus on long term sustainability of investee businesses and the more focused approach being adopted under ISIF Investment Strategy 2.0.

The Investment Committee Chairperson advised that the Committee was recommending it for approval to the Agency.

On the recommendation of the Investment Committee, **IT WAS RESOLVED** that the draft Economic Impact Framework 2.0, as presented to the Agency, be approved.

9. CORPORATE STRATEGY: PART 2 – NTMA BUSINESS UNIT AND CORPORATE FUNCTION GOALS

The Senior Corporate Strategy, Planning and Development Manager presented the NTMA Corporate Strategy Part 2 (NTMA Business Unit and Corporate Function Goals 2019-2023) for the Agency's review and comment. He advised that, subject to the Agency's comments, Part 2 would be submitted to the Minister for his views prior to finalisation. He outlined the changes that had been

made to Part 2, which principally related to the re-categorisation of certain goals as enabling pillars in Part 1 of the NTMA Corporate Strategy (2019 – 2023) (approved by the Agency in May 2019).

The Agency reviewed the Business Unit and Corporate Function Goals. In response to a query from the Agency, the Senior Manager advised that ownership/accountability for Agency -wide goals was disseminated through the team and individual goal-setting processes. The Agency requested that a high level version of the document would be presented in the future with the detail to be made available to the Agency separately. Subject to this request and a small number of drafting points, the Agency was satisfied for the document to be submitted to the Minister and to be brought back to it for final approval.

10. Governance Items

10.1 Agency Personal Account (PA) Transaction Policy

The Agency reviewed proposed updates to the Personal Account Transactions Policy for the Agency and its Committees.

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

10.2 Code of Conduct for NTMA Employees (ex NAMA)

The Head of Compliance presented the Code of Conduct for NTMA Employees (ex NAMA) to the Agency outlining proposed changes and the rationale for same. **IT WAS RESOLVED** that the updated Code of Conduct for NTMA Employees (ex NAMA), as presented to the Agency, be approved.

10.3 Code of Conduct for Members of the Agency and its Committees

The Agency reviewed proposed updates to the Code of Conduct, which applied to members of the Agency and its Committees.

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.

10.4 Agency Travel and Expenses Policy

The Travel and Expenses Policy, which applied to members of the Agency and its Committees, was scheduled for annual review. The Secretary noted that it was not proposed to amend the Policy at this time. The Agency was satisfied to proceed on this basis.

11. AOB

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

12. PRIVATE SESSION

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

Maeve Carton
Chairperson
26 November 2019