



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

**MINUTES OF MEETING OF THE
NATIONAL TREASURY MANAGEMENT AGENCY
HELD AT 2.00PM ON 28 MAY 2019 AT
TREASURY BUILDING, LOWER GRAND CANAL STREET, DUBLIN 2**

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

IN ATTENDANCE: Elaine Hudson, Secretary
Ian Black, Chief Financial and Operating Officer (CFOO)
Andrew O’Flanagan, Chief Legal Officer (CLO)
Ciaran Breen, Director, SCA (Item 5 only)
Eugene O’Callaghan, Director, ISIF (Items 4.3 and 5 only)
Dave McEvoy, Deputy Director, Funding and Debt Management (Item 6 only)
Kieran Bristow, Head of Investment Strategy, ISIF (Item 7 only)
Mary Macnamara, Senior Investment Manager, ISIF (Item 7 only)
Cathy Bryce, Director, NDFA & New ERA (Item 8 only)
Susanne Fitzpatrick, Sector Head – Programme Manager (Item 8 only)
Grainne Kenny, Senior Financial Analyst (Item 8 only)
David Power, Senior Project Manager (Item 8 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 26 March 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 21 May. He advised that the Committee approved the Liquidity Risk Management Policy and the Counterparty Credit Risk Annual Limits. He reported that there were no significant changes to the overall risk profile with KRIs remaining stable with all exposures within NTMA limits (apart from two pre-approved exceptions to policy). He noted that the Committee had reviewed progress against key deliverables in the Risk Management Plan. The Audit and Risk Committee Chairperson provided an update on progress against the Internal Audit Plan, the re-procurement of the outsourced internal audit service provider and implementation of the recommendations arising from the external quality assessment of the Internal Audit function.

4.2 New Premises Working Group

THIS ITEM HAS BEEN REDACTED IN PART

Gerardine Jones reported on the New Premises Working Group meetings held on 15 April and 14 May respectively. She reported that practical completion on the fit out was achieved on time (on 3 May) and on budget while meeting the required quality standard. She noted the progress across various work streams, including, *inter alia*, the ICT work stream where the focus was on ensuring that Virtual Desktop Infrastructure (VDI) implementation, was completed ahead of scheduled staff moves, and the Facilities work stream where the preferred tenderer for the catering service provider had been selected. Gerardine Jones advised that the Working Group was closely monitoring progress in relation to the sub-let of Treasury Building leases

4.3 Investment Committee

THIS ITEM HAS BEEN REDACTED IN PART

The Investment Committee Chairperson, Susan Webb, reported on the four Committee meetings held since the last Agency meeting in March.

5. CHIEF EXECUTIVE'S REPORT

THIS ITEM HAS BEEN REDACTED IN PART

The Chief Executive presented his Report. He advised that significant bond redemptions would be taking place in June 2019. He reported that the PPP model had worked effectively in relation to School Bundle 5, where notwithstanding the liquidation of the primary contractor and sub contractor, half of the schools had been delivered on time with the remaining schools to be delivered within 18 months of the original target construction completion dates, at no additional cost to the State. He informed the Agency that he had appointed Andrew O'Flanagan, CLO, as Director for NDFA and NewERA and that his replacement as CLO would be announced in the coming days. With regard to ISIF's development of its nomination and appointment framework for Board

positions with ISIF investee companies, the Chief Executive mentioned that more structured training would be provided to ISIF nominees appointed to these positions.

The Agency discussed the increasing possibility of a 'hard' Brexit and the potential steps the NTMA could take to ameliorate a potentially rapid deterioration in the economy. The Chief Executive advised that the NTMA maintained a prudent and cautious approach as evidenced by its cash balances. Following further discussion, the Agency noted that the NTMA would consider what further actions, if any, it could take in this regard.

5.1 NTMA and ISIF Budget 2019 Update

The Agency noted the NTMA and ISIF Budget 2019 including the reasons for variances against budget as set out in the paper. The Agency requested inclusion of 'Actual' versus 'Actual' in addition to 'Actual' versus 'Budget' for the next quarterly update.

5.2 Delegated Matters Notifiable to the Agency

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

6. MARKET UPDATE

The Agency noted the report as presented. The Deputy Director, FDM advised that on the increasing prospect of a 'no deal' Brexit, Sterling had weakened 4% on the month and sovereign bond yields in general had fallen. He reported that while Irish bond spreads (10-year yield) against Germany had widened recently, Irish spreads over France and Belgium had been relatively stable, widening marginally from earlier lows. The Agency noted that, following the issuance of a €4bn 30-year syndicated bond on 9 May (at a yield of 1.53%), 60% of 2019 funding range was complete. The Deputy Director added that NTMA was well positioned for upcoming bond redemptions and had strong cash balances.

The Agency queried whether the NTMA intended to issue any further Green bonds. The Deputy Director reported that the first Green Bond Allocation Report would be published shortly in advance of any future green bond issuance. He informed the Agency that in order to ensure liquidity in the existing bond, rather than issue a new Green bond, the FDM Unit might consider 'tapping' the existing Green bond. Responding to a further question he replied that there were sufficient identified Green Bond projects to facilitate a tap issuance.

The Deputy Director said he did not anticipate any upgrade to the Irish credit ratings until there was more clarity in relation to Brexit. The Agency noted the recent amendments to the Liquidity Risk Policy and that the change to the Policy would provide greater flexibility in terms of NTMA's funding options.

7. RAINY DAY FUND

THIS ITEM HAS BEEN REDACTED IN PART

The Director, ISIF, Senior Investment Director and Senior Investment Manager presented the paper to the Agency on the proposed transition of up to €1.5 billion of existing ISIF Global Portfolio assets to cash and cash like instruments and transfer of those assets to a new sub-portfolio of ISIF's

discretionary portfolio in anticipation of legislation being passed to establish the Rainy Day Fund (RDF).

IT WAS RESOLVED, upon recommendation from the Investment Committee at its 7 May meeting, that the following relation to the RDF be approved:

- (i) The granting of an exception to the GPTS to permit the transition of up to €1.5 billion of existing Global Portfolio assets to cash or cash like instruments in anticipation of a direction in the coming months to transfer monies to the RDF and the transfer of those assets from ISIF's Global Portfolio to a new sub-portfolio of ISIF's Discretionary Portfolio (the "Pre RDF Sub-Portfolio").
- (ii) The holding and investment of all assets transferred to the Pre RDF Sub-Portfolio in cash like instruments in accordance with the Pre RDF Strategy, as described in the paper.
- (iii) The delegation of authority to NTMA management to implement and execute the Pre RDF Strategy as described in the paper.
- (iv) The reporting by the ISIF Unit on the Pre RDF Sub-Portfolio separately to its reporting on the Global Portfolio until the assets held in the Pre RDF Sub-Portfolio had been transferred, by Ministerial direction, to the RDF.

8. SOCIAL HOUSING BUNDLE 1 PRESENTATION

THIS ITEM HAS BEEN REDACTED IN PART

The NDFA representatives provided an overview of Social Housing Bundle 1 (SHB1) to the Agency which noted, inter alia, the efficiencies afforded to the project arising from the geographic clustering of the six sites in Leinster, the details of the project financing and that the project's gearing ratio was typical of PPP projects. They noted further that the independent equity provider added an extra layer of due diligence for the project.

The Agency thanked Cathy Bryce for her contribution to the NDFA and more latterly NewERA.

9. NTMA CORPORATE STRATEGY 2019-2023

The Agency reviewed the Part 1 of the NTMA Corporate Strategy 2019-2023 which had been submitted to the Minister for his views (following review of same by the Agency at its March 2019 meeting) prior to finalisation and adoption by the Agency. The Agency noted that the Minister had completed his review and was not requesting any further changes.

IT WAS RESOLVED that the NTMA Corporate Strategy 2019-2023 as presented to the Agency be approved.

10. AOB

The Chairperson advised that the Annual Report and Accounts 2018 would be launched on 1 July 2019 and that the NTMA's appearance before the Oireachtas Public Accounts Committee had been set for 4 July.

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

11. PRIVATE SESSION

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

Maeve Carton

Chairperson

9 July 2019