



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

**MINUTES OF MEETING OF THE
NATIONAL TREASURY MANAGEMENT AGENCY
HELD AT 2.00PM ON 29 JANUARY 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 (except items 1 to 3.1)
Susan Webb

IN ATTENDANCE: Elaine Hudson, Secretary (except items 1 to 3.1)
Adrian O'Donovan, out-going Secretary (except items 1 to 3.1)
Marian Corcoran, Praesta (Item 3.2 only)
Eugene McCague, Praesta (Item 3.2 only)
Ian Black, Chief Financial and Operating Officer (CFOO) (except items 1 to 3)
Andrew O'Flanagan, Chief Legal Officer (CLO) (except items 1 to 3)
Eugene O'Callaghan, Director, ISIF (Items 5.4 and 6 only)
Ciaran Breen, Director, SCA (Item 5.3 only)
Jim Deery, Senior Manager, Corporate Strategy, Planning and Development (Items 7 and 8 only)
Frank O'Connor, Director, Funding and Debt Management (Items 9 and 10 only)
Rossa White, Chief Economist (Item 9 and 10 only)
Dave McEvoy, Deputy Director, FDM (Item 10 only)
Eileen Fitzpatrick, Director, NewERA (Item 11 only)
Martyn Byrne, Senior Corporate Finance Director (Item 11 only)
John Dillon, Senior Corporate Finance Director (Item 11 only)
Breda Macnamara, Head of Compliance (Item 12 only)
Alison Hodge, Senior Legal Advisor (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

THIS ITEM HAS BEEN REDACTED IN PART

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 other material interests declared by members in the business to be transacted at the meeting.

3. PRIVATE SESSION

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

4. MINUTES AND MATTERS ARISING

The Chairperson noted that draft minutes of the meeting of 27 November had been circulated to the members in advance of the meeting. **IT WAS RESOLVED** that the minutes be approved and signed by the Chairperson, subject to the inclusion of an additional sentence in relation to Agenda Item 9 (Investment Strategy Review).

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

5. COMMITTEE REPORTS

5.1 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 22 January 2019. He reported that the Committee had reviewed the Chartered Institute of Internal Auditors' (IIA) independent External Quality Assessment (EQA) Report of the NTMA Internal Function. He advised that the EQA result was positive (with NTMA's Internal Audit function rated in the top quartile of Internal Audit functions). It was noted that the recommendations (which were generally 'value added' in nature) were timely in the context of the NTMA's upcoming tender for an Internal Audit service provider.

The Committee Chairperson advised the Agency that the Committee had received a presentation from the Risk Function on the results of a gap analysis in relation to the Risk Management Policy and Framework, noting that no material gaps had arisen. He briefed the Agency on the Committee's approval of the updated Internal Audit Charter and the ERM's Terms of Reference and its various private meetings with the Heads of Internal Audit, Risk and Compliance respectively.

5.2 New Premises Working Group

The Chairperson reported on the New Premises Working Group meetings held on 10 December 2018 and 14 January 2019 respectively. She reported that while expenditure was currently marginally below budget due to the timing of invoices, overall expenditure was in line with the budget.

The CFOO advised that although the fit-out programme was currently slightly behind target, mac-interiors had provided assurance that the completion date would be met. He also informed the Agency

that, prompted by a query from the Working Group, any incremental cyber security risks associated with the move to Dublin Landings were being actively managed.

5.3 SCA Strategy Committee

THIS ITEM HAS BEEN REDACTED IN PART

She noted that the Committee had conducted its first self-assessment. While Committee members were satisfied the Committee was working well, it had identified specific actions to improve its process.

5.4. Investment Committee

The Investment Committee Chairperson, Susan Webb, reported on the Committee meetings held on 17 and 20 December. She briefed the Agency on the Fund's 2018 performance, noting the relatively stronger performance of the Irish portfolio (vis a vis the Global portfolio) in what was a very challenging year for all asset classes.

She advised the Agency that a summary of the investments approved at the November and December Committee meetings was set out in the Chief Executive's Report. She briefed the Agency on one of these investments which had evolved since its approval by the Committee in December 2018, noting that the ISIF Unit would revert to the Committee on proposed changes to the key terms of the transaction in due course.

6. 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 ISIF's 2018 investment performance. In this context he reported that while ISIF's relative performance was quite good, its negative absolute performance reflected a very difficult year for financial markets globally. He noted that 90% of all asset classes were negative (the worst since records began). The Agency noted that ISIF did not invest on a risk free basis and performance was not out of line in the context of prevailing conditions in 2018.

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

7. NTMA OUT-TURNS 2018

The Senior Manager, Corporate Strategy, Planning and Development presented the NTMA Summary Highlights and Key Performance Indicators Dashboard for 2018. The Agency reviewed performance against the KPIs (and queried the performance rating in certain instances) and discussed the extent to which the KPIs could be further developed as a performance management tool. It noted that the Senior Manager would consider this in the context of the development of the annual Business Unit and Corporate Function Goals 2020.

The CFOO then presented the NTMA and ISIF expenditure out-turns 2018. These were noted by the Agency.

8. NTMA CORPORATE STRATEGY 2019-2021

The Senior Manager, Corporate Strategy, Planning and Development presented the draft NTMA Corporate Strategy (Part 2) for the Agency's review and approval. He noted a number of changes to the ISIF targets / deliverables for 2018 following the finalisation of the ISIF Investment Strategy Review. He said that following the Agency's November meeting, Part 2 of the Corporate Strategy, including the changes to the ISIF targets / deliverables in addition to a summary of the NTMA Strategic Risk Assessment had been submitted to the Minister for his views. The Minister had replied stating that having considered the updates to the annual targets and rolling 3 year business goals he was not requesting any further changes to the Corporate Strategy.

IT WAS RESOLVED that the NTMA Corporate Strategy Part 2 (Business Unit and Corporate Function Goals) 2019 – 2021 as presented to the Agency be approved.

9. MARKET UPDATE

The Agency noted the report as presented. The Chief Economist briefed the Agency on developments since the Brexit referendum, noting that over the period the UK economy had underperformed relative to the Eurozone and US economies. He also briefed the Agency on the projected impact on the UK and Irish economies arising from various Brexit scenarios. In response to a question from the Agency, the Chief Economist advised that the recent strength of Sterling reflected the markets' view that a 'no deal' Brexit would be avoided.

The Director, Funding and Debt Management briefed the Agency on recent developments in global and European bond yields noting that markets had softened considerably with the earlier expectation of two further US rate hikes during 2019 being revised to no change in rates. He also briefed the Agency on the €4 billion 10-year bond syndication in January. The Agency discussed the Irish sovereign credit ratings, upcoming bond redemptions and planned issuance in 2019.

10. SHORT TERM FUNDING

THIS ITEM HAS BEEN REDACTED IN FULL

11. NEWERA UPDATE

The Director, NewERA updated the Agency on activity in 2018 including, among other things, the designation of An Post, agreement of Terms of Reference with the Department of Health regarding Vhi, continued engagement with key transport companies and publication of an expanded Annual Financial review 2017/2018. She also outlined NewERA's areas of focus for 2019 and provided an overview of resourcing and structures within the team.

The Agency noted that Eileen Fitzpatrick would be stepping down from her role as Director, NewERA shortly and commended her and her team for the significant contribution and value delivered by NewERA since its establishment.

12. STATUTORY OBLIGATIONS UPDATE

The Head of Compliance and Senior Legal Advisor presented the material statutory obligations relevant to the NTMA, highlighting the key changes since last presented to the Agency in March 2018.

The Head of Compliance advised that further details on the obligations contained in the various pieces of legislation covered in the presentation were available on BoardPad.

13. AOB

There were no items under AOB.