



Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta National Treasury Management Agency

MINUTES OF MEETING OF THE NATIONAL TREASURY MANAGEMENT AGENCY HELD via VIDEO CONFERENCE AT 10.00AM ON 24 NOVEMBER 2020 AT TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1

PRESENT: Maeve Carton, Chairperson
Brian O'Kelly
Conor O'Kelly
Derek Moran
Gerardine Jones
Martin Murphy
Rachael Ingle
Robert Watt
Susan Webb (except item 9.2)

IN ATTENDANCE: Elaine Hudson, Secretary
Anastasia-Ilektra Sakellariou, Secretariat
Ian Black, Chief Financial and Operating Officer (CFOO)
Susan O'Halloran, Chief Legal Officer (CLO)
Frank O'Connor, Director, FDM (Item 5 only)
Rossa White, Chief Economist, FDM (Item 5 only)
Eugene O'Callaghan, Director, ISIF (Items 6 and 8.3 only)
Kieran Bristow, Senior Investment Director, ISIF (Item 6 only)
Mary MacNamara, Investment Director, ISIF (Item 6 only)
Fergal Power, Head of Finance (Items 7 and 7.1 only)
Eimhín Ní Mhuircheartaigh, Head of ISIF Business Operations, ISIF (Item 7 only)
Ciara Lehane, Head of Risk (Item 8.1 only)
Ciarán Breen, Director, SCA (Item 8.2 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.

Susan Webb noted that there could be a perception that she had a conflict of interest with respect to Agenda Item 9.2 (Investment Committee Chairperson appointment). In order to avoid any possible perception of a conflict of interest arising, she would absent herself from the meeting for this item.

3. MINUTES AND MATTERS ARISING

The Chairperson noted that draft minutes of the meeting of 22 September 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. CHIEF EXECUTIVE'S REPORT

The Chief Executive presented his Report. He noted that the last of the outsized, five bonds maturing over the 3 year period Oct 2018 – Oct 2020 bonds, collectively known as the “chimneys”, matured on 18 October. **This is redacted in part pursuant to Section 30(1)(b) of the FOI Act 2014.** The Chief Executive noted that following the European Commission's recent appeal of the General Court of the European Union's (GCEU) July annulment of the European Commission decision, the NTMA would continue to manage the Escrow Fund until the final judgment of the European Court of Justice (ECJ). **This is redacted in part pursuant to Section 30(1)(b) of the FOI Act 2014.**

In relation to *ISIF*, the Chief Executive briefed the Agency on progress in relation to the Pandemic Stabilisation and Recovery Fund (PSRF), noting that, in addition to direct support of medium and large firms, ISIF funds were being deployed effectively through indirect platforms to small/medium firms adversely impacted by the pandemic. **This is redacted in part pursuant to Schedule 1 Part 1 (x)(ii) of the FOI Act 2014.**

The Chief Executive updated the Agency on a number of *corporate matters* including progress in relation to the executive search process for the replacement of the Director, ISIF (who was stepping down at year-end) noting that the Chairperson of the Investment Committee, the Chairperson of the Agency and the Chairperson of the Remuneration Committee would participate in the relevant interview panels for same. On a separate note, the Agency noted that a Periodic Critical Review, as provided for under the Code of Practice for the Governance of State Bodies, of a number of bodies under the aegis of the Department of Finance (including the NTMA) would likely commence during 2021.

The Agency reviewed the report and the ensuing discussion focused on the status of the Rainy Day Fund (now that funds had been withdrawn), the likely outcome of the recent Rating Agency reviews, the NTMA's working arrangements for living with Covid-19 and the management of the NTMA's diverse responsibilities **This is redacted in part pursuant to Section 30(1)(b) of the FOI Act 2014.**

5. FDM FUNDING PLAN 2021

The Director, Funding and Debt Management (FDM) and Chief Economist (NTMA) presented the 2021 Funding Plan and the assumptions underpinning the Plan. **This is redacted in part pursuant to Section 40(1)(a) as applies to 40(2)(d) of the FOI Act 2014.**

The Agency reviewed the Plan noting, inter alia, the proposed 2021 bond funding range. The Director, FDM indicated that with no bond maturities in 2021, the main driver for funding would be the Exchequer Borrowing Requirement. **This is redacted in part pursuant to Sections 30(1)(b) and 40(1)(a) as applies to 40(2)(d) of the FOI Act 2014.**

Following due consideration, **IT WAS RESOLVED** that the 2021 Funding Plan be approved - Management was required to revert to the Agency in the event of **This is redacted in part pursuant to Sections 30(1)(b) and 40(1)(a) as applies to 40(2)(d) of the FOI Act 2014.**

6. ISIF GLOBAL PORTFOLIO IMPLEMENTATION STRATEGY 2.0 (GPS 2.0)

The Senior Investment Director and Investment Director, ISIF presented the updated Implementation Strategy to the Agency which noted, *inter alia*, the objectives of the Global Portfolio, the proposed changes to the Strategy including, **This is redacted in part pursuant to Section 30(1)(b) of the FOI Act 2014.**

The Chairperson of the Investment Committee confirmed that the Committee had recommended the GPS 2.0 and the delegation of the implementation of same to the Chief Executive (and his delegates) at its 23 November meeting. **This is redacted in part pursuant to Section 30(1)(b) of the FOI Act 2014.**

This is redacted pursuant to Section 30(1)(b) of the FOI Act 2014.

Following further discussion, **IT WAS RESOLVED** that (i) the Global Portfolio Implementation Strategy as set out in Schedule 1 of the paper ("GPS 2.0") be approved; and (ii) the implementation of GPS 2.0 be delegated to the Chief Executive of the NTMA (and his delegates), including the selection of specific strategies, the appointment and termination of investment managers and any transition of existing strategies.

7. EXPENDITURE BUDGETS 2021 (NTMA & ISIF)

The Chairperson noted that the proposed Budgets had been reviewed by the Agency Chairperson, the Audit and Risk Committee Chairperson, the Remuneration Committee Chairperson and the Chief Executive prior to being presented to the Agency for approval. The CFOO and Head of Finance noted that management had revisited the assumptions underpinning the NTMA Expenditure Budget **This is redacted in part pursuant to Section 30(1)(b) of the FOI Act 2014** with a view to seeking whether further cost savings could be achieved.

This is redacted pursuant to Section 30(1)(b) of the FOI Act 2014.

The Agency noted that the ISIF expenditure budget did not form part of the NTMA Administration Account budget and remained aligned with the budgetary assumptions circulated to the September meeting. **This is redacted in part pursuant to Section 30(1)(b) of the FOI Act 2014.**

IT WAS RESOLVED that the NTMA Administration Expenditure Budget 2021 and the ISIF Expenditure Budget 2021 be approved.

7.1 Quarterly Budget Outturns Q3 2020

The Agency noted the NTMA Administration Account and Ireland Strategic Investment Fund ("ISIF") 2020 expenditure out-turn for Q3 2020 and full year forecast for 2020 versus budget. The Agency requested that Headcount numbers be included in the Quarterly Outturn paper going forward [Action].

8. COMMITTEE REPORTS

8.1. Audit and Risk Committee

The Audit & Risk Committee Chairperson presented the report of the Committee meeting held on 17 November. She noted that the Committee approved the 2021 Internal Audit and Risk Management Plans, noting that the latter was subject to change in January in respect of assurance mapping and the final Deloitte reviews. She noted further that the stress test framework and the role of same in management decision making would be considered before the next Stress Test report to the Committee. The Committee reviewed the report and discussed the appointment of the new Head of Compliance, the appointment process in relation to the Head of Internal Audit, the 2021 Financial Statements C&AG Planning process, and the status of the various Risk unit reviews.

8.1.1 Risk Management Policy and Framework (RMPF)

The Agency noted the paper as presented, including that an external review of the RMPF, as part of a wider Risk function five yearly review (as required under the Code of Practice for the Governance of State Bodies) had not identified any significant gaps. The Head of Risk advised that the review period for the *operational risk management policy*, which was subject to ARC approval, had changed from annually to biennially.

Following due consideration, having regard to the recommendation of the Audit and Risk Committee at its 17 November meeting, **IT WAS RESOLVED** that the updated Risk Management Policy and Framework as presented to the Agency be approved.

8.1.2 Risk Appetite Framework (RAF)

The Head of Risk briefed the Agency on the proposed amendments to the Risk Appetite Framework (RAF) as circulated **This is redacted in part pursuant to Sections 30(1)(b) and 36(1)(b) of the FOI Act 2014** and provided an overview of the key changes, **This is redacted in part pursuant to Section 30(1)(b) of the FOI Act 2014**. It was noted that, subject to any changes to these recommendations in the final **This is redacted in part pursuant to Section 36(1)(b) of the FOI Act 2014** report, it was proposed to address these areas in the next iteration of the RAF.

Following further discussion, and noting the recommendation of the Audit and Risk Committee at its 17 November meeting, **IT WAS RESOLVED** that the updated Risk Appetite Framework as presented be approved.

8.1.3 Audit and Risk Committee Terms of Reference

The Audit and Risk Committee Chairperson updated the Agency on the key changes proposed to the Committee Terms of Reference which primarily aimed to provide further consistency across the Committee's work programme in terms of the Risk, Internal Audit and Compliance functions respectively.

After due consideration, noting the recommendation of the Audit and Risk Committee at its 17 November meeting, **IT WAS RESOLVED** that the Terms of Reference of the Audit and Risk Committee as presented, be approved as presented.

8.2. SCA Strategy Committee

The SCA Strategy Committee Chairperson, presented the report of the Committee meeting held on 5 November. **This is redacted in part pursuant to Sections 30(1)(b) of the FOI Act 2014**. He provided an overview of the key items discussed at the meeting as outlined in the report.

The Director, SCA briefed the Agency on recent developments in respect of the Pandemrix/Narcolepsy and CervicalCheck mass action litigation. The Committee questioned the Director SCA on various aspects of same.

8.3. Investment Committee

The Investment Committee Chairperson, presented the reports of the Committee meetings held on 30 September, 19 October, 28 October, 5 November and 23 November. She provided a brief overview of the PSRF active pipeline and transactions approved since the last update to the Agency. She noted, amongst other things, that the Committee agreed to recommend the Global Portfolio Strategy to the Agency.

On the occasion of Eugene O’Callaghan’s final appearance before the Board arising from his decision to step down from his role as Director, ISIF at year-end, the Agency Chairperson, on behalf of Agency members, thanked him for his hard work and significant contribution to the ISIF and the NPRF.

8.3.1 Investment Committee Terms of Reference

The Agency noted the paper as presented. Noting the recommendation from the Investment Committee at its 23 November meeting, **IT WAS RESOLVED** that the Terms of Reference of the Investment Committee as presented, be approved

9. GOVERNANCE ITEMS

9.1. Update on Chairperson’s Annual Meeting with the Minister

The Chairperson briefed the Agency on her meeting with the Minister for Finance on 11 November (as required under the Code of Practice for the Governance of State Bodies). She noted that the Minister was briefed (by both the Chairperson and Chief Executive) on the NTMA’s key strategic priorities as set out in the Chief Executive’s report.

9.2. Investment Committee Chairperson Re-appointment

Susan Webb absented herself from the meeting for this item

The Agency noted the paper as presented. The Agency **resolved** to approve that Susan Webb be re-nominated as a member of the Investment Committee (under section 5A(3)(a) of the 1990 Act) and reappointed as Chairperson (under section 5A(5)) until 21 December 2023 , or until she resigned, or the Agency decided otherwise (whichever is the earliest).

9.3. Annual Work Programme 2021

Susan Webb re-joined the meeting at this point

The Agency noted the Work Programme for 2021 as presented

9.4. Delegated Matters Notifiable to the Agency

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

9.5. Corporate Strategy: Part 2 –NTMA Business Units and Corporate Function

IT WAS RESOLVED that the *Corporate Strategy: Part 2 - Business Unit and Corporate Function Goals (including annual targets / deliverables 2021)* as presented to the Agency be approved.

10. AOB

The Chairperson noted that it was planned to circulate the Agency annual self-assessment survey in respect of 2020 ahead of year-end for review in early 2021.

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.