



NASFUND CONTRIBUTORS SAVINGS & LOANS SOCIETY MINUTES OF BOARD MEETING NO.11 OF 2007

DATE : Wednesday 12th September 2007
TIME : 11:00 am
VENUE : NASFUND Board Room

1. MEETING OPENED

The Chairman Mr. Ian Tarutia opened the meeting at 11:20 am

1.1 Members Present:

: Ian Tarutia : Chairman
: Reginald Monagi : Director
: Michael Manning : Director
: William Lamur : Director

1.2 Apologies:

: Nil

1.3 Absentees:

: Nil

1.4 Attending:

: Erastus Kamburi : Company Secretary
: Dilly Tarua : Manager NCSL
: Ernie Gangloff : Audit Committee member

2. DISCLOSURE OF CONFLICT OF INTEREST

Nil

3. MINUTES OF 10th MEETING OF 2nd MARCH 2007.

3.1 It was resolved to accept the Minutes as presented.

Moved by Mike Manning. Seconded by Reg Monagi. All in favour

4. MATTERS ARISING FROM THE MINUTES.

4.1 Nil

5. APPOINTMENT OF EXTERNAL BOARD MEMBER

5.1 The Chairman informed the members of the following matters:-

- On 24th October 2006, the Board approved for an appointment of an external Director.
- The minimum qualifying criteria were:-
 - (a) Contributing to NCSL
 - (b) Tertiary education up to year 12 or University level
 - (c) Employer is an approved employer for the purposes of 1:2 loans
 - (d) Candidate must be a female
 - (e) Positive reference check
- Five candidates were considered by the Chairman and two were asked to submit their CV's for consideration by the Board. They are Momo Gavera, Training Manager with Brian Bell and Ellenor Iutiko, PNG Human Resource Manager with Oil Search.
- It was recommended that the Board consider the two applicants and appoint one to the Board

- 5.2 Mike Manning expressed concern that he does not know any of the applicants. The Chairman stated that both women have been carefully selected taking into consideration the qualifying criteria and both are professional women who are capable of sitting on any Board.
- 5.3 William Lamur stated that because of the relationship NCSL has with Brian Bell and that its members are spread over the country, a Director from Brian Bell would be preferable. Mike Manning agreed with William's statement.
- 5.4 Since the Chairman had reviewed all applicants and made reference checks, he was asked to make a recommendation and the Chairman recommended Ellenor Iutiko.
- 5.5 It was **resolved** that:-

- **The Board approved the appointment of Ellenor Iutiko as a Director on the NCSL Interim Board.**

Moved by Mike Manning. Seconded by Reg Monagi. All in favour

NOTE: The Chairman excused Mr. William Lamur at 11:30am as he had other prior urgent engagements to attend to.

6. MANAGERS REPORT

- 6.1 The Manager gave an abridged version of the Report as follows:-

- Gross assets as at 31st July stood at K28,196,841 compare to K19,762,640 in 2006.
- NAV as at 31st July is K1,508,099 compared to K432,647 in 2006.
- Profit for period ending 31st July is K865,611 compared to K173,786 in 2006
- Total membership as at 31st July is 29,252.
- Total investment is K20.352 million net of loans made up of K3.606 million in equity holdings, K6.096 million in IBD, K2.4 million in Inscribed Stock, K4.250 million in Treasury Bill and K4 million in APNG Corporate promissory notes.
- Equity portfolio saw a net gain of K63,000 as a result of price increase in all stocks held by NCSL.
- As of 31st July 2007 fixed interest is underweight by 8%, equity is underweight by 3% and cash overweight by 11%

- 6.2 In relation to IBD, the Board raised the following matters:-

- That the Manager enquire with BSP Capital and advise the Board as to the variance between FIFL and Credit Corporation.
- Why NCSL continues to use BSP Capital when the task can be easily performed in-house by the Manager.
- Manager to take responsibility of this and to ensure that the call on IBD should be for the highest bidder and not rolled over.

- 6.3 The Manager was advised to implement the following:-

- Not to include details of the loans in the Board Report as it contained confidential loan information which should be limited only for Management.
- Not to include Bar Charts in the Report as it was not necessary.
- Consider including Phone Banking

- 6.4 Subject to the above directions, the Managers Report was accepted as presented.

7. POLICIES & PROCEDURES UPDATE

7.1 The Chairman presented to the Board the proposed changes to the Policies & Procedures Manual in relation to Unallocation Procedure.

7.2 It was **resolved** to:-

- **Adopt the proposed changes and update the Policies & Procedures Manual in relation to Unallocation Procedure.**

8. REVIEW OF 5 YEAR PLAN

8.1 The Chairman presented to the Board the review of the 5 Year Plan which covered the following areas:-

- Key Strategic Issues
- Action Plan
- SWOT Analysis
- Governance Functions
- Board Composition
- Investments
- Finance
- Understanding the Industry
- Competitions
- Operational Expenses as a Stand Alone Entity
- Bank of PNG Issues

8.2 In relation to Key Strategic Issues, the Board noted that there were four strategic areas covering business growth, management and operational systems, competitive business performance and employee skills and the action plan in relation to achieving those strategic issues.

8.3 The Board expressed concern in relation to:-

- The key performance indicators set to achieve the objectives in relation to business growth and enquired as to whether those KPI were realistic given performance in the previous years.
- The viability of the continued use of S2000 system
- Medicare options to which the Chairman advised that it was not feasible as most members are benefiting from employer provided medicare schemes.

8.4 The Board **resolved** to:-

- **Adopt the review of the 5 Year Plan as presented**

Moved by Reg Monagi. Seconded by Ian Tarutia

9. INVESTMENT GUIDELINES

9.1 The Chairman tabled a Paper relating to review of Investment Guidelines which covered the following:-

- Under the current guidelines NCSL is flushed with cash as demand for loans has dropped. As a result 51% of the portfolio is in cash against the guideline of 40%.
- Under a standing directive from the Registrar a maximum of 60% of members total savings must be allowed to members in loans. This directive cannot be achieved as the demand for loan has dropped.

- Given the low demand for loan and low interest rate other asset class must be included in the guideline
- The recommendation from the Investment Managers is to introduce property into the asset portfolio mix.
- Pursuant to the current direction from the Registrar property investment must not exceed 5% of total asset or value of reserves and retained earnings.
- On current figures NCSL property investment will not exceed K1.409 million.
- The type of property at that limit would be a 3 – 4 unit complex at Boroko or Gordons with a net yield of 8-9%.

9.2 The Board **resolved** to:-

- **Approve in principle the addition of property to the current investment guidelines; and**
- **That any property investment would have to be approved by the Board on the recommendation of the Investment Manager and subject to BPNG approval.**

Moved by Reg Monagi. Seconded by Ian Tarutia. All in favour.

10. ANY OTHER BUSINESS

Nil

11. CLOSE OF MEETING

There been no further matters the Chairman closed the Meeting at 12:20 pm.

**SIGNED AS A TRUE AND CORRECT
RECORD OF THE MEETING:**

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Ian Tarutia
CHAIRMAN

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Erastus B. Kamburi
SECRETARY