



NASFUND CONTRIBUTORS SAVINGS & LOANS SOCIETY MINUTES OF BOARD MEETING NO.14 OF 2008

DATE : Thursday 16th October 2008
TIME : 10.00 am
VENUE : NASFUND Board Room

1. MEETING OPENED

The Chairman Mr. Ian Tarutia opened the meeting at 10. 15 am.

1.1 Members Present:

: Ian Tarutia : Chairman
: William Lamur : Director
: Ellenor Iutiko : Director

1.2 Attending:

: Erastus Kamburi : Secretary
: Dilly Tarua : Manager NCSL
Bernard Geita : Senior Loans Officer (in part by invitation)

The Chairman informed the meeting that even with the passing of the late Mike Manning and an existing vacancy due to the resignation of Reg Monagi from the Board in March, there was a quorum with three directors. This was confirmed by the Secretary. The Chairman then asked the meeting to observe a minute silence as a mark of respect for the late Mike Manning and his contribution as a director to the NCSL Board.

2. DISCLOSURE OF CONFLICT OF INTEREST

Nil.

3. INTEREST REGISTER

Ellenor Iutiko informed the Board that she had been appointed a director on the board of Leadership PNG Inc. Interest Register to be updated accordingly.

4. MINUTES OF 13th MEETING OF 28th MARCH 2008.

It was **resolved to accept the Minutes as presented.**

Moved by William Lamur. Seconded by Ellenor Iutiko. All in favour

5. MATTERS ARISING FROM THE MINUTES.

5.1 To be discussed as part of the Agenda.

6. MANAGERS REPORT.

The Chairman invited the Dilly Tarua to present the Managers report. Dilly provided the following highlights as follows:-

- Gross assets of the Society as at 31st August 2008 stood at K45, 035, 684 (2007 – K29, 358,869).
- NAV of the Society as at 31st August = K 7,584,150. (2007 – K1, 827,755).

- Net Profit for period ending 31st August = K 2, 987,067 (2007 – K1, 184,897). This was a reduction of K 383, 122 from July's reported net profit as result of the kina appreciation against the Australian dollar and decrease in value of both BSP and Credit Corporation share prices.
- Total Membership as at 31st August 2008 is 35,123. New Members joined YTD= 7,846
- Property Investment of K1.4 million excluding stamp duty in Alotau settled.
- Half yearly statements were printed and in the process of being sent out to members via their respective employers.
- The case of a former staff, who stole K 75, 000 was now before the National Court for trial.

The Board noted that the loss suffered by the fraud would be covered by general reserves if it was not recovered from the former staff through the Courts.

The Board **resolved** to:

- **Accept the Managers Report as presented.**

Moved by William Lamur. Seconded by Ellenor Iutiko. All in favour.

7. ORGANIZATION STRUCTURE

The Chairman spoke to the submission. After much discussion and deliberation the Board **resolved** to:

- **Adopt the proposed structure as recommended by management.**
- **Recruit an assistant accountant to understudy Dilly Tarua.**
- **Commence the process of recruiting a CEO / General Manager.**

Moved by William Lamur. Seconded by Ellenor Iutiko. All in favour.

8. STAFF SALARY REVIEW

The Board **resolved** to:-

- **Approve the revised salary level for staff as recommended by management.**

Moved by William Lamur. Seconded by Ellenor Iutiko. All in favour.

9. AON ADMINISTRATION AGREEMENT

The Board was reminded that on the 24th October 2006, it passed a resolution to seek an alternate system to Aon's S2000 which was primarily a superannuation administration system. The decision was based on the admin fees charged by Aon Consulting which constituted 50% of NCSL's expenses as well S2000 limitations to provide certain savings & loan functionalities and management reports.

The Board was further informed that the Administration Agreement with Aon Consulting was going to expire on the 15th November 2008.

After much discussion and deliberation the Board **resolved** to:

1. **Advertise by selective tender the provision of a suitable administration system. Aon would be most welcome to reapply.**
2. **Management to prepare scope of tender. If need be the services of an IT consultant to be engaged to ensure NCSL needs are specifically contained in the tender in the appropriate IT language.**
3. **Roll over the Aon Admin contract on a month to month basis on the same terms and conditions pending outcome of the tender.**

Moved by Ian Tarutia. Seconded by William Lamur. All in favour.

10. BANK OF PAPUA NEW GUINEA ON SITE INSPECTION

The Board noted that BPNG was scheduled to conduct its annual on site inspection of the society from the 20 – 24th October 2008. It was further noted that BPNG had specifically requested the presence of Board Directors at the exit meeting on the 24th October 2008. Directors Lamur and Iutiko informed that they may not be available to due to pre arranged commitments.

It was **resolved** Chairman Ian Tarutia would represent the Board at the Exit Meeting.

11. INVESTMENT MANAGER - BSP CAPITAL Ltd.

The Board noted that an earlier decision in October 2005, not to renew the BSP Capital Ltd's mandate as Investment Manager when it expired, was formally implemented by the Chairman in his letter of the 7th October 2008 to the BSP Capital Ltd Managing Director.

12. FIJI CONFERENCE REPORT

The Board noted the report presented by Bernard Geita, Senior Loans Officer. The Board was pleased to acknowledge that Bernard Geita passed the first stage of the Managers Certification Program, an internationally recognized training course offered by the World Council of Credit Unions that is conducted over two years.

The Board **resolved** to:

Accept the recommendation for staff to participate in these types of training programs and for management to provide appropriate provisioning in future training budgets.

Moved by Ellenor Iutiko. Seconded by William Lamur. All in favour

13. ANY OTHER BUSINESS

13.1 Board & Sitting Fees

William Lamur raised the question of whether NCSL Director Fees and sitting allowances should be reviewed in light of the following considerations:

- Compensation factor for time spent by Directors on NCSL affairs given the size and growth of the society in recent times.
- The Board's strategic objective of implementing a permanent organizational structure from board to management level.
- The strong financial status of the society.

It was noted that Board members did not receive any Board Fees, only a sitting allowance of K250 for each Board meeting. If the Board met on the same day as the NASFUND Audit & Remuneration Committee, members did not receive sitting allowances except Ellenor Iutiko who was a non member of the NASFUND Audit & Remuneration Committee. The Chairman as a member of the NASFUND executive did not receive any fees at all.

After much discussion and deliberation it was **resolved** that:

Management is to compile a comparative analysis of what other Savings & Loan Societies were paying their directors and report back to the Board.

Moved by Ian Tarutia. Seconded by William Lamur. All in favour

13.2 NEW NCSL DIRECTORS

William Lamur raised the issue of replacement directors for NCSL in light of the resignation of Reg Monagi and the passing of Mike Manning. The Chairman informed that under the existing MOA the two vacancies would automatically be filled once the NASFUND Board appointed replacement members of the NASFUND Audit & Remuneration Committee.

It was **resolved** that:

William Lamur would liaise with Erastus Kamburi and the NASFUND Board Chairman, John Jeffery to sort out the matter of the replacement of NASFUND A & R Committee members.

Moved by IanTarutia. Seconded by William Lamur. All in favour

14. DATE OF NEXT MEETING

The tentative date of the next meeting was set at Thursday 20th November 2008

15. CLOSE OF MEETING

There being no further business the Chairman closed the meeting at 11.55 am

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

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Ian Tarutia
CHAIRMAN

.....
Erastus B. Kamburi
SECRETARY