



NASFUND CONTRIBUTORS SAVINGS & LOANS SOCIETY MINUTES OF BOARD MEETING NO.17th OF 13/11/2009

DATE : Friday 13th November 2009
TIME : 10.30 am
VENUE : NASFUND Board Room

1. MEETING OPENED

The Chairman Mr. Ian Tarutia opened the Meeting at 10.35 am and introduced the newly appointed General Manager Mr. Bill Kondolo.

1.1 Members Present:

: Ian Tarutia	: Chairman
: William Lamur	: Director
: Ellenor Iutiko	: Director
: Melchior Togolo	: Director
: Hulala Tokome	: Director

1.2 Attending:

: Dilly Tarua	: Manager
: Bill Kondolo	: General Manager
: Seno Wekina	: Legal Officer

2. DISCLOSURE OF CONFLICT OF INTEREST

Nil

3. MINUTES OF 16th MEETING OF 03rd APRIL 2009.

The minutes of the 16th meeting of the Board held on 03 April 2009 were presented for the Board's ratification.

RESOLVED: That the minutes of the meeting of the Board of 3 April 2009 are hereby accepted as presented.

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

4. MATTERS ARISING FROM THE MINUTES.

4.1 Term of Interim Directors.

The Chairman referred to item 7.3 of the previous minutes with respect to the current status of board members as interim directors.

A letter by the Chairman dated 2 November 2009 and a response from the Bank of BPNG dated 10 November and signed by Sir Wilson Kamit CBE as Registrar Savings & Loans Societies was tabled for the attention of the Board.

The Board **NOTED** the extension of their mandate to operate by way of the grant of a further 12 months term to 31 October 2010 for each interim director of the Board pursuant to Section 3 of the Savings and Loans Societies (Amendment) Act.

5. GENERAL MANAGER'S REPORT TO 31 SEPTEMBER 2009.

The Chairman invited the General Manager to present the GM's Report to the Board.

Items highlighted for the Boards attention included;

- Operating profit of K773, 689.00 before unrealized gains/losses
- Gross Assets of – K 54.611 million.
- Net Assets of – K 5.214 million.
- Member savings of K44.460 million
- Membership of 40,722 members with 21, 942 active
- Total payout of K1.899 million including loans to 7, 556 members.
- 207 approved employers for 1:2 loans (increase of 11) since March report

It was reported that income from treasury bills was under budget and total administration expenses were higher than budget.

The Chairman briefed the Board that due to the fall in share values for BSP and Airlines PNG current figures indicated an accounting loss but this did not impact on liquidity and the daily operations of NCSL in servicing its members.

The Chairman also briefed the Board on the investment in the Metal Storm Notes and that the issue was being appropriately managed by National Capital Limited.

The Board discussed at length the report and in particular the issue of unallocated contributions and noted the strategy by management resolve the issue.

RESOLVED: That the General Manager's Report for the period ended 30 September 2009 is hereby accepted as presented.

Moved by William Lamur. Seconded by Hulala Tokome. All in favour.

6. FIVE YEAR ROLLING PLAN.

The Chairman tabled the five year rolling plan and acknowledged the document was comprehensive and the Board should be afforded an opportunity to review the document in depth.

On this basis, the Chairman invited the General Manager provide an overview and highlight pertinent matters for the Board to note. Matters highlighted included,

- Strategy to merge. It was reported that an approach had been made to smaller Societies whose members contribute to NASFUND thereby making them eligible to join NCSL. Agreement in principal had been achieved for them to merge with NCSL.
- Proposal to join Credit Bureau. The Board raised concern at the significant cost of entry at K20, 000.00. It was noted the strategy was for added security in terms of screening loan applications.

RESOLVED: That the five year plan is approved in principal subject to further review and comment by the board. Board members are to forward their comments to the General Manager by Friday 20 November 2009.

Moved by William Lamur. Seconded by Mel Togolo. All in favour.

7. BPNG ISSUES.

General Manager Bill Kondolo briefed the Board on outstanding Bank of PNG issues following their site inspection in October 2008..

Issues raised included.

- (i) Management Information System (MIS): It was reported that the MIS had been implemented through the appointment of Pacific Wealth Management / Sterling Systems JV.
- (ii) Appointment of GM & Accountant: It was reported that the appointment of an accountant was to be actioned in January 2010.
- (iii) Capital Management Plan: It was reported the process was ongoing with an expected completion date of 31 December 2009.
- (iv) Revision of Lending Policy: It was reported that the proposed changes relating to bad debts, DLM process, loan repayment schedule and loan policy had been implemented.
- (v) Supervisory Committee: It was reported that a formal submission would be presented for the Boards consideration at its next meeting.
- (vi) Liquidity & Investment Register: It was reported the process was ongoing with an expected completion date of 31 December 2009.
- (vii) Policies & Procedures Manual: The Manual was before the Board for endorsement.
- (viii) Statutory Reporting: It was reported that BPNG had highlighted the requirement and management with the recruitment of the Accountant would ensure timely reporting to the regulator.
- (ix) Audit Reports: It was reported that the process of implementing corrective matters recommended by external auditors was ongoing and copies of these reports would be forwarded to BPNG.

The Board **NOTED** the report concerning issues raised by BPNG and the responses presented.

8. 2010 BUDGET.

General Manager Kondolo presented the 2010 Budget for consideration by the Board.

Items highlighted for the information of the Board included:

- an increase in expenditure of 10.5% to K1.799 million.
- a projected income of K2.922 million.
- a projected net profit of K1.148 million.
- increase in staff levels from 18 to 21 full time staff.
- projected increase in membership base to 48, 000 members.
- Capex requirements of K32,000 for new workstations, fax and photocopy machine

Aside from Credit Bureau membership, provisioning for bad debts and legal / professional fees all cost centers were increased by 7 % against 2009 actuals. The board further noted that the Pacific Wealth Management administration fees were 30% lower than the fees charged by the previous service provider.

RESOLVED: That the 2010 Budget is hereby approved and adopted as presented.

Moved by William Lamur. Seconded by Hulala Tokome. All in favour.

9. AON CLAIM FOR TRANSFER FEES.

The Chairman informed that AON Consulting (PNG) Limited (Aon) had upon the expiry of their responsibility as back office administrators on the 30th June 2009 issued a claim of K 451,440.00 calculated at K20.00 per active member for transfer fees.

It was reported that three legal opinions had been sought from the former Company Secretary, the Legal Officer and O'Briens Lawyers and all three advices confirmed that the claim was unjustified.

The Board noted the Chairman's action in denying the claim in his letter dated 2 November 2009 to the CEO of Aon Consulting

RESOLVED: That the claim by AON Consulting (PNG) Limited is denied and all actions undertaken to date by the Chairman are hereby endorsed.

Moved by Hulala Tokome Seconded by: William Lamur. All in favour.

10. HUMAN RESOURCE MANUAL

The Chairman tabled the draft Human Resource Manual before the Board. Soft copies of the same had previously been circulated to directors for review.

It was noted that the Manual was in the same format as the NASFUND Human Resource Manual amended to suit NCSL.

RESOLVED: That the Human Resource Manual is hereby approved and adopted as tabled.

Moved by Ellenor Iutiko. Seconded by Mel Togolo. All in favour.

11. AMENDMENT TO POLICIES & PROCEDURES MANUAL.

The Chairman put forward the proposal for fees to be charged on loan applications to cover establishment and administration fees. The proposed fees were;

K10.00 for 1:1 Loans;
K20.00 for 1:2 Loans;
K 5.00 for Additional Loans.

RESOLVED: That -

1. The establishment and administration fees are hereby approved and adopted as proposed; and
2. The Policies & Procedures Manual be amended to reflect the fees chargeable.

Moved by Hulala Tokome. Seconded by William Lamur. All in favour.

12. AMENDMENT TO LOAN POLICY.

The Chairman tabled the Loan Policy and informed the board that relevant provisions as requested by BPNG had been inserted to cover “Delegated Authorities”, “Delinquencies” and “Bad Debts”.

RESOLVED: That the Loan Policy is hereby approved and adopted as presented.

Moved by William Lamur. Seconded by Mel Togolo. All in favour.

13. ANY OTHER BUSINESS.

13.1 Purchase/Replacement of Motor Vehicles.

The General Manager tabled a proposal seeking an ANZ Novated Lease Facility similar to NASFUNDS arrangement for the purchase of three Motor Vehicles.

It was proposed that:

- (i) a vehicle be leased for the General Manager to the limit of K80, 000.00.
- (ii) a vehicle be leased for the Team Leader Operations to the limit of K40, 000.00
- (iii) the new pool vehicle be leased to the limit of K80, 000.00.

The Board discussed the issue and noted that similar arrangements were being offered by the other Banks and in particular Bank South Pacific.

RESOLVED: That –

1. The proposal for the purchase of the three motor vehicles is approved; and
2. Management review similar purchasing arrangements with the other Banking institutions and proceed with the most favourable terms.

13.2 Internal Audit.

The Chairman informed the board that the NASFUND Compliance Officer was in the process of completing an Audit of the current NCSL operations. This was an initiative by management to review current practices with a view to improving them prior to the periodic review by BPNG and external auditors.

A copy of preliminary queries with respect to operational and regulatory requirements was tabled for the Boards information.

The Chairman informed the Board that the matters raised could be adequately explained and were not fundamental breaches of any statutory or prudential requirements.

The Board **NOTED** the report and directed that a response to each query be prepared by management and circulated for the Board's information.

13.3 Dilly Tarua - Interim Manager.

Director Lamur made mention of the work and efforts by Dilly Tarua in the management of NCSL prior to the formal appointment of the General Manager. The responsibilities were undertaken on top of her primary role in NASFUND as Team Leader Accounts.

RESOLVED: That the board place on record their thanks and commendation to Ms. Tarua for her excellent work as interim Manager and service to NCSL.

13.4 Internet Website.

Director Tokome informed the Board of the need to update the current NCSL website. This was in light of the increased use of the internet generally and the potential to benefit an increasing number of members.

The Board **NOTED** the matter for action by management.

13.5 BSP ATM Machine.

The Chairman informed the Board that preliminary inspections had been undertaken by BSP at the client services chamber and reactions for an ATM installation were positive. The initiative was for easy access by members to their funds on approval and draw down of loans.

The Board **NOTED** the matter as reported.

14. Close of Meeting

There being no further business the Chairman closed the meeting at 12.14 pm.

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

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Ian Tarutia
CHAIRMAN