



NASFUND CONTRIBUTORS SAVINGS & LOANS SOCIETY MINUTES OF BOARD MEETING NO.4 OF 2004

DATE : Thursday 16th December 2004
TIME : 2:00 pm
VENUE : NASFUND Board Room

1. MEETING OPENED

The Interim Chairman Mr. Ian Tarutia opened the meeting at 2:05 pm

1.1 Members Present:

: Ian Tarutia - Interim Chairman
: Reginald Monagi - Director
: Jonathan Seeto - Director (Pricewaterhouse Coopers)

1.2 **Apologies:** : William Lamur

1.3 **Absentees:** : Nil

1.4 **Attending:** : Dilly Tarua - Acting Manager NCSL
: Erastus B. Kamburi - Secretary

1.5 The members observed a one minute silence as a sign of respect for the late Dr. Moseley Moramoro.

1.6 The Chairman welcomed the members to the meeting and in particular, Mr. Jonathan Seeto, who had replaced Mr. Stephen Beach.

2. DISCLOSURE OF CONFLICT OF INTEREST

Nil

3. MINUTES OF 3rd MEETING OF 12th MARCH 2004.

It was **resolved** that:

- **The Board accepted the Minutes as presented.**

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

4. MANAGER'S REPORT

4.1 The Acting Manager gave an abridged version of the report to the Board:

- As at November 2004, a total of 461 loans processed since lending commenced in August 2004.
- Gross assets of K10,030,336.00 as at 30th November 2004.
- NAV of K298,282.00 as at 30th November 2004.
- YTD net profit of K242,218.00 as at 30th November 2004.
- Total membership of 18,051 as at 30th November 2004.
- Kundu Pei facility in full operation.

4.2 Investment & Financial Statements.

Overall liquidity position as at 30th November 2004:

- Treasury Bills K8.150 million
- IBD's K1.335 million
- Cash K 0.198 million.

4.3 Membership Growth.

- 18,051 active members
- Objective is to reach membership base of 20,000 by end of December 2004.
- Focus is on public awareness of the savings products and loan facility.

4.4 Publicity/ Advertising.

- One page flyer published in the Post-Courier encouraging private sector workers to join up as members.

4.5 Kundu Pay Facility

- A new concept introduced into Savings & Loans Society where, when a loan is approved the list of the payees and their account details are sent to BSP via secured email for direct crediting into individual members bank accounts and the members are able to draw on it immediately.
- It is a first in the Savings & Loans industry. In time, the facility will be extended to cover ANZ bank and Westpac bank customers.

5. BUDGET 2005.

5.1 The Chairman gave an abridged version of the aspects of the Budget.

- Focus is on enhancing key operational areas such as loans, key staff recruitment and an aggressive membership drive.
- 20% increase in budget expenses of K720,638.00
- Savings made in computer consultations, bank fees, and AON administration fees.
- Increased projected income of K95,000.00 in loans and K80,000.00 in new member fees
- Projected net profit of K391,302.00 before statutory reserving.

5.2 Income

- Interest on T/Bills expected to remain static at 4% - K884,00.00
- Loan interest expected to increase
- Interest on IBD expected to remain static at 2-3% - K2,970.00.
- New member fees to increase with increase in membership.
- Withdrawal fees expected to remain the same.

5.3 Expenses.

Significant expense variation in relation to:

- Computer consultation – K10,000.
- Computer supplies – K19,000.
- Bank Charges – K20,000.
- Investment Management fees – K22,000.
- AON Administration fees – K370,000.
- Office repairs and maintenance – K3,000.
- Office supplies – K15,000.
- Printing & photocopying – K20,000.
- Board fees – K6,000.
- Credit Union – K5,000.
- Advertising – K40,000.
- Salaries & Wages – K151,400.

5.4 Growth Projections.

- Conservative growth of the portfolio over 5 years of in excess of K16 million.

5.5 The Board **resolved** to:

- **Approve and adopted the NCSL Budget for 2005 as presented.**

Moved by Jonathan Seeto. Seconded by Reginald Monagi. All in favour.

6. STAFF BONUS

6.1 Staff performance was assessed against quantitative as well as qualitative KPI's. Individual assessment in consultation with Team Leader and Management. The staff had performed exceptionally well and deserved a bonus.

6.2 The Board **resolved**:

- **To approve the staff bonus payments as recommended; and**
- **Management to develop a policy on staff bonus payments for consideration and adoption by the Board.**

Moved by Jonathan Seeto. Seconded by Reginald Monagi. All in favour.

7. INVESTMENT MANAGEMENT AGREEMENT

7.1 The Chairman informed the Board that the Investment Management Agreement had been finalized and is ready for Board approval.

7.2 Jonathan Seeto requested that in clause 16.1 the word "*registered company auditor*" be properly defined.

7.3 A new clause 16.4 was inserted wherein the word "*registered company auditor*" was defined to mean the auditor appointed by the Investment Manager at its annual general meeting pursuant to Section 190(1) of the Company's Act.

7.4 The Board **resolved**:-

- **To approve the Investment Management Agreement with Capital Stockbrokers Ltd as tabled subject to the proposed amendment of Clause 16; and**
- **That subject to the proposed amendments been made, the Chairman is authorized to execute the Investment Management Agreement with Capital Stockbrokers Ltd.**
- **That NCSL management ensure that the requirements of clause 16.1 to cause the internal accounting procedures and controls of the Investment Manager to be audited and the audit comfort letter required to be issued there from, is strictly complied with by the Investment Manager.**

Moved by Jonathan Seeto. Seconded by Reginald Monagi. All in favour.

8. POLICIES & PROCEDURES MANUAL.

8.1 The Chairman informed the Board that copies of the Manual had previously been circulated to the members for their comments and those comments had been incorporated to the Manual.

8.2 The Board **resolved**:

- **To approve and adopt the NCSL Policies & Procedures Manual as presented.**

Moved by Reginald Monagi. Seconded by Jonathan Seeto. All in favour.

9. LOANS POLICY

9.1 The Chairman informed the Board that copies of the Policy had previously been circulated to the members for their comments and those comments had been incorporated to the Policy.

9.2 The Board **resolved**:

- **To approve and adopt the NCSL Loans Policy as presented.**

Moved by Reginald Monagi. Seconded by Jonathan Seeto. All in favour.

10. INTERNAL AUDIT REVIEW

10.1 The Compliance Officer, Anneka Linge was invited to present the report. It was noted that a copy of the report was previously circulated to the members.

10.2 The Board noted the report as presented.

10.3 The Board **resolved** that:

- **A proper Audit Action Plan be developed to monitor audit results for purposes of accountability; and**
- **The report be submitted quarterly.**

11. OTHER BUSINESS

Nil.

12. CLOSE OF MEETING.

There been no further matters the Chairman closed the Meeting at 3: 45 pm.

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

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Ian Tarutia
INTERIM CHAIRMAN

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Erastus B. Kamburi
SECRETARY