

KING COUNTRY ELECTRIC POWER TRUST
Minutes of the Annual General Meeting of Consumer
Beneficiaries held in the Senior Citizens Rooms, Morero Terrace,
Taumarunui, on Thursday 23rd August 2012 at 3.00pm.

ATTENDANCE:

Brian Gurney (Chairman), Graeme Cosford, Robert Carter, Uwe Kroll and Norman Annand (Trustees), Tessa Stewart (Secretary) and twenty consumer beneficiaries.

APOLOGY:

An apology was received from Alan Turton.

Resolved ***“That the apology is accepted”***

Brian Needham / Pam Sivyver
Carried

MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting of 25th August 2011 were taken as read.

Resolved ***“That the minutes of the meeting of 25th August 2011 be confirmed as a true and correct record of the meeting”***

Brian Gurney / Graeme Cosford
Carried

CHAIRMAN'S REPORT

The Chairman tabled his report on the performance and activities of the Trust for the year and thanked Trustees and Secretary for their efforts throughout the past year. Key issues included:

- An election for three Trustees was conducted early in our 2012 calendar year; there were no challengers to Messrs Annand, Cosford and Kroll who were formally confirmed in April 2012
- The Trust's Deed was reviewed and updated to maintain its relevance to the current era; it was subject to public consultation and finally adopted by Trustees on 19th October 2011
- Our heat pump project has been highly successful with the installation of 120 heat pumps throughout our area; our Trust contributed a \$500.00 subsidy for each of these installations
- Our Trust has continued with our efforts to resolve the difficulties with TLC demand charging; we commissioned an independent report then made a submission to the company in August 2011, Trustees presented their views to TLC Directors on 12th March 2012. Trustees expressed their disillusionment with TLC
- KCE announced the acquisition of the 50% remaining share of Mangahao Hydro Station earlier this year; this will remove many of the supply constraints the company has had
- Our Trust has recorded the passing of retired Secretary, Mr Ian Dougherty; Trustees valued his opinion over a long period of time and he will be missed
- TLC had a disappointing result for the year; NPAT was \$6.733million, a 13% reduction on 2011
- KCE has shown an improvement with NPAT being \$5.264million, a 19% increase on 2011
- KCEPT received income of \$1.843million in the 2011/2012 financial year and expenses reduced to \$228,580 for the year; Trust equity has increased to

\$35.393million with a revaluation of KCEPT's holding in TLC being required by auditors every five years

- During the 2013 financial year, Trustees are required to undertake an ownership review for the Trust; we will be consulting with beneficiaries during this process

Questions were received regarding:

- **How does the Trust view TLC?** It was noted that Trustees have mixed feelings regarding the company; the demand charging regime has resulted in volatile and increased charges for many, irritating customers. The Trust recognises the economic benefit to our district of an efficient cost effective delivery of electricity and a competitive generator/retailer operating for the community good. Trustees are frustrated that TLC policies are now contrary to this philosophy and have unbalanced the relationships between consumers, TLC and KCE resulting in a disconnect from common objectives

Resolved ***"That the Annual Report of the Chairman for the year ended 31st March 2012 is adopted"***

Brian Gurney / Brenda Grace
Carried

FINANCIAL ACCOUNTS

Annand tabled the financial accounts and summarised the income statement, statement of changes in equity and balance sheet for easier understanding along with giving explanations for larger expense variances.

Resolved ***"That the annual accounts presented for the year ended 31st March 2012 are adopted"***

Brian Gurney / Brenda Grace
Carried

AUDITOR

The Chairman noted that our auditors have provided excellent service this year and recommended that Sewell and Wilson be appointed auditors for the next year.

Resolved ***"That Sewell and Wilson be appointed auditors for the period from the conclusion of this meeting until the next annual meeting of beneficiaries"***

Brian Needham / Ron Rhodes
Carried

Resolved ***"That the Trustees be empowered to fix the fees and expenses of the auditor for the period of appointment"***

Robert Carter / Graeme Cosford
Carried

INFORMAL GENERAL BUSINESS

- Our KCE shareholding is now sitting at 14.2% after the Mangahao acquisition; we will be advertising for shareholders who are wanting to sell their KCE shares to contact KCEPT as we are looking to increase our shareholding once again
- KCEPT has been buying KCE shares on the open market at \$4.10; this may change from time to time depending on the market; we are yet to find out if brokerage is incurred when conducting off-market transactions
- There has been a lot of competition to supply electricity in the area; if changing suppliers, remember the KCEPT distribution paid through KCE power accounts
- Todd Energy has given total support for the Mangahao acquisition; KCE is a good investment for them and they are working well with KCEPT as an investment partner

CONCLUSION

The Chairman thanked all present for their attendance and participation in the meeting and thanked the Senior Citizens Club for a wonderful afternoon tea. The meeting was declared closed at 3.45pm.

Confirmed.....Chairman

/ /