



KING COUNTRY ELECTRIC POWER TRUST

MINUTES OF THE ANNUAL GENERAL MEETING OF CONSUMER BENEFICIARIES HELD AT ORETI VILLAGE RESORT CONFERENCE ROOM, 88 PUKAWA ROAD, PUKAWA, LAKE TAUPO ON FRIDAY 30TH AUGUST 2019 AT 4.00PM.

ATTENDANCE:

Adie Doyle (Chair), Graeme Cosford, Uwe Kroll and Sandra Greenslade (Trustees), Tessa Jackson (Secretary) and thirty six consumer beneficiaries.

APOLOGIES:

An apology was received from Robert Carter and Erin Clark.

Resolved "*That the apology of Robert Carter and Erin Clark are accepted*"

Uwe Kroll / Blue Thomas
Carried

INTRODUCTION

The Chair introduced Trustees and provided an outline of our meeting today.

MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting of 31st August 2018 were taken as read.

Resolved "*That the minutes of the meeting of 31st August 2018 be confirmed as a true and correct record of the meeting*"

Chad Haszard / Sandra Greenlade
Carried

CHAIR'S REPORT

The Chair noted that we will be presenting our annual report from the document provided today.

Key issues included:

- KCEPT decided to purchase an extra 5% of KCE shares available to us; these shares were worth \$5.00 and with a special dividend @ 3c per share, this equated to \$5.93 per share, a 16% discount to market.
- In June/July/August, KCEPT updated its website.
- The Ecobulb giveaway was conducted in January and was well received by all concerned; in March, surplus Ecobulbs were distributed to community groups, surplus unpopular bulbs were exchanged for popular ones and some were sold through our retail partners who supported the project post distribution day.
- In September, Trustees fine-tuned the Investment Policy Statement, undertook a strategic plan review and pertinent questions were asked including: what do we want the Trust fund to do? Do we want to seek greater risk or be more conservative? What are the funding opportunities for growth? What should our distributions be? How to distribute?

- Sandra Greenslade was appointed as a Trustee to the Maru Charitable Trust.
- Trustees visited the Mangahao Power Station.
- KCEPT trialed its first bi-monthly telephone conference in October.
- In February, KCEPT undertook a BNZ portfolio review; on a long term basis, the portfolio achieves a 7% return.
- As part of our due diligence, KCEPT sought proposals from a number of alternative financial advisors; after consideration, Trustees decided to remain with the BNZ until the next review.
- KCEPT distributed \$1.3million to its consumer beneficiaries.
- Trust funds have decreased by \$181k this year.
- The KCE investment is now treated as an investment in associate meaning that dividends are not reflected in income but in the value of the investment.
- Gross dividends of \$2.532million were received by the Trust from KCE during the year.
- Operational expenses reverted to more normal levels this year; we are hoping for additional savings next year.
- \$192k was spent on community projects; primarily the Ecobulb project.
- Trust funds should increase in the future, costs should decrease and we have no projects on the horizon so it is business as usual.

- **Question:** What is the benefit of \$46.5million for the beneficiaries? The asset doesn't belong to individual consumer beneficiaries but rather the Trust; The Chair referred to various clauses in the Trust Deed including that KCEPT is to retain and hold shares until an ownership review occurs. An ownership review is the consumer beneficiaries' opportunity to state their opinion on the future of the Trust. The benefit of the Trust is that it is also intergenerational.
- **Question:** Is KCEPT planning to contribute to any other community projects? We don't have any community projects in our future at present; that is on our current agenda to discuss. We are an energy trust so our projects are usually energy related.
- **Question:** Why is KCEPT using an Australian bank? The BNZ provides the best value for the overall success of the Trust.
- **Question:** What capital was raised from the sale of the 19.98% sale of shares in KCE? We didn't sell our shares in KCE but instead we bought an extra 5% shares to now own 24.98% of KCE.
- **Question:** With a \$1.3million distribution and 9,909 consumer beneficiaries, the \$52.89 distributed through TLC does not add up? 50% was distributed through TLC and the balance through Trust Power to customers of KCE at the transfer date.
- **Question:** What is the beneficiary split residing in the different areas? Of the 9,909, there are approximately 4,500 in Taumarunui, 4,509 in Turangi and 900 in Ohakune.
- **Question:** It is not about the money, it should be about the people; is any consideration given to the benefit of splitting the Trust? That is why each area is represented by a Trustee as per the Trust Deed. KCEPT is about making as much money as possible so that we can give it away. We are all covered by The Lines Company network so we all have that challenge in common.

FINANCIAL STATEMENTS

Anne Topham tabled the financial statements and presented a financial summary document for easier understanding including a statement of financial performance and position. Our relationship with KCE has changed; previously KCE was a straight investment for the Trust but it is now is deemed to be an associate investment which has changed our accounts this financial year.

Key issues included:

- The opening value of the KCE Investment was \$25,138,890 and the closing value was \$26,591,128.
- Investment income is down as a result of KCE income now not being included; we received \$2,026,627 from the share of KCE income which gave us a total income of \$2,736,877. Comprehensive income was \$1,119,295 and the net income before revaluations was \$1,961,460.
- The balance sheet has \$2,561,580 in cash and equivalents and investments total \$43,613,217; net assets are \$46,301,848.

- King Country Energy's accounts are no longer audited; there is an agreed upon procedure to follow which gives KCEPT assurances that processes are being followed.

Resolved ***"That the Annual Report of the Chairman for the year ended 31st March 2019 is adopted"***

Peter Till / Graeme Cosford
Carried

Resolved ***"That the annual financial statements presented for the year ended 31st March 2019 are adopted"***

Chad Haszard / Uwe Kroll
Carried

AUDITOR

The Chair recommended that Hood, Spooner & Redpath Ltd be appointed auditors for the next year.

Resolved ***"That Hood, Spooner & Redpath Ltd be appointed auditors for the period from the conclusion of this meeting until the next annual meeting of beneficiaries"***

Graeme Cosford / Sandra Greenslade
Carried

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

Peter Till / Adie Doyle
Carried

INFORMAL GENERAL BUSINESS

- Quinton de Bruin from BNZ presented a short report on the financial marketplace.

CONCLUSION

- The Chair thanked everyone for attending our AGM.
- Sandra Greenslade thanked the Turangi attendees for making the trip to our meeting today.

The meeting closed at 5.30pm.

Confirmed.....Chair

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