

## Ashburton Lyndhurst Irrigation Limited

Minutes of the Annual General Meeting of Shareholders held at The Ashburton Hotel, on 13<sup>th</sup> October 2020 at 7.30pm.

### **Present:**

C Glass presided over an attendance of 38 shareholders.

### **In Attendance:**

Rebecca Whillans - General Manager, Mike King - Operations Manager, C Foster, S Moore, E Harris & S Hayman of Irrigo Centre Ltd, B Adam of Brophy Knight Ltd & T McCormick of RDR Management Ltd.

**Apologies:** C & L Olley, D Palmer & R Clibborn, A MacFarlane (arrived at 8pm), G Ness, S Ness, A Griffiths, W Leferink, N Brown, B Begg, N Matheson (Irrigo Centre Ltd), B Evans, L Leitis & R Pilling (Ashburton Lyndhurst Irrigation Ltd)

### **Moved:**

*That apologies be accepted.*

*C Mackenzie, P Lowe*

*Carried.*

### **2019 Minutes:**

The Minutes of last year's AGM were circulated with the Notice of Meeting. C Glass advised that these Minutes were reviewed and accepted by the board of directors at the December 2019 Board meeting. If there are no changes required to these minutes, then upon signing by the chairman the minutes are deemed approved.

No shareholder raised any points of clarification or concern from the minutes.

### **Matters Arising:**

There were no matters arising from the minutes.

### **Business:**

C Glass presented his Chairman's Report as read. He spoke to the following :-

- Coleridge Stored Water via Barrhill Chertsey Irrigation Ltd
- Water Charges & Interest Rate savings
- Klondyke Storage
- Stock Water
- Wider Scheme Collaboration

### **Financial & Treasury Reports:-**

R Whillans presented the Financial Statement & Budget and advised the accounts had been audited by Crowe and had been signed as a true & accurate record.

R Whillans was asked why there was a large surplus sitting on the balance sheet in respect to the Greenline, yet the water charges were the same. In explaining the operations of the scheme it was noted that all expenses previously covered by the Greenline Shareholders, now sat under the main scheme budget. Accordingly the base or main charge needed to increase, however the specific Greenline charge reduced, which covers the interest & principal put in place as part of the original development. It is the intention that the scheme is run as co-operatively as possible & shareholders are treated the same. It was undertaken to review the Greenline charges for the next season, to take into account the building surplus.

B Adam of Brophy Knight advised that the depreciation claim is high, so there is no pending tax payment due.

A Grant presented the Treasury report:-

- \$58.8M debt sits under Stage 2 of which \$50M is hedged
- No cover has been taken during the last 12 months for Stage 2, enabling the scheme to benefit from lower floating interest rates
- \$17.8M debts sits under Ponds & Telemetry (P & T) of which \$11M is hedged
- \$1M swap recently taken for P & T at 0.31% for a term of 6 years, exclusive of the bank margin
- Margin is 1.84% fixed until April 2021 off the BKBM Mid-rate, it is likely that this will increase at renewal
- There has not been any discussion at Board level in respect of decreased water charges verses increased loan repayments. There are currently interest rate savings, however there is upward pressure on margins
- The Board is engaging with BNZ on a 6 weekly basis to review bank margins. The ongoing hedging requirements for the scheme, in line with the Treasury Policy are also being frequently reviewed.

**Moved:**

***That the ALIL Financial Statement & Chairman's Report for the year ended 30 June 2020 as circulated be received.***

***C Glass / A MacFarlane***

***Carried.***

**Auditor:**

The chairman noted that Crowe were about to commence their final year of the four-year tenor for undertaking the ALIL audit. This had been confirmed under favourable terms. However, it was necessary to reappoint Crowe to undertake the audit at the annual meeting each year.

**Moved:**

***That Crowe be appointed as auditors of Ashburton Lyndhurst Irrigation Ltd for the year ending 30 June 2021.***

***A Grant / S Bierema***

***Carried.***

**Director Nominations:**

In accordance with the rules of the Company Steven Bierema & Andy Grant retire by rotation. Being eligible both Steven Bierema & Andy Grant offer themselves for re-election. At the close of nominations, no further nominations were received and therefore, no vote by Poll is required. The Board seeks approval of the reappointment of both Steven Bierema & Andy Grant.

**Moved:**

***That Steven Bierema & Andy Grant be appointed as Directors of ALIL.***

***P Lowe / J Robinson***

***Carried.***

**Directors Fees:**

B Parsons advised the committee met during August and September via phone and email to discuss director remuneration for the coming financial year. They reviewed the current I.O.D. information and current fees paid on other like schemes, especially neighbouring schemes. Information was also obtained as to any significant changes to board responsibilities and time commitment that may affect the levels of fees going forward.

Due to the current business climate, fees appear to be almost static, with the I.O.D. reporting around a 1% rise

from its most recent survey. The committee is aware that ALIL fees are falling behind the other schemes that have had in some cases, substantial increases in the last two years. This will need addressing, but the committee believes at present an increase to reflect the market movement is appropriate. This would mean an increase from \$87,400, to \$88,400.

**Moved:**

***That the Remuneration Committee's recommendation for Directors fees for the year ending 30 June 2021 totalling \$88,400.00 be approved & distributed as the Board sees fit.***

***B Parsons/R Wright***

The following discussion ensued,

- There needs to be a realistic review of Directors Fees and consider what is offered by other Mid Canterbury Irrigation Schemes. It was suggested that ALIL fees not be allowed to fall too far behind the other schemes.
- ALIL has been focused on succession, with a number of individuals prepared to step forward when necessary. If there was an issue receiving nominations, then the fees should be reviewed then.

The resolution was put to the meeting & was unanimously carried.

**Remuneration Committee:**

The current Remuneration committee comprises B Parsons, A Body & R Henderson. A Body & R Henderson wish to step down & nominations were called.

**Moved:-**

***That J Robinson be appointed.***

***R Henderson / K Henderson***

**Moved:-**

***That G Murphy be appointed.***

***B Parsons / R Henderson***

**Moved:**

***That John Robinson, Gerard Murphy & Barney Parsons be confirmed as the Remuneration Committee for the 2021 year.***

***Carried.***

C Glass thanked A Body & R Henderson for their time on the committee. He further advised that the committee would need to select a chair. In recent years it has been normal practice that the chair of the remuneration committee be ALIL's representative on the RDRML Remuneration Committee.

**Special Resolution – to amend clause 1.1 of the Constitution:-**

The Constitution defines Qualifying Shares as:

*Qualifying Shares* means shares issued to a Land Owner who has entered into an agreement to take Services from the Company and until varied by the Board means two shares for each one hectare of land for which water is supplied for irrigation under a Supply Contract;

The chairman noted that the share standard is currently one share for every 0.01 litres per second of water to be supplied for irrigation. The Board have recommended that the Company amend its Constitution including the definition of Qualifying Shares consistent with the share standard set out in the Supply Contract being one share for every 0.01 litres per second of water to be supplied for irrigation.

**Moved:-**

**That clause 1.1 of the Constitution be amended as follows:**

**Qualifying Shares means shares issued to a Land Owner who has entered into an agreement to take Services from the Company and until the Supply Contract is varied by the Board means one share for every 0.01 litres per second of water to be supplied for irrigation under a Supply Contract;  
C Glass / P Lowe**

There was no further discussion on the proposed resolution.

The chairman put the motion & it was unanimously carried.

### **Scheme Update:**

R Whillans provided the following updates:-

- 2019/2020 Irrigation Season
- Enhanced Reliability
  - Klondyke Storage
  - Coleridge Stored Water via Barrhill Chertsey Irrigation
  - In-Scheme Storage of 1M m<sup>3</sup>, on land already owned by ALIL
  - Possibly funded by further in-scheme water sales (to be determined)
  - This could provide 99.6% reliability based on the Pattle Delamore Partners model
  - Because of capacity / over-build provided in the stage 2 upgrade it is likely that scheme expansion would provide for additional on-farm reliability
- Stock Water
  - 79 l/s received from ADC as a permanent transfer from the RDRML & delivered to 37 shareholders
- Headwall Removal
  - Removal of 16 Headwalls have been completed to date, with a further 10 scheduled for 2020/2021 season
  - Methven Highway Headwalls & Culverts are under review with NZTA
- Environmental
  - FEP meetings have been completed this year, with 95% of reports completed
  - 50 FEP's will be audited this year
  - Audits are to be completed by March/April 2021
  - It was noted that 65% of shareholders had received an A grade or better during the past seasons audits
- Discharge Consent Renewal
  - Matrix method approved by ECan
  - Consent has been limited notified to Ngai Tahu
  - If Ngai Tahu don't want to be heard the consent should be granted by Christmas, otherwise a hearing would take place early 2021
  - Likely to be a 10-year consent
  - Base land use for baseline period will take place when FEP's are next updated for the years 2009-2013
  - Environmental monitoring requirement of 10 bores (nitrates) as part of the consent required, including 2 surface water sites (nitrates, phosphorous, EColi etc)
  - Nitrogen sensor purchased & installed in a shallow bore (approx. 10 metres) this season, monitoring Nitrogen, the scheme is looking to invest further into a medium depth bore
- NES Freshwater
- NPS Freshwater

- Arowhenua visit on 15<sup>th</sup> October with R Whillans

### **RDRML Report:**

T McCormick, CEO updated shareholders on the following:

- T McCormick congratulated the ALIL shareholders on the FEP audit performance for the past year
- Fish Screen
  - The current Bio Acoustic Fish Screen (BAF) is ineffective
  - Mechanical Screen to be installed
  - Construction has been tendered with a detailed hydraulic design process previously undertaken
  - Contract award due before Xmas 2020
  - Commissioning September 2021
  - Budget \$17.2m
  - 2.85% current loan, Debt financed by BNZ
- 10 cumec high flow consent appeal
  - Hearing date set for Q2 2021
  - \$1.4m defence costs budgeted
  - 1/3, 1/3, 1/3 agreement drafted, equal share of costs and extra water, which sits outside of the Water Agreements held by ALIL, MHV & TrustPower
  - Strategy review workshop set for November 2<sup>nd</sup>
  - NPS & RMA amendments strengthen appellants' position
- Important workstreams with ALIL
  - Methven Check Gate Site – additional offtake
  - Ledgerwoods Road Storage
  - Stock Water delivery through irrigation scheme
  - BCI/Stored water delivery
  - Use of BCI's Akarana Pond
- Klondyke Storage
  - Independent consultant engaged to review the internal business case
- Water Supply Agreements
  - 1992 Agreements are simple and dealt with water & needs at that time
  - MAR now a consideration – This will be a reallocation of water, as all water rights have been allocated in the 1992 agreements
- Operations
  - December floods, repair of the South Ashburton intake
  - MAR, applying for a supplementary consent, to support & enable

T McCormick further advised that the expected life of the screens was 25 years in respect to the mechanics, 100 years in respect to the structure. Sediment will be the major issue in respect to the life & wear of the screens.

C Glass thanked T McCormick for his attendance.

### **General Business:**

Nil.

C Glass concluded the meeting, by summarising the current Board & Management workstreams including the Discharge consent, Klondyke Storage, RDRML future charges & the Boards continued approach to maintaining a low-cost approach when setting the budget & water charges.

He thanked R Whillans & her team, Irrigo Centre Ltd staff & acknowledged his fellow Directors & their on-going

commitment to ALIL.

There being no further business the meeting closed at 9.30pm & shareholders were invited to remain for supper.

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Date \_\_\_\_\_

Confirmed