GLENVIEW FOREST PARTNERSHIP

MINUTES OF ANNUAL GENERAL MEETING
HELD AT NAPIER CONFERENCE CENTER AND THE PROPERTY
ON FRIDAY 27TH APRIL 2018 AT 8:30AM

PRESENT
Derek Morrison, Merbeth Trust (Errol & Browyn Tongs), Neville Jenkins, Bob & Cherie Baunton, Simon Owen, Timothy Bevin, Tither Agriculture Limited (Phil Tither), Tres Bon Investments Limited (Mike Curtis), Walter Loveday, Wendy Fowler, Richard Denley.

ATTENDING
Steve Bell, Rory Bennison, Paul van der Vort, Richard Airey (Forest Management (NZ) Limited), Will Dickie, Richard Bourne, Grant Morris (Roger Dickie (NZ) Limited), Jeff Whitlock, Margaret Prince (Moore Stephens Markham's Waverley)

APPOINTMENT OF CHAIRMAN
Nominations were called for the position of Chairman for this meeting.
Neville Jenkins/Richard Denley THAT Errol Tongs be appointed Chairman for this meeting.

CARRIED

APOLOGIES AND PROXIES
Barbara Meiklejohn, Blair Tallott, Four Wood Investments Limited, Grantleigh Limited, John Harold Wynn Kirkby, Katherine Fiona Hurst, Martyn Dickie, RM Seal Family Trust, Roger Dickie (No 4) Limited, Shirley Margaret Lansdown, Sydney Francis Gardiner, The Cracroft & Cherbourg Trusts, The Stafford Trust No 2, Toby's Forest Limited. Proxies were held for the above named, establishing a quorum for the meeting.
Bob Baunton/Wendy Fowler THAT apologies and proxies be sustained.

CARRIED

MINUTES OF THE PREVIOUS MEETING
The Minutes of the April 2017 general meeting had been circulated.
Neville Jenkins/Phil Tither THAT the minutes be confirmed.

CARRIED

ARISING FROM THE MINUTES
Nil

REPORTS AND DRAFT FINANCIAL STATEMENTS
The reports from Roger Dickie, Forest Management (NZ) Ltd, PF Olsen's 2018 Tree Crop Valuation and the 2018 Draft Financial Statements were tabled and discussed.

PUBLIC LIABILTY INSURANCE
Richard Denley/Simon Owen THAT Public Liability Insurance be effected for $10 million.

CARRIED

ADMINISTRATION
Tim Bevin/Bob Baunton THAT the administrators' remuneration be at a rate of $378 (GST excl.) per month. CARRIED

BUDGET/CASHFLOW
Simon Owen/Mike Curtis THAT the Budget Cashflow Statement for the year to 28th February 2019 be approved. CARRIED

It was noted the NZU sales shown in March are a drawdown of funds from the partnerships investment account where funds from the sale of NZUs are held. It is to cover the tax partners are required to pay on the sale of NZUs. It is also shown as a distribution, to partners, in April. Any further amounts shown on the NZU sales line during the year are not further sales but are draw downs from the investment account. The balance of funds remain in the interest bearing investment account (as shown in Financial Statements) to cover ongoing holding costs thus eliminating share calls as voted for in 2017.

It was stressed that with roadlining and harvest planning going on, figures were best estimates. There are a number of variables that can affect the cost and timing of activities, such as weather, availability of roading and harvesting contractors and crews etc.

GENERAL BUSINESS

Presentation
Steve Bell and Rory Bennison from FMNZ discussed the harvesting to date and reporting of same. There was a site visit with harvest manager Paul van der Voort and Q & A session in the field.

Tax
Jeff Whitlock from Markham's Accountants (the partnerships accountant) commented that harvest income in some cases can be spread back over the 3 previous years as well over the harvesting years. Jeff stressed that as everyone's situation is different partners should take accounting advice – sooner rather than later. *(note: Jeff can be contacted at Markham's Wanganui and Waverley)*

Post harvest options
What happens after harvest is an often asked question and was a key discussion point at the 2017 RDNZ Harvest and Beyond conference.

Each winter the harvested area will be replanted from harvest receipts. This maintains and enhances the value of the land asset. To leave it unplanted would see the property revert to weeds and devalue significantly.

During the last year of the harvest, partners will need to vote re the future of the partnership and forest.

Options are:
1) To continue for another rotation for partners beneficiaries.
2) To sell the newly planted forest and dissolve the partnership.

If the majority wish to sell then the property will be listed for sale. Bearing in mind it will likely take time to find a buyer for the newly planted forest.

If the majority want to retain the asset for their beneficiaries, then those who want to retire from the partnership can offer their share of the land and newly planted forest for sale.

Firstly - to the other partners under the pre-emptive rights rule
Secondly - on the secondary market to new investors.
RD NZ facilitates the secondary market.

Second rotation
One of the concerns that partners have is that they do not want to commit their beneficiaries to future payments / share calls.
To overcome this, the suggestion is to leave a small portion of harvest income per ha in the partnership. This amount will vary from forest to forest. The funds will be invested in a bank account and drawn on to fund the next rotation.

Most forests are still holding a significant number of liability free NZUs – currently trading at $21.00 with many pundits advocating further upside in future years. These NZUs are in reality an unbudgeted bonus as they were not factored in to the original Cashflow and income from the sale of these could be used to fund the next rotation.

As well, because the land your forests are on is post 1989 the carbon sequestered during the next rotation could be leased thus giving another income stream to contribute to the holding costs.
In essence the next rotation would be fully 'pre-funded' with minimal harvest income having to be retained.

Pre-funding a forest is not new as we have already done it with two forests (Granity Forest Ltd and Woodleigh Forest Ltd) and has worked. A Wanganui forest at the end of harvest has adopted the model.

This 'pre-funding' arrangement would allow partners to leave a totally unencumbered, fully funded asset their beneficiaries – children, grandchildren or favourite charity. A great legacy.

If on the other hand the majority vote to sell the newly planted forest, then the pre-funding model would ensure the forest was funded until such time as a buyer can be found. Rather than sell immediately after harvest it may be better to wait until the new crop is well established – say age 5.

It was stressed the decision as to the future of your forest is still a few years away. However, it is appropriate to discuss possible options.

MEETING CLOSED: 3:00pm

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Chairman
Glenview Forest Partnership 2018