WAIKARE FOREST PARTNERSHIP

MINUTES OF THE ANNUAL GENERAL MEETING
HELD AT ASHLEY PARK COMPLEX WAITOTARA & THE FOREST PROPERTY
ON FRIDAY 13th MAY 2016 AT 9.30AM

PRESENT

Roger Dickie (No 1) Limited (in attendance by Proxy Margaret Prince), Graham Adams, Des Warahi, Sandy Dobbin, Danny Hughes, Alan & Dorothy Reid, Stephen Reid, Colin Reid, Janet Hughes, Lyn Edmonds, Murray Higgs, Syd & Meredith Gardiner, Stuart Lavender.

ATTENDING

William Dickie &Richard Bourne (Roger Dickie (N.Z.) Limited) Sally Sisson, Steve Bell & Ian Bell (FMNZ) Jeff Whitlock & Margaret Prince (Markhams Waverley Ltd) Edward Dickie (Harvest Logistics)

APPOINTMENT OF CHAIRMAN

Nominations were called for the position of Chairman for this meeting.
M Higgs/S Lavender THAT Richard Bourne be appointed Chairman for this meeting. CARRIED

APOLOGIES

Apologies were received from A Piercy, A Long, The Formax Trust, Holyoake Industries Ltd, H Selderbeek, J Patience, M Dickie, M Farag, P Drummond, U Hope, U Reymann.
Proxies were held for the above named.
G Adams/ M Higgs THAT the apologises be sustained. CARRIED

MINUTES

The minutes of the 2015 Annual General Meeting had been circulated.
S Ried/A Reid THAT the minutes be confirmed. CARRIED

ARISING FROM MINUTES

Nil

REPORTS AND FINANCIAL ACCOUNTS

The Forest Report from Roger Dickie, Forest Management (NZ) Ltd Harvest Reports, Foundation Corporate Trust, PF Olsen 2016 Tree Crop Valuation, Financial Accounts for the Year Ending 29 February 2016 and the Budget Cashflow Statement year ended 28 February 2017 had been distributed prior to the meeting.

The chair tabled a question sent in by Ian McEwan seeking assurance that management is negotiating most competitive rates from contractors:
In response Forest Manager Steve Bell advised that as forest managers it is our job to understand contract rates, we are confident we meet or exceed industry standards relating to our current contractors. The cartage is contracted to HLL who deal with several different truck companies which ensures the best possible price as they are in competition with each other. With regard to the earthmoving we have a tender system which is awarded on the basis of price, health and safety, environmental and past performances.

We know from experience the best price you can achieve for harvesting rates is by offering continuity of work. With Waikare we engaged an in house contractor based on his previous performance, health and safety and environmental standards. Harvest contractors have a massive outlay in harvest equipment therefore continuity is important both from a contractors and owners point of view. The rates we are paying for the harvest at Waikare are extremely competitive and compared to others in the area at the low end.

M Higgs/ S Lavender THAT the Financial Accounts for the year ended 29 February 2016 be adopted CARRIED

INSURANCE

C Reid/ D Warahi THAT Public Liability Insurance be effected for $10 million. CARRIED

ADMINISTRATION
L Edmonds/M Higgs THAT the administrators' remuneration be at a rate of $360 (GST excl.) per month.

CARRIED

BUDGET
S Lavender/ S Reid THAT the Budget Cashflow Statement for the year to 28 February 2017 be approved.

CARRIED

GENERAL
M Higgs/ D Reid THAT pleased to see performance and cashflow – Thank you; you are doing a fine job.

POST HARVEST OPTIONS
The chairman distributed the following email noting it was purely for the purpose of putting options and initial thinking to partners.

The harvest of Waikare is likely to be completed in 2018. As the forest is pre 1990 under the ETS the land must be replanted.

Each winter the harvested area will be replanted. This maintains and enhances the value the land asset.
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 newly planted property will be listed for sale.

If the majority of partners want to retain the asset for their beneficiaries, then those who want to retire from the partnership can offer their securities on the secondary market to those who are staying in, or to new investors. RD NZ facilitates the secondary market.

Second rotation:
One of the concerns that partners have is they do not want to commit their beneficiaries to future share calls.

To overcome this, the suggestion, as first put to the RDNZ 2014 partner conference, is to leave approximately $3,000 per ha in the partnership from the final distribution. These funds would be invested in a bank account and drawn on to fund the next rotation. In essence the next rotation would be fully prefunded. RD NZ have done this with two forests and it has worked well.

This would allow partners to leave a totally unencumbered fully funded legacy to their beneficiaries – children, grand children or chosen charity.

If on the other hand the majority vote to sell the newly planted forest, then the pre-funding would ensure the forest was funded until such time as a buyer could be found.

Next rotation:
It is likely that only the best areas of the forest would be pruned eg the ground based harvesting areas with the harder country being managed under a saw-log regime.

A cash flow forecast for the next rotation and market report for possible sale will be presented at the 2017 AGM.

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Roger Dickie
Waikare Forest Partnership 2016