

**MINUTES OF THE MEETING OF OWNERS OF OWHAOKO B & D TRUST
HELD AT MOAWHANGO MARAE, TAIHAPE, SATURDAY 22 NOVEMBER 2014**

PRESENT

Trustees:

Arapiu Seymour (Chairman)
Mark Ross
Te Rangianganoa Hawira
Richard Steedman

Cyril Mako
Angus Hartley
Carol Walker

Owners: Opae Steedman, Victor Chase, Kepa Patena, Manuera Down, Anita Seymour, Phyllis Blake, Willie Wilson, Ike Hunter, Manu Patena, Lorraine Kiriana, Edie Maniapoto, Mariana Watana, Barbara Ball, Anthony Martin, Tracey Hiroa, Marj Heeney, Rona Martin, Taonui Matana & Rona Hera Whanau Trust (Barbara Ball), Hemi Biddle, Piki Te Ora Armstrong, Syd Smallman, Carol Walker, Rae Iosia-Sipeli, Marie Beatty, Herbert Steedman, Janice Eriksen, Hiraina Ross, Mary Mako, Te Rawhiti Whanau Trust (Juanita Pene, Panapana Pene), Lewis Winiata, Reece Martin, Mervyn Steedman, Peter Steedman

Other Attendees: Kataraina Beveridge, Peata Kaire, Steven Stoney, Trudy Bennett, Wharerimu Steedman, Sharon Mariu

The meeting started at 11.12am with mihimihi and karakia by I Hunter. A Seymour added his mihi to attendees at today's meeting and then declared the meeting open at 11.17am.

1. APOLOGIES

Dian Karatau, Harete Phillips, Hune Rapana, Reo Rapana, James Chapman, Gabrielle Chapman, James Robert Chapman, Claire Chapman, Gray Chapman, Morgan Chapman, Maryanne Chapman-Gibbs, Danielle Chapman, Kimberley Chapman, Alicia Chapman, Murdoch Chapman, Jamie Chapman, Erina Chapman, Adrienne Smith, Lynette Mariu, Kevin Mariu, Kepa Mariu, Ken Mariu, Mana Whenua Whanau Trust, Hinemoa Milne, Rangituehu Te Ngāhoa Trust (Joseph Twomey, Putiputi Twomey, Sally Edmonds), Waimārie Te Ngāhoa Trust (Awhina Twomey), Patena Whanau Trust (Pateriki Patena), Muriel Pramm, Ross Martin, Ngahua Whanau Trust (Willie Thompson, Manilla Kemp, Magurite Kauika, Priscilla Blair), Pia Hoete, Rangi Hoete, Patrick Patena, Mason Stoney, Moana Reihana, Tama Wipaki, Riria Utiku, Maria Taiuru, Te Rawhiti Whanau Trust (Boyd Pene, Patricia Pene), Leah Dehar, Bryan Martin, Robert Martin, Matia Rutene

Motinitia:

That the apologies be accepted.

I Hunter / S Smallman Whaka ae!

2. MINUTES OF PREVIOUS MEETING

The minutes of the 10 November 2012 owners meeting were taken as read by the Chairman. The following correction was noted:

- Page 1 – The correct name is 'Tracey Hiroa' not 'Tracey Martin'.

Motinitia:

That subject to the above correction, the minutes of the Meeting of Owners dated 10 November 2012 are a true and correct record.

M Mako / H Ross Whaka ae!

3. MATTERS ARISING FROM PREVIOUS MEETING

With reference to page 8 of the meeting book, K Patena asked for information about the Trust's investment activity. A Seymour replied that investments would be discussed as part of the General Manager's report.

4. CHAIRMAN'S REPORT

Read by A Seymour. There were no questions or comments raised in relation to the report.

On behalf of the Trust, R Steedman thanked Arapiu and Anita Seymour for their support of Owhaoko B&D Trust. He reminded owners that Arapiu has been involved with the Trust since its inception and was part of the roopu that advocated for Tuwharetoa to return control of the Owhaoko lands back to its owners. He added that A Seymour has been an excellent chairman who, despite ups and downs over the years, has earned the respect of many of the Trust's stakeholders. He thanked Anita for sharing Arapiu with the Trust. He also advised that A Seymour will remain involved with the Trust for at least the next 12 months as an ambassador in the relationship with Westervelt. This is because Westervelt holds Arapiu in very high regard due to their long term business relationship.

I Hunter also acknowledged Arapiu's contribution to the Trust and expressed that he supported A Seymour's new role as ambassador.

Anita and Arapiu Seymour were then presented with a thank you gift from the Trust.

Motinitia:

That the Chairman's report be received.

I Hunter / J Pene Whaka ae!

5. GENERAL MANAGER'S REPORT

Presented by D Gartner. Key points highlighted during the presentation included:

- D Gartner was appointed as General Manager from 1 July 2014.
- The lease with Helisika has been changed so that hunting is only permitted for 6 months of the year. The remaining months can now be used by the Trust to do developments on the land.
- The Trust had \$1.5m invested with Iwi Investor. A review of the portfolio was conducted by an independent firm. Management of Trust funds was then tendered out and as a result, the investments funds are now managed by three different firms.
- There are 650 hives being flown into the block in early December.
- Considerable work has been done to improve the relationship with Ngamatea. This has been enhanced by a mutual interest in honey. The trustees of both entities will meet in February 2015 to continue building the relationship.

- T Hiroa said that the korero was productive and that she supported the approach by D Gartner to focus on building strong relationships.
- R Steedman said that some relationships had been challenging in the past, and that the Trust needed the owners to share in the responsibility to grow positive relationships with key stakeholders.

D Gartner then presented the Trust's proposed joint venture business development with Westervelt. Key points highlighted during the presentation included:

- In November 2011, the Trust reviewed its strategic direction and agreed to focus on creating employment, creating business opportunities, enabling owner access to land and earning income.
- A 3 year MOU was signed with Westervelt in October 2012 aimed at developing business and employments opportunities on Trust land. Westervelt is a New Zealand based company wholly owned by an American company of significant net worth.
- A series of joint meetings were held, culminating in both parties agreeing in April 2014 to focus on manuka honey production and guided walking. Work to date has primarily been on developing the manuka honey production venture.
- Two staff members from Westervelt's Turangi based manuka honey factory were introduced to the owners. They spoke about the industry and their work in the business including that:
 - The factory currently employs 14 people, many of whom are Māori. It is a family oriented business that emphasises training and development of staff members.
 - There is more Māori land with manuka on it than non-Māori land, therefore Māori are well positioned to become involved in the honey industry.
 - Having hives on the land doesn't harm or take anything from the land itself, yet landowners are able to make money from the hives.
 - Rangatahi who are practically oriented are well suited for this industry because it is very much a hands-on operation. Training and employment opportunities will continue to be significant as the business expands. There are also job opportunities overseas for trained staff.
 - Apart from honey, bees also produce wax, pollen and propolis. These are used in a wide range of products including medicines and beauty products.
 - The altitude and temperature in Turangi is not optimal for breeding queens. Therefore the business buys its queens from a breeder.
 - The UMF of the honey produced at the factory is dependent on where the honey has come from. A UMF above 10 is preferred.
- D Gartner said that the Trust established a manuka honey investigation team. Investigative work completed to date by the Trust included visiting other honey businesses, attending conferences, financial modelling, receiving scientific and technical advice and gaining practical insights into beekeeping.
- In July 2014, trustees resolved to invest in a manuka honey business with Westervelt. This enables the Trust to have an equity stake in all aspects of the value add chain from production through to international sales. There will only be two parties in the joint venture; Westervelt and the Trust. The trustee's resolution is subject to professional legal and financial advice which is currently being provided by Minter Ellison Rudd Watts and KPMG.
- K Patena asked if the honey business development would produce sufficient benefits to meet the needs of an increasing number of owners. A Seymour replied that it will not. However, current market demand is continuing to escalate and therefore the Trust needs to position to meet it.

- D Gartner explained that the Vice President of Westervelt flew to New Zealand in November and met with trustees over a three day period. It was agreed that a business valuation would be completed by January 2015, with evaluations and due diligence completed by the end of February 2015. Assuming the results are positive, legal agreements and business settlement would occur in March 2015, with the joint business commencing in April 2015 under the control of a board of directors.
- K Patena expressed concern about the Trust losing autonomy should it form joint ventures or partnerships with other entities. D Gartner & A Seymour assured owners there was no intention to amalgamate or for the Trust to cede authority over its lands.
- H Ross asked about the profile to be put on the labels of jars sold in retail stores. D Gartner replied that this is detail that has not been discussed or decided upon yet.
- In response to queries about shareholding and investment levels, D Gartner replied that the Trust had resolved to invest \$500,000. A Seymour said that the Trust will have the opportunity to build up its equity stake to 49% but Westervelt will always hold a minimum of 51% of the joint venture.
- A Hartley said that a lot has happened since 2012. The Trust is no longer a land locked whenua with limited opportunities for development. The honey venture is a risk, but it is a bigger risk if the Trust sits still and does nothing. There are also a lot of other Māori owned blocks that have manuka on them, and so the Trust could engage them to place its hives on their land in return for rental income.
- S Smith, General Manager for Westervelt, NZ was invited to speak to owners. He gave an overview of the US based parent company which is a fourth generation family business that has been operating for over 130 years. Their highest principle is to leave the land in better shape, for the future generations. The company believes there is a huge amount of consistency with the Trust's values. Westervelt wants to create an enduring business that reflects Māori values in how it operates and is of the view that the only way to do this is for the Trust to be part of the business from the beginning. S Smith also spoke about the trust and respect Westervelt had for Arapiu and the growing relationship with the other trustees. In response to owner queries, S Smith advised that the new entity would never be publicly listed. He also said that business development would involve creating regional hubs with local employment, including in Taihape.
- Concern was expressed by some owners. H Biddle said he supported the concept but he expressed caution, given the negative experiences of other ahu whenua trusts involved in failed business ventures. He urged the trustees to be very careful, to ensure any debt is affordable and to maintain Trust ownership of the land at all costs. P Steedman expressed concern regarding the joint venture based on research he and T Hawira carried out showing that there were major issues in the cost of flying versus returns which impact financial viability. Other owners expressed similar concern about cashflow and debt impacts of the venture.

Motinitia:

That the owners support the establishment of the joint venture honey business with Westervelt.

I Hunter / L Winiata Whaka ae!

Motinitia:

That the General Manager's report be received.

K Beatty / R Watana Whaka ae!

6. ANNUAL ACCOUNTS

A Hartley presented the financial statements for the years ended 30 June 2013 and 30 June 2014. Key points highlighted during the presentation included:

- The drop in profit in 2014 is primarily due to the expense of engaging a General Manager. The accounts also reflect the change in investment strategy, splitting funds management between three providers in order to achieve a better return. All other Trust activities are continuing including hunting, however the focus has been on the relationships with Ngamatea and Westervelt. Kaumatua grants are distributed every two years and the Trust is contemplating education grants.
- K Patena asked whether there would be a proposal to raise the trustee fee. A Hartley replied that this would not occur. The new Trust strategy is allowing trustees to concentrate on governance. Prior to this, governance members also carried out management activities. The focus is on working through the General Manager to get value out of the business, and doing so in a prudent manner.
- L Winiata said that he did not believe the Trust was operating prudently within its income levels, but that the accounts made it difficult to confirm this. He requested transparency in accounting for the joint venture development with Westervelt. A Hartley replied that the venture will be reported in future accounts of the Trust.
- D Gartner advised that the budget for the year ending 30 June 2015 that forecasted a profit result. He also said that by 2016, the income from honey should exceed the income from hunting.

Motinitia:

That the audited financial statements for the years ended 30 June 2013 and 30 June 2014 be received.

A Hartley / M Heeney Whaka ae!

7. ELECTION OF TRUSTEES

Arapiu Seymour advised that there were three nominees and three trustee positions available to be filled.

The three nominees were:

- Angus Hartley
- Terry Steedman
- Barbara Ball

There being no contest for the trustee positions, an election was not necessary. Arapiu congratulated the new trustees and welcomed them on to the board of Owhaoko B&D Trust.

K Beatty asked for clarity about membership changes in relation to current trustees. A Seymour replied that:

- his term had expired and that he was not seeking re-election.
- A Hartley's term had expired and that he was seeking re-election.
- C Walker had tendered her resignation.

C Walker explained her reasons for resigning and wished the Trust well. B Ball gave a mihi to the owners, including her rationale for standing for election and what she wanted to contribute to the Trust.

8. GENERAL BUSINESS

- a. K Beatty advised that her whanau planned to establish a rest home for the elderly.
- b. O Steedman spoke about the need to revive te reo and to be able to access the land so that owners can practice their kaitiakitanga and express their turangawaewae. He said that as an owner he had not ceded mana whenua.
- c. T Hiroa encouraged trustees to consider marae and other grants. She said that many owners are not kaumatua, and therefore such owners are unable to access any benefits from grants distributed by the Trust.
- d. I Hunter spoke about the upcoming commemoration of the end of the first world war, and recognition of those who gave their lives in service to the country. He said that commemorations would be funded by government, and asked the owners to think about how the occasion could be marked.
- e. A Seymour asked owners to consider increasing trustee fees from \$250 per meeting to \$500 per meeting. An increase in the mileage rate was not requested. Owners were advised that the last fee increase occurred 8 years ago. Supportive comments from owners included recognition of the amount of work done to date, and due to be done in establishing the joint venture, and the amount of time that has passed since the last increase in trustee fees. Concerns expressed by owners included that expenses have increased at a faster rate than income, there is no transparency of the cashflows that would be available to offset any fee increase, spare money should be paid to owners or used to increase kaumatua grants, and that doubling of fees is excessive.

Motinitia:

That the trustee fees be increased from \$250 per meeting to \$500 per meeting.

T Hiroa / I Hunter Whaka ae!

Whakamoemiti: A Seymour.

Karakia Whakamutunga: I Hunter at 2.45pm

CONFIRMED AS A TRUE AND CORRECT RECORD.

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CHAIRMAN

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DATE