
Investment Steering Committee

Minutes of a meeting of the Investment Steering Committee held at 2:00 p.m. at County Hall, Chelmsford on 12 October 2011

Membership / attendance

Investment Steering Committee & Essex Pension Fund Board Members

* Cllr R L Bass (Chairman)	Essex County Council
* Cllr D Finch (Vice Chairman)	Essex County Council
* Cllr J Aldridge	Essex County Council
* Cllr M Lager	Essex County Council
* Cllr N Hume	Essex County Council
* Cllr T C Smith-Hughes	Essex County Council
Cllr Mrs S Barker (Conservative substitute)	Essex County Council
* Cllr J Archer (Observer representing Employers)	Maldon District Council
* Keith Blackburn (Observer representing scheme members)	UNISON

Essex Pension Fund Board Members

* Cllr Mrs P A Challis	Castle Point District Council
Cllr M Healy	Thurrock Borough Council
Cllr E Johnson	Essex Fire Authority
Cllr B Kelly	Southend Borough Council
* Cllr S Walsh	Essex Police Authority

* present

John Dickson, Matt Woodman, Keith Neale and Tony Hardy (advisers to the Committee), Peter Lewis, Kevin McDonald and Samantha Andrews (Essex County Council officers) were also present.

1. Apologies for absence

Apologies for absence were received from Cllr Barker, Margaret Lee and Martin Quinn.

Pension Board member Cllr Kelly had also advised that he was unable to attend the meeting.

2. Minutes

The minutes of the meeting of the ISC which took place on 27 July 2011 were approved as a correct record.

3. Market Commentary

John Dickson introduced a report by Hymans Robertson updating the Committee on the markets up to both 30 June 2011 and also to 30 September 2011. The report was noted.

4. Global Custodian Market Testing

Kevin McDonald introduced a report updating the Committee on the progress of the market testing of global custodian services to the Fund. The Committee were informed that six custodians had completed the Pre Qualification Questionnaire and were all invited to participate in the next stage, dialogue phase one, the Request for Proposal (RFP).

Results of the RFP are currently being evaluated and successful candidates will be invited to participate in the next stage, dialogue phase two.

The Committee was informed that a report with an appointment recommendation for ISC consider and decide upon, will be brought to meeting in the first quarter of the new year. The report was noted.

5. Urgent Part 1 Business

No urgent Part I Business was identified.

6. Exclusion of the public

Resolved:

That the Public (including the press) be excluded from the meeting during consideration of the following items on the grounds that they involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972:

- Q2 2011 Investment Tables;
- Investment Manager Update:
 - Record Currency Management;
 - Traffic Light Report; and
 - Officers' & Advisers Meeting Reports.
- Timber Mandate;
- Timber Mandate Presentation – Brookfield Asset Management Inc;
- Timber Mandate Manager Presentation – Stafford Timberland Limited; and
- Timber Mandate Fund Manager Appointment

7. Q2 2011 Investment Tables

(Press and public excluded)

The Committee received a report from the Group Manager Investments in consultation with Keith Neale, Independent Adviser, which gave details of the Fund's investment performance for the quarter ending 30 June 2011.

The value of the Fund had risen from £3.414bn as at 31 March 2011 to an all time high of £3.420bn as at 30 June 2011.

8a. Record Currency Management

The Committee received a report on the currency mandate managed by Record Currency Management.

It was agreed that:

1. the action recommended in the report be taken;
2. that officers, consultation with advisers, be authorised to make the necessary arrangements; and
3. that a review of the Mellon mandate be brought to a future meeting.

8b. Traffic Light Report

(Press and public excluded)

The Committee received a report which summarised the current views of Hymans Robertson on each of the Fund's managers.

The report was noted.

8c. Baillie Gifford Officer & Adviser Meeting

(Press and public excluded)

The Committee received a report from Hymans Robertson, in consultation with Independent Advisers and Officers, which provided a summary of the meeting that had been held with Baillie Gifford. Matt Woodman highlighted that the LTGG fund that the Fund was invested in was now closed to all new and existing investors. The report was noted.

9. Timber Mandate

(Press and public excluded)

The Committee received a report from Hymans Robertson outlining the timber mandate selection process to date.

It was highlighted 17 pre-qualification questionnaires were received. Based on quantitative analysis of the submissions, and discussions with fund officers, two fund managers and seven fund of fund managers were invited to complete the detailed request for proposal (RfP). In September 2011, Hymans produced a report entitled "Timberland Manager Search – RfP Analysis" which was discussed with officers and independent advisers. Two managers Stafford Timberland Group (Stafford), a fund of fund manager, and Brookfield Asset Management (Brookfield), a direct fund manager, met the required score and were invited to interview.

It was noted that each applicant had been instructed to deliver a presentation lasting for no more than 45 minutes which should address the following questions:

- Firm background and experience in managing timberland assets;
- The roles and responsibilities of the team managing the fund being proposed and where the team members are located;
- A brief description of the product proposed, the projected size of the fund and investment horizon;
- Philosophy for running the product, geographical and sector spread;
- The process used to target and assess the investments;
- Ongoing management of the assets of the fund;
- Risk management;
- Exit strategy;
- A history of performance in this asset class;
- Reporting, accounting and presentation to clients
- Fees; and
- Why they are best placed to run this mandate.

The report was noted.

10. Timber Manager Presentation - Brookfield Asset Management Inc (Press and public excluded)

The Committee received a presentation by Peter Thomson and Reid Carter of Brookfield Asset Management Inc.

11. Timber Manager Presentation – Stafford Timberland Limited (Press and public excluded)

The Committee received a presentation by Richard Bowley and Geoff Norman of Stafford Timberland Limited.

12. Timberland Mandate Appointment

Following consideration of the presentations **it was agreed that:-**

1. €50m be committed to the Stafford Timberland Limited Fund SIV VI;
2. officers, in conjunction with fund advisers, be authorised to finalise the arrangements; and
3. the Fund intended to make a further allocation at some point in the future, to bring the total Timber investment up to 2% of the Fund (approximately £60m);

There being no further business, the meeting closed at 5.00pm.

Chairman
17 November 2011