

## Brunel Oversight Board Meeting

### Minutes

**Purpose:** To review Brunel/Client progress agree next steps

**Date and time:** Friday 24 November 2017, 10:30 – 13:00

**Location:** Brunel Offices, 101 Victoria Street, Bristol, BS1 6PU

**Dial-in details:** 0330 336 1949 leader pin 461405 participant pin 429632

<b>Invited:</b>		
<i>Pension Committee Representatives</i>		
David Veale	Avon	
John Chilver	Buckinghamshire	
Derek Holley	Cornwall	
Rufus Gilbert	Devon	
Peter Wharf	Dorset	Phone
Joanne Segars	EAPF	Phone (left at 12am)
Ray Theodoulou	Gloucestershire	Chair
Kevin Bulmer	Oxfordshire	Vice-Chair - Apologies
Mark Simmonds	Somerset	Phone
Tony Deane	Wiltshire	Phone
<i>Member representative observers</i>		
Andy Bowman	Scheme member rep.	
Ian Brindley	Scheme member rep.	
<i>Fund Officers and Representatives</i>		
Liz Woodyard	Avon, CG	Apologies
Tony Bartlett	Avon	
Julie Edwards	Buckinghamshire	
Mark Gayler	Devon	
Richard Bates	Dorset (finance)	Phone
Craig Martin	EAPF CPO	
Mark Spilsbury	Gloucestershire	
Sean Collins	Oxfordshire	
Anton Sweet	Somerset	Apologies
David Anthony	Wiltshire	Apologies
Nick Buckland	JLT Client Side Executive	
Sophie McClenaghan	JLT Client Side Assistant	Minutes
<i>Brunel Pension Partnership Ltd</i>		
Denise Le Gal	Brunel, Chair	
Steve Tyson	Brunel Shareholder NED	Apologies
Matthew Trebilcock	Brunel, CRD	
Dawn Turner	Brunel, CEO	
Mark Mansley	Brunel, CIO	

Item	Agenda	Paper provided	Owner	Timing
1	Election of Chair and Vice-Chair		NB	10.30 – 10.35 5 mins
	Voting for the roles of Chair and Vice Chair closed at Midnight on 16 November. The vote resulted in Raymond Theodoulou being elected as Chair and Kevin Bulmer was elected Vice-Chair.			
2	Confirm agenda Requests for AOB Any new declarations of conflicts of interest Review 29 Sep BOB minutes	Agenda  C of Interests  Minutes	Chair	10.35 – 10.45 10 mins
	<u>Requested AOB</u> Query on who should be able to observe the BOB meetings and request for Pension Committees and Boards to see the BOB agenda and minutes. These items to be covered under BOB transparency in item 7. <u>Conflicts of interest</u> There were no new conflicts of interest received. It was requested that the conflicts of interest register was made more BOB specific. <b>It was agreed that JLT would produce a BOB specific conflicts of interests register.</b> <u>29 Sep Minutes</u> The BOB approved the minutes. All actions had been completed/ were covered on the agenda with the exception of one ongoing action. RT reminded the BOB that it is not a decision-making board, the BOB is an advisory board.			JLT/ 11 Jan
3	Code of conduct policy	Code of conduct	SC	10.45 - 11.00 15 mins
	After the last BOB meeting, the Client Group felt that the process of demonstrating who had prepared and reviewed the reports being presented could be improved. The Client Group have therefore implemented a cover template for all BOB papers. Any feedback on the covering template is welcomed. The template was welcomed by the Chair. SC presented a draft Code of Conduct which the Client Group had produced to promote and maintain high standards of conduct. A legal review from Osborne Clarke confirmed that to formally include the policy, the terms of reference will require amendment which must be approved by Shareholders. Alternatively, the policy could be adopted informally.			

	<p>The Scheme Member Representatives queried how this policy would affect their observer role. It was noted that observers are free to provide feedback, however, should respect any confidential items as is the requirement of all members of BOB.</p> <p>Some queries were raised on the draft policy including:</p> <ul style="list-style-type: none"> <li>• whether members would be required to disclose all personal dealings;</li> <li>• whether members have to disclose any level of interest in the fund or if there will be a minimum disclosure level;</li> <li>• relevant legislation from the employment act to be referenced as a definition for bullying in section 10; and</li> <li>• the EAPF confirmed it is looking to ensure the policy also applies to its non-Local Government members.</li> </ul> <p>DT suggested that as Brunel's Compliance Officer, Laura Chappell could review these queries for the BOB. The BOB requested the amendments be made and the finalised policy to be approved at the next BOB on 18 Jan.</p> <p>The BOB requested that the policy should be implemented formally; therefore, Shareholder approval requiring 20 working days notice will be required in advance of the AGM on 31 January. This notice will be required prior to the next BOB on 18 January. It was agreed that the reserved matter will be issued requesting that the BOB ToR are updated to include a code of conduct and the formal approval of the policy will take place at BOB on 18 January and the ToR amended subject to 80% approval from the shareholders on this reserve matter.</p> <p><b>LC/ Client Group to finalise the Code of Conduct Policy for approval at BOB on 18 January.</b></p> <p><b>Brunel to send the shareholder notice asking for approval to incorporate the code of conduct in the terms of reference.</b></p>			<p>LC/ CG/ 9 Jan Brunel / 31 Dec</p>
4	<p>Brunel PP update</p> <ul style="list-style-type: none"> <li>• Engagement Sessions</li> <li>• Custody and Administrator contracts</li> </ul>		Brunel	<p>11.00 – 11.15 15 mins</p>
	<p>MT provided a brief update of Brunel including:</p> <ul style="list-style-type: none"> <li>• Recruitment is progressing well;</li> <li>• Oxfordshire transitioned custody on 15 November;</li> <li>• FCA application is progressing to expected timescales;</li> <li>• Fund Manager Engagement Days held on w/c 6 November, 3 x face to face meetings and 2 x webinars. 90 companies attended. Brunel has received positive feedback;</li> <li>• 3x Stakeholder Engagement Days held on w/c 14 November. Brunel supported Client Group. Feedback detailed below;</li> <li>• 2 special reserve matters have been issued- responses from Shareholders are required by 27 November; and</li> <li>• AGM to start at 15:00, notification will be going out to the shareholders soon, ability to appoint a proxy.</li> </ul> <p>Feedback from Stakeholder Engagement Days</p>			

	<ul style="list-style-type: none"> <li>• AB – members welcomed the engagement and wished the transparency to continue.</li> <li>• RG – feedback included “active, interactive, succinct and informative”.</li> <li>• TD – the only criticism was that some members felt performance fees question was left unanswered.</li> </ul> <p>Shareholder reserved matters</p> <ul style="list-style-type: none"> <li>• No known issues with the £225k shareholder agreement.</li> <li>• Devon’s committee have highlighted a concern with the remuneration policy shareholder notice. RG provided a statement from Devon summarising the view of its committee.</li> <li>• DT: As per shareholder agreement, a special reserved matter requires unanimous shareholder approval. If this is not received then the remuneration policy will revert to the prior arrangement. Without the passing of the action, the policy reverts to no restriction. DT confirmed it is most likely that Brunel will still apply the 5% restriction even if it is not required to do so. Brunel will review whether to review/ amend/ reissue the shareholder matter.</li> <li>• TB: commented that the consequence of not approving wasn’t included.</li> <li>• <b>It was agreed that going forward, shareholder notices will include details of the current position and the consequence should the notice be rejected. Brunel also agreed to engage with Shareholders via conference call when a reserved matter is issued to ensure they know the background to the notice.</b></li> </ul> <p><b>MT to send out the stakeholder engagement day slides post meeting.</b></p>			<p>Brunel / ongoing MT/ 30 Nov</p>
5	Brunel PP Business plan 2018/20	Business Plan (to follow)	Brunel	11.15 – 12.00 45 mins
	<p><b>It was noted that the business plan is a confidential item and should not be disclosed outside of the BOB.</b> Brunel will provide a public version of the business plan at the AGM in January.</p> <p>The business case analysis will be completed annually by the Client Group.</p> <p>DT was asked to expand what was meant by operational costs under section 5 of the covering report. DT noted these included for example, HR, finance, tax. Next year requires more tax management therefore tax advice will be a large expense.</p> <p>TB: felt that the document didn’t provide details of what it will cost individual Funds. DT confirmed this detail will be included in the service agreement which has not yet been finalised. DT has estimated the cost savings for each of the Funds. <b>DT to provide the individual detail to Funds via the Client Group.</b></p> <p>The Shareholder Agreement states that Brunel will provide the Funds with an overview of charges by February. Brunel confirmed it is on track to meet this deadline.</p>			

	<p>TD: asked if the savings were still on track and when would funds see them.</p> <p><b>BOB approved the current form of the business plan to take forward to the Brunel Board meeting on 14 Dec.</b></p> <p><b>It was requested that any additional comments are be provided to DT by the end of November.</b></p> <p>Brunel proposed a call for shareholders on 15 December to discuss the outcomes of the Brunel Board and the issuing of further reserve matters. BOB agreed this would be useful. <b>Brunel to arrange a call for 15 December.</b></p>			<p>DT/ 31 Dec</p> <p>BOB/ 30 Nov</p> <p>Brunel/ 30 Nov</p>
6	<p>Portfolio update</p> <ul style="list-style-type: none"> <li>• Process</li> <li>• Future plans</li> </ul>	Portfolio update	MM	<p>12.00 – 12.45</p> <p>45 mins</p>
	<p>MM spoke to the papers detailing the process for agreeing the portfolios which will form the Brunel investment offering. Brunel is hoping to have the core portfolio specifications available to clients by early 2018. At 5 December CG meeting, the CG will be formalising the portfolio specification details. The outcomes from this process will then be brought to BOB on 18 January for ratification.</p> <p>Once the strategic allocation has been confirmed then Brunel will work with the fund's officers to map out and initiate the transition of assets. Brunel are looking for Funds to have approved a definitive strategy by 31 March, however changes can be made to strategic allocation, as might happen normally, as the transition progresses. Brunel noted it is happy to attend committee meetings/ provide training if required. It was also noted that the portfolios will evolve and will not be "set in stone" and will operate under an agreed Creation, Amendment and Deletion (CAD) policy.</p> <p>There was a query as to why the equity income portfolio had been removed. MM noted that there had been no client interest so it had been removed.</p> <p>To create a portfolio a fund must be prepared to invest at least 5% of their assets and it must be "sufficiently different" to the existing portfolios. If there is a single investor, then a portfolio will be left open as long as the investor has committed at least a 5% allocation. Brunel must consult the client group, as set out in the CAD Policy, before they can add, amend or delete portfolios.</p> <p><u>BOB resolved to:</u></p> <ol style="list-style-type: none"> <li>1. Approve the process for finalising the portfolio specifications (Appendix 1 paragraph 2.5).</li> <li>2. Approve the process for clients to confirm allocations to the underlying portfolios (Appendix 1 paragraph 3.7)</li> <li>3. Agree actions arising (Appendix 1 paragraph 3.8)</li> </ol>			
7	<p>AOB</p> <p>Future meeting dates</p>		Chair	<p>12.45 – 13.00</p> <p>15 mins</p>

	<ul style="list-style-type: none"> <li>- 18 January 2018</li> <li>- 22 March 2018</li> <li>- July and October meetings (TBC)</li> </ul>			
	<p><b>JLT to propose July and October meeting dates.</b> It was requested that these avoid the third Thursday of the month. These will also need to fit in with the diary of Brunel Board meetings.</p> <p><u>BOB transparency</u></p> <p>It was agreed that a version of the minutes, with any confidential information redacted, is provided so it can be tabled at Pension Committee meetings should Funds wish to do so. Due to the time delay between meetings, the minutes will be circulated in draft form once approved by Chair and Vice-Chair.</p> <p><b>JLT to draft non-confidential minutes, provide to Chair and Vice-Chair to review before providing to the BOB members to include at Pension Committee meetings.</b></p> <p>DT read out the wording from terms of reference on attendance at BOB meetings. Only members (including non-voting members) shall have the right to attend BOB. Directors of the Brunel Board, shareholder NEDs, officers/ advisors may attend if invited. It is up to the Chair to approve requests to attend. The Chair emphasised that if sufficient reason and notice was given the request would be considered.</p> <p>The following methods of communication with members were highlighted to demonstrate transparency:</p> <ul style="list-style-type: none"> <li>• Regularly updated Brunel website, anyone signed up will automatically receive notification of new items</li> <li>• Six monthly reports</li> <li>• Engagements days which will take place at least once a year</li> <li>• Member of the transparency code</li> </ul> <p><b>The Chair requested that members consult other pools to see if anything else could be done. SC will raise this at the Cross Pool meeting next week and feedback to the BOB in January.</b></p>			<p>JLT/ 31 Dec</p> <p>JLT/ BOB/ 10 Dec</p> <p>SC / 18 Jan</p>

**Produced: JLT on 13/12/2017**