

BOARD OF ADMINISTRATION

Changes in Government legislation continue to increase the workload for both the Connexional Office and parishes. Charities Services, Accounting Standards, Safety of Buildings and upcoming Health and Safety Regulations are requiring greater transparency and in many cases new ways of working. A great deal of staff time is spent helping parish officers and parish councils to comply with these new requirements. A big thank you to those in every parish who are making these new requirements operative. At times we might ask "Why are there changes – what is the benefit?" The answer is that as a charitable organisation not liable for income tax, where members receive rebate on donations, we need to ensure that as an organisation we are publically accountable.

Connexional Office Staffing

Sarah Andrews and Rebecca Hitchcock have both returned from maternity leave and now share a 1.2 FTE accountancy position. We are delighted to have both Sarah and Rebecca as part of the team.

Greg Wright has indicated that he will retire at the end of 2016. To prepare for this the Board of Administration and Methodist Trust Association have been working together to define the role and job description of the new appointee. It has been productive for the two Boards to work together. The intention is to be able to introduce the new Executive Director to Conference in 2016.

The Board has also undertaken an external review of its staffing and operation. This resulted in restructuring in April, with the position held by Peter Dent being made redundant. The restructuring identified a need for more secretarial support. Greer McIntosh has been employed as an Office Junior. Greer will be responsible for the monthly eMessenger, among the many other tasks she performs.

Stipends Committee

The Stipends Committee of Goll Manukia, Tania Shackelton, Jan Tasker, David McGeorge, Nicola Grundy and David Bush met in Auckland on 22 May 2015 to consider adjustments to stipends and allowances for the 2015-2016 financial year.

The Committee had at its disposal stipend documents from Presbyterian Church, Anglican Church and Hospital Chaplains for the 2015-2016 year and the CPI report and Wage Survey to 31 March 2015.

The Committee is charged with considering the movement in CPI and the change in stipend of partner churches.

The CPI had moved by 0.1%.

Partner Church stipends were adjusted as follows:

Presbyterian	increased by 1.7% to \$46,457 plus seniority
Anglican	increased by 1.8% to \$48,109
Hospital Chaplain	increased by 1.8% to \$48,507 plus \$2,000 if accredited

The Committee is mindful that stipend is an allowance more properly based on the CPI. It is not a wage or salary. An increase of between 0.1 and 1% was considered.

It was agreed to recommend to the President that a 0.8% increase or \$1 per day would be applied making the new stipend \$46,026.

There is significant variation in the allowances paid by Partner Churches. While the Methodist stipend is lower, the allowances paid are the highest of the churches under consideration.

			<u>Total Package</u>
Methodist	Standard Allowances	\$3,176	
	Books and Resources	\$1,053	\$50,255
Presbyterian	Standard Allowances	\$1,820	

	Books	\$803	\$49,080 + seniority
Hospital Chaplains	Standard Allowances	\$2,258	\$52,765
Anglican	Standard Allowances	\$1,571	
	Books	\$872	\$50,552

It was agreed to recommend to the President that allowances would be increased by the CPI, 0.1%, an increase of \$3 per annum.

In July the Board of Administration received a report on the effect of changes to the tax deductibility of office space in the parsonage. The cost of applying the new regulations made it impractical to claim the rebate. In effect every stipend would be different. The President was asked to approve a further increase to the stipend of \$30 per month which would restore the stipend to the figure of that originally approved in May. The increase to take effect from August 2015. This will mean that Methodist stipends will not claim for any use of the parsonage for study or office.

Ministers Leave

Prior to four weeks annual leave becoming standard, Methodist presbyters received four weeks, one week more than the general work force on the basis that presbyters worked over key public holidays such as Christmas and Easter. Monday's long weekends mean very little when a service is taken on the Sunday and Monday is the normal day off.

Interestingly 62% of employees in the Public Service receive 5 weeks or more of annual leave.

Making sufficient time and space for renewal and refreshment is a key responsibility under Health and Safety requirements. Ministry is often stressful and leave entitlements are a practical means of responding to such stress.

The BOA recommendation is that Conference to once again recognise the difficulty for presbyters taking the leave which others enjoy, and increases annual leave to five weeks.

Information for those on Wages and Salaries

The church employs a significant number of people on wages and salaries. The Committee believes there needs to be a parallel remuneration booklet which covers the matters employers need to be aware of. This includes employment contracts, minimum wages, Health and Safety legislation, Holidays Act, changes to employment law, and movement in wage rates if other than parity with stipend is used.

The Board of Administration is currently working on producing this.

Water Rates

In the Auckland Council area, and maybe others, water rates are charged separately. The Stipends Committee believes the owner of the property, be it parish or presbyter or other landlord is responsible for the water rates. Any dispute over excessive water rates should in the first instance be discussed with the Synod Superintendent, who may in turn seek advice from the General Secretary.

Provisioning for Long Leave

A significant report was brought to Conference 2014 proposing that Long Leave be paid from a fund to which parishes would contribute one week's stipend each year.

It appears to be too difficult to initiate the provisioning process for leave already accumulated. A further report will be brought in 2016.

Disciplinary Code

Complaints under the Disciplinary Code

There have been two complaints referred to the Complaints Officer since the last report. Each complaint has been brought to a satisfactory resolution.

The Complaints Review Panel has referred one complaint from a previous year to the Disciplinary Tribunal. If the Tribunal has delivered a finding it will be advised to Conference as a supplementary report. Any finding of the Tribunal is recorded as a record in the decisions of Conference.

The Complaints Review Panel is still considering a second matter.

The Chair of the Complaints Review Panel, Rev Peter Williamson, retires from this role at this Conference after many years' service. It is hoped that a name for a new Panel Chair can be brought to Conference.

Report of Chair of Disciplinary Procedures Review Panel

The Chairperson of the Complaints Review Panel is required to report to Conference each year as to the work of the complaints reviewers and to make any suggestions as to amendments to the Disciplinary Code.

This year, there have been two ongoing complaints dealt with by the Chair of the Complaints Review Panel, one of which has been referred for further disciplinary process and the other will be processed within a few weeks.

There are no recommendations for amendments to the Disciplinary Code.

Historic Complaints

The church has received requests through the Confidential Listening and Advisory Service from 6 people seeking information about their time in Methodist Children's Homes in Christchurch and Masterton. Three people made enquiries then laid a formal complaint through a legal firm.

Formal resolution has been agreed with four people. One matter is still under investigation.

Sadly the Confidential Listening and Advisory Service has been closed by the Government, removing access to a resolution process which avoided the costly court process.

Supernumerary Fund

The Trustee of the Supernumerary Fund is taking the required steps to comply with new regulations for Superannuation Funds.

As a fund closed to new members, it can be registered as a Legacy Scheme. This requires the appointment of a Licenced Independent Trustee. The Trustees have appointed Mr Charlie Cahn, our current Actuary, who will act as a consultant until the Trust Deed has been altered to allow his appointment as a Trustee.

A process is under way to appoint a new Actuary, the Statement of Investment Policy and Objectives (SIPO) is also being updated to comply with the new regulations.

In addition a holding company needs to be created to hold the Superannuation Fund's assets. Previously the Board of Administration 'acted as the Trustee', with Board members meeting to transact the business of the Superannuation Fund. The Directors of the new company will be drawn from the Board of Administration, but will not include all BOA members. The documents to set up the new company and to transfer the management are in the agenda (**Appendices 1, 2 & 3**). These have been approved by the Trustee. Conference approval is now sought. It should be noted that this set is being taken to comply with New Zealand law.

The Trust Deed for the Superannuation Fund also needs to be amended to meet the new legal requirement. Specific changes allow the appointment of an Independent Trustee as required by law. You will see in the document that significant additions have been made to meet the new regulatory requirements.

The Trustee has taken this opportunity to address three matters of concern:

1. The Actuary can now count a 'part' year when assessing the number of qualifying years.
2. At the Trustee's sole discretion a pension may be fully commuted.
3. Where a person has completed 40 years' service, the 2% deduction per year, if the person retires before 65 is removed. The additional cost, if any, to be paid by the church.

The intention is that the fund will be in a position to apply for registration with the Financial Markets Authority by July 2016. Registration must be completed by 1st December 2016.

The investments of the fund performed well in the year ending 31 January 2015. The fund is valued against two indicators. First meeting the normal pension obligations of the fund. Second if every active member resigned and pensions were paid to Supernumeraries. There is a small surplus with respect to normal pensions, and the resignation benefit deficit is halved to 1.6 million. This 'notional' deficit is covered by a mortgage in the Connexional Office.

The Triennial review will take place in February of 2016. It is hoped this may advise that the annuity can be increased. The annuity remains at \$411.43 per year of membership. In February the Trustee met with representatives of Supernumerary members of the scheme to explore if and how the annuity can be increased. Both the Trustee and the Board of Administration are actively looking at what may be possible.

Matters Arising from Conference 2014 Decisions

1. That BOA begins the process to appoint a new Complaints Officer, preferably from a partner church.
Constructive conversations are ongoing with a recently retired senior leader of a partner church.
2. Affirmation of policy that all church accounts require two signatories.
There have been further instances of pre-signed cheques coming to our notice. The Board will continue to work with parishes to comply with the best practice required by Conference.

Removal Fund

There were 13 removals (12 in 2014) to and from parishes which are members of the removal fund. Pleasingly there was a 100% feedback with a satisfaction rating of 92.82% from those who were moved. With a similar number of moves the cost was \$58,787 (\$43,787 in 2014).

The removal levy will remain at \$10 per member for 2016, after being reduced from \$14 in 2012.

Board of Administration of the Methodist Church of NZ Special Account

For many years Conference has required all Methodist Church of New Zealand (the Church) accounts to be through the Bank of New Zealand (BNZ) with the Church's relationship with the Bank managed through the Connexional Office and the Christchurch regional office of the BNZ.

The Church's arrangements with the BNZ are that all of the current accounts will be maintained in credit and that from the total of the current accounts, the Church can draw back approximately 80% of the total credit balances. The Church pays the NPO interest on these deposits so parishes receive the same amount of interest on their current accounts as they would normally receive from a trading bank and the Church also pays a management fee to the Bank for providing the facility.

The Church is then able to use the drawdown which normally stands at around \$3.5M to fund short term loans to Church parishes and organisations which need bridging loans typically to resolve timing differences between property purchases and sales and unused funds are deposited with the New Zealand Methodist Trust Association.

The net profit after the payment of interest and management fees etc is made available to the Connexional budget.

For the year to 30 June 2015 \$60,904 was donated to the Church budget compared with \$74,230 in the previous year.

The amount available to the Special Account varies based on the interest rates available within the New Zealand economy.

Since 1998 the Special Account, at no cost to the Methodist Church of New Zealand, has contributed \$965,088 to the Connexional budget.

Suggested decisions:

1. That the report be received.
2. That Conference endorses the recommendation that five (5) weeks leave apply to presbyters, deacons and lay ministry appointments commencing from 1 February 2016.
3. That Conference approves:
 - (a) The constitution of Methodist Church of New Zealand, Te Haahi Weteriana Superannuation Trustee Limited.
 - (b) The appointment of the initial Board: David Bush, David McGeorge, Rex Nathan, Donald Biggs, Ruby Manukia-Schaumkel, Digby Prosser, Nanette Russell, Charles Cahn (First Independent Director).
 - (c) The revised Trust Deed of the Superannuation Fund.

CONNEXIONAL FINANCIAL REVIEW COMMITTEE

Supplementary Report

ARCHIVES

Highlights and achievements of the Methodist Church of New Zealand Archives Christchurch

Period covered: 1 July 2014-30 June 2015

Digitisation

New Zealand Methodist newspapers have been digitised from 1870-1948 and are can now be searched on this website: <http://kinderlibrary.outofprint.co.nz> This important achievement would not have been possible without the support of Judith Bright of the John Kinder Theological Library and Rev Dr David Bell.

World War I Methodist Rolls of Honour and Memorials

This project has been completed by the Archives volunteers and collated by the Archivist. A list of known Methodist rolls of honour and memorials erected in Methodist churches has been published on the Methodist Church website.

Volunteer team

The assistance of our volunteers is acknowledged with gratitude. Some of the projects volunteers have been working on include inputting names into the New Zealand Methodists Name Index, cataloguing architectural plans and documents, typing handwritten lists and indexes. Total volunteer hours worked is approximately 900 hours.

The Archives volunteer team is: Marlene Borgfeldt, Joyce Challies, Enid Ellis, Katherine Gillard, Jan Kotlowski.

User statistics July 2014-June 2015

	Christchurch	Auckland
Written enquiries (including email)	443	45
Telephone enquiries	49	10
Researchers in person	25	15

Auckland Methodist Archives – by Cynthia McKenzie, Archivist

Highlights of the year have included helping researchers answer queries relating to many aspects of Methodist history from family history to those seeking information about church buildings.

METHODIST CONNEXIONAL PROPERTY COMMITTEE

INSURANCE

Property Insurance

The Insurance Fund has had a satisfactory year with the premium charged to the Church for the 2015 insurance year being approximately 20% less than for the 2014 year. The overhead costs to be met by the Insurance Fund were also less than budgeted with, especially, claims being very well contained for the year.

After the completion of the Insurance Fund accounts to 30 April 2015 the amount of working capital that needed to be held by the Fund was reviewed and it was determined that the Insurance Fund needed to hold sufficient working capital to enable it to pay for the Insurance Premium at the beginning of each year and a margin for overhead costs and expenses, such as possible claims, whilst it recovered the monthly instalments from the Church during the year.

The working capital level was set at \$2M and the excess working capital held by the Fund was returned to the Church through the rebating of the monthly premium due for August and September 2015.

This is equivalent to 16.6% of the premium for the full year which means that the premium for 2015 was just over 36% less than the 2014 year and just on 46% less than was charged on a cost per \$100 of cover basis in the 2013 year.

As has been noted regularly in previous reports to Conference, the Insurance Fund operates as a Connexional Fund charging the same rate of premium per \$100 of cover for all risks (with a small adjustment for residential property to allow for the Earthquake Commission charges and cover) whether the insurance be for contents or buildings from Kaitaia to Bluff and regardless of the construction or use of the Church property insured.

Details of the covers available and comment on maintaining adequate levels of insurance over the Church's property are included in the Insurance Handbook (Information Booklet No 81) which is available on the Church's website.

Fire Services Levy (FSL)

The New Zealand Fire Service recently appealed a decision of the High Court and the Court of Appeal on the application of the FSL legislation to the Supreme Court.

The Supreme Court has overturned the decisions of the two lower courts and has agreed with the New Zealand Fire Service that the split policy arrangements common to many owners of multi-property insurance portfolios utilising a nominated, first loss sum insured for indemnity purposes upon which the FSL is calculated.

The Church's cover has been placed in this fashion for many years and has been the subject of several Fire Service audits which have accepted the form of insurance placement.

It is unclear how the Supreme Court decision will impact on the placement of insurance covers for the calculation of Fire Service Levies into the future and this is a matter that the Church (along with other denominations and secular property owners) is currently taking advice on.

The Church believes it is important that it pays its fair share of the costs of operating the New Zealand Fire Service but also believes it has no obligation to pay more than its fair share. It is noted that those organisations or individuals who self-insure (or do not insure) make no mandatory contribution whatsoever to the operating costs of the New Zealand Fire Service. The New Zealand Government is one of the major self-insurance organisations in New Zealand.

AllChurches Insurance Bureau (ACIB)

The Methodist Church of New Zealand places its insurance as part of the AllChurches Insurance Bureau (ACIB) which means that it partners with (particularly) the Anglian Insurance Board and the Baptist Union, as well as a large number of other denominations.

This partnership enables approximately half the Church's cover to be placed locally in New Zealand (currently through QBE) and the balance through a group of Lloyd syndicates in London.

The combination of the two placements and the Church's level of self-insurance means that it is able to achieve consistently attractive premium rates as the insurance market changes.

The ACIB is looking to form an underwriting agency with a specialist New Zealand insurance provider which will enable it to package and present the various denominations insurance information in a more consistent and insurance industry standard fashion which would lead to more administration efficiencies and therefore lower premium costs to the churches.

The underwriting agency will also enable ACIB to assist other smaller denominations and individual churches that are looking to insure their properties through a cost-effective insurance policy tailored for church property.

For the parishes and others insured through the Methodist Church of New Zealand insurance scheme there will be no change in the administration arrangements, with the point of contact being through the Connexional Office.

Liability Insurance

The liability insurance covers were remarketed during 2015 and covers were renewed with Lumley New Zealand Ltd (now part of New Zealand Insurance).

The various covers are set out in the Insurance Handbook referred to earlier.

In all cases, where a Church official or member believes the Church could be exposed to legal liability for some action or failure to act, contact with the General Secretary or Executive Director should be made immediately.

In no instance should any acceptance of liability, admission of responsibility or offer of settlement be made until the Connexional Office has had an opportunity of considering the matter and the views of our insurers obtained. Failure to follow these steps can render the cover void.

During the year the Insurance Fund published a commentary on the steps that needed to be taken in terms of any liability claimed but particularly claims involving the Church's employment disputes cover including a flow chart to assist parishes in determining when a matter should be referred to the Connexional Office for notification to our insurers.

This information including the flow chart was translated into Tongan, Samoan and Fijian.

Copies of the information and the flow chart are available on the website.

Review of Canterbury Earthquake Insurance Settlement

The Methodist Connexional Property Committee commissioned a review and audit of the insurance settlement received by the Church following the Canterbury Earthquakes. The review was undertaken by Mr Rodger Fulford, GT Risk Management Ltd, a risk and insurance consultant and senior figure in the New Zealand insurance industry.

A copy of Mr Fulford's report is attached as an appendix to this report to Conference. In his conclusion Mr Fulford comments *"...following all the research, it is the view of GTRM that Methodist Church has negotiate [sic] a very favourable claims settlement in relation to the damage sustained in the Christchurch earthquakes"*

In his report, Mr Fulford makes particular mention of the benefits accruing to the Church from the policy wording in place at the time of the earthquakes. He notes that the settlement was not limited to the sum insured for each property but the Church was able to call on the total sum insured under its policy schedule and there was no application of 'insurance average' where under-insurance may be deemed to be self-insurance and claims reduced accordingly.

As has been advised previously, the current insurance policy does not include such generous terms and any claim under the current policy wording will be limited to the nominated sum insured for each individual property.

It is imperative therefore that Church groups and organisations continue to regular review the sum insured for their property including regular independent replacement insurance valuations.

The Methodist Connexional Property Committee notes the affirmation of the insurance settlement reached.

CHURCH BUILDING AND LOAN FUND

Building (Earthquake-Prone Buildings) Amendment Bill

Conference 2014 requested Methodist Connexional Property Committee to review the Church's current response to seismic strengthening in light of the Buildings (Earthquake-Prone Buildings) Amendment Bill once it had been through Select Committee and had been enacted by Parliament.

At the time of last year's Conference it was confidently expected that the Bill would have been reported from the Select Committee and through Parliament in time for the Methodist Connexional Property Committee to review the Bill's findings and prepare a report to synods and Conference 2015.

In June 2015, the Select Committee published an interim report and requested further submissions and is not expecting to report to the Parliament until the end of 2015.

The Methodist Connexional Property Committee does not believe that it can properly report to the Church on the terms of the new legislation until those terms are known and accordingly does not bring a definitive report to the Church this year.

It notes from the initial report of the Select Committee that it is recommending:

- The threshold for a building to be considered earthquake prone is 33% new building standard (NBS)
- There is no change to the earthquake prone threshold throughout New Zealand
- Some structures including farm buildings and standard residential properties are exempt from seismic assessment
- There may be procedures for exempting other classes of buildings from assessment
- Buildings in areas of high seismic activity should be determined if they are earthquake prone within five years of the bill being enacted and remediation within 15 years, areas of medium seismic activity buildings being assessed within 10 years and remediated within 25 years, and low seismic activity identified within 15 years and remediated within 35 years.
- Category One heritage buildings have a further ten years in addition to the period for their seismic area for remediation.
- Any earthquake prone building having significant alterations needs to be brought to at least 34% NBS at the time of alteration
- Buildings being seismically strengthened to meet code may not need to be upgraded for fire and disabled access.

As noted, additional submissions have been sought and the Bill stills needs to work its way through Parliament and the provisions noted above may be altered.

The Methodist Connexional Property Committee recommends that the response of the Church be further considered when the legislation is confirmed.

Suggested decision:

1. That the report be received.

CONNEXIONAL TRUSTS

PACT 2086 TRUST

PACT 2086 Trust (the Trust) exists to hold the Church's residual interest in the ground lease of the land bounded by Queen, Turner and Liverpool Streets and City Road in Auckland.

The property was leased in 1987 with one lump sum payment covering rental for the next 100 years.

The Trust through its predecessor, Prince Albert College Model Deed Trust, provided to the Church the majority of the capital received in the form of the PAC Endowment Funds and retained the balance as a nucleus for an investment fund to be held against the return of the property to the Methodist Church of New Zealand in 2086.

The Trust therefore has an extremely long time horizon for investments and, it is anticipated, will have a significant part to play in the future of the Methodist Church of New Zealand towards the end of the century.

The principal work of the Trust during the year has been the development of the new Statement of Investment Performance and Objectives (SIPO) to provide a framework for the evaluation of the Trust's investment portfolio and to endeavour to ensure that the Trust's investments are directed into appropriate investments given both the Church's Guidelines for Socially Responsible Investment and the very long term nature of the Trust.

The Trust has set aside 2% of its accumulated capital for investment in Greenfields type investments which are seen to have potential to either provide a substantial social dividend or to provide significant employment within the New Zealand economy. During the year the Trust invested \$50,000 in a company known as CarbonScape Ltd which is conducting world leading investigations into the conversion of wood (predominantly pinus radiata) into charcoal using microwaves.

One of the proponents of the company is a former Methodist Minister, Tim Langley.

If the process proves to be scalable from a proven laboratory experiment to a commercial application, it holds considerable environmental benefits as it removes a significant part of the greenhouse gas emissions present in the conversion of iron to steel using coal.

Given New Zealand's extensive plantation forestry reserves, it may also have a significant employment benefit.

During the year the Trust has also continued in an investment of \$100,000 made in the company Im-Able Ltd which has developed specialist equipment to stimulate motor skills and associated computer based software 'games' to aid stroke and brain injured victims regain and develop motor skills and reflexes.

The system has been very well received internationally and the company is pursuing opportunities to scale and commercialise the process.

Grafton Downs Ltd

Grafton Downs Ltd is the joint venture (JV) between the Trust and Wesley College Trust Board and relates to the residential and commercial development of two dairy farms and potentially Wesley College's existing campus at Paerata.

Grafton Downs Ltd will be the subject of a separate report to Conference but PACT 2086 Trust notes the very successful outcome of the resource consent and plan variation application lodged with Auckland Council which has seen the farms and campus zoned Mixed Use Urban and the first 1,000 sections approved as part of the Special Housing Accord entered into between the Government and the Auckland Council.

The Trust affirms the excellent work of the consultants retained by Grafton Downs Ltd and in particular the work of Chris Johnston, General Secretary of the Wesley College Trust Board, and its Property Manager, Ross Taylor.

This is an exciting development but there are many significant hurdles still to be overcome particularly around the provision of infrastructure.

History

As noted above, the Trust has a significant history within the life of the Church and expects to play an important role into the future. To ensure that current members of the Church understand both the genesis and the rationale behind PACT 2086 Trust the Board has asked Donald Phillipps to continue the history of the Trust picking up from the end of Rev Bill Morrison's booklet "A Dream to Fulfil" published in 1990. The earlier history of the Methodist Church of New Zealand on the site has been recorded in William Morley's "History of Methodism in New Zealand", Aylesbeare Arthur and Norah Buttle's "The Tale of Two Colleges" published on the centenary of the opening of the first college in 1950 and Eric Hames' publication "Prince Albert College Trust – A Footnote to New Zealand Methodist History" published in 1979.

Donald Phillipps' work is well advanced and it is anticipated that the finished work will be published through the Wesley Historical Society.

Suggested decision:

1. That the report be received.

INVESTMENT ADVISORY BOARD

The Investment Advisory Board was established by Conference to provide investment advice and oversight to the Funds of the Methodist Church of New Zealand. The Investment Advisory Board acts on delegated authority from the Board of Administration/Methodist Connexional Property Committee to consider matters relating to commercial properties that the Church is considering buying or selling or to give approval to leases of more than seven years duration.

As part of its work, the Board receives regular market reports and considers matters which could impact upon the Church's investment portfolio.

One of the significant areas of work for the Board is the Church's response to an evolving understanding of Socially Responsible Investment. The Board was involved over the past several years in the review and reissue of the Church's Guidelines for Socially Responsible Investment.

The Board also oversees the Church's relationship with a number of international church or NGO based organisations dealing with investments such as the Socially Responsible Investment Association of Australasia, the Church Investors Group based in the UK, the Inter Church Centre for Corporate Responsibility and WesPath, the investment arm of the United Methodist Church in the USA.

The Board has also opened a contract with EIRIS, the ethical investment research company in English (which is the parent organisation to the Australian group CAER [Corporate Analysis Enhanced Responsibility]) to carry out a review of the Methodist Trust Association and other portfolios that are available.

EIRIS has reported that on those companies they analyse and follow (which makes up the vast majority of the Association's portfolio) all companies met the Church's Guidelines for Socially Responsible Investment. It is intended that the review will be undertaken on an annual basis.

Board Review

The Investment Advisory Board along with the Methodist Trust Association has been undertaking a review of the appropriate sizing of its Board and skill set required.

This matter is discussed in greater detail in the Methodist Trust Association report.

The Investment Advisory Board acknowledges the service of Norman Johnston and Jack Jenner both of whom are retiring at the end of 2015 and thanks them for their wise and considered counsel over the many and complex issues brought to the Investment Advisory Board during their time on the Board.

The Investment Advisory Board also notes the decision of the Executive Director to retire at the end of 2016. The Investment Advisory Board is involved, alongside the Methodist Trust Association in discussions with the Board of Administration of the Methodist Church of New Zealand on an appropriate process for reconsideration of the role of the Executive Director, Methodist Trust Association within the Connexional office and the commencement of the appropriate recruitment for new appointments.

Suggested decisions:

1. That the report be received.
2. That the Board for 2016 be: Hugh Garlick, Chris Gregory, Michael Greer, David Cleal, David Johnston, Jill van de Geer, Meleane Nacagilevu, David Hunt, David Bush, Secretary
3. That Messrs Norman Johnston and Jack Jenner be thanked for their service to the Church through membership of the Investment Advisory Board.

NEW ZEALAND METHODIST TRUST ASSOCIATION

The New Zealand Methodist Trust Association (the Association) publishes a full annual report to the Church. Copies are available at the Connexional Office and a copy is posted on the Church's website.

The Association was established by Conference in 1978 for the cooperative accumulation and commercial investment of the funds of the Methodist Church of New Zealand. All investments are held for the benefit of depositors with the Association as the Association holds no capital of its own. All income earned by the Association, after the payment of expenses, is distributed to depositors by quarterly distributions. The equity assets of the Growth and Income Fund are revalued each year and the resultant movement in equity values is spread amongst depositors in the Growth and Income Fund.

Investment in the New Zealand Methodist Trust Association is restricted to groups, organisations and bodies responsible wholly or in part to the Conference of the Methodist Church of New Zealand and the Fund does not accept any 'outside' funds. The Association is a fund of the Conference of the Methodist Church of New Zealand Te Hahi Weteriana o Aotearoa.

Financial Results

Deposits with the Association as at 30 June 2015 were \$281,698,244. Income distribution for the year totalled \$13,767,982 plus capital accretion of \$6,494,924, a total of \$20,262,406.

Returns to the Income Fund depositors for the year were 5.46% and for the Growth and Income Fund deposits 9.62% made up of income returns 4.34% and capital accretion 5.28%.

Socially Responsible Investment

Conference 2014 requested the Methodist Trust Association prepare a report to Conference 2015 on the practical impacts of divestment [of fossil fuel and "high carbon" investments] and the options available for investment in renewable energy.

The Association has previously commented to the Church that it sees very little practical impact on global warming from investors quitting their "high carbon" investments but continuing to consume fuels, plastics, energy and other materials produced by these companies but now owned by other investors.

Real change and improvement in the impact of "high carbon" comes in moderating or altering lifestyle and consumption choices.

The Association is not privy to investments held by the Church outside of its own (and PACT 2086 Trust) portfolios. The following comments are therefore based on its own current investments.

The report also does not consider the Connexions extra energy usage through inefficient buildings, travel etc.

As at 30 June 2015 the Methodist Trust Association held investments totalling \$281.6Million. Of this, \$54.8Million was held in equities. (19.5%)

The principal energy share holdings are in Australian and New Zealand energy companies.

<u>Australia</u>	AGL Energy APA Group Ausnet Services Duet Group Origin Energy Spark Infrastructure Group
<u>New Zealand</u>	Meridian Energy Mighty River Power Trust Power Z Energy

Most energy companies both in New Zealand and in Australia produce electricity through hydro, geothermal, solar and wind. A number of the Australian producers do generate power through coal fired and gas fired generators.

The energy companies (generation, lines and consumer) are generally considered to be high income yield companies. Companies looking to develop new renewable sources of energy outside of these multi sector generators are generally still in development phase and do not provide yield. Divestment is likely to reduce overall income to the Association.

The Association, through its private equity portfolio is invested in a major New Zealand supplier and installer of solar panels and is open to further commercially viable renewable energy investments.

The Association considers its current investments meet the Church's Guidelines and does not support any proposal to divest.

Board Membership

As indicated in last year's report the Board of the Methodist Trust Association, in conjunction with the Investment Advisory Board and PACT 2086 Trust, has undertaken a review of the appropriate size, composition and resources for the Boards with the governance and planning tasks entrusted to them.

The Boards engaged a professional executive and board search and recruitment consultant (John Peebles) to review the size and competencies required.

Mr Peebles suggested that:

- (1) The Board should be six people
- (2) Board membership should be offered to competent professional directors, regardless of Church membership
- (3) Board members should receive a reasonable payment for their membership
- (4) The Boards should have formal codes of governance, guidelines and performance criteria.

The Board of the Association found some of Mr Peebles suggestions challenged established Church practice. The membership of the Boards has always been considered to be skills based and has included a minority of members who were not active Church members. The Board still considers that effective Church oversight of the polity of the Board requires a majority of members to be from the Methodist Church of New Zealand.

The Board believed that a six member Board was a sound suggestion and that it would, over time, seek to reduce numbers to that level from the constitutional maximum of 16 and the present (2015) complement of 12.

The constitution provides that at least three members be presbyters.

The Association notes that board members are not routinely paid a fee to serve on Church boards although some board chairs may receive an honorarium to compensate for the additional demands on their time.

The Association believes that any payment to board members can only follow a general decision by the Conference approving such a step.

The Board of the Association has resolved:

- (a) To reduce membership for 2016 to nine
- (b) To look to recruit three new board members with specialist legal, accounting, financial and governance skills as 'intern' members during 2016 and to replace three appointed members in 2017.
- (c) To review the Board constitution during 2016

Retirements

At the conclusion of 2015 the Board will therefore farewell long serving Board members Norman Johnston (2000) and Jack Jenner (2003).

Both men have made significant contributions to the development of the Methodist Trust Association during their service on the Board and leave the Association more financially robust and with improved levels of governance.

The Board wishes both Norman and Jack a long and enjoyable retirement.

The Executive Director is also a member of the Board. With the upcoming retirement of the incumbent in December 2016 and the expectation that a new appointee would not automatically be appointed to the Board, Greg Wright will not be appointed to the Board for 2016.

The Methodist Trust Association and the Board of Administration have received external advice on possible structural changes to the Connexional offices staffing regime following the Executive Director's retirement and new job descriptions will be developed in early 2016 to enable recruitment to be completed by around Conference 2016.

Suggested decisions:

1. That the report be received.
2. That the Board for 2016 be: Hugh Garlick, Chris Gregory, Michael Greer, David Cleal, David Johnston, Jill van de Geer, Meleane Nacagilevu, David Hunt, David Bush, Secretary.
3. That Messrs Norman Johnston and Jack Jenner be thanked for their service to the Church through membership of the Investment Advisory Board.

THE ROBERT GIBSON METHODIST TRUST

The Robert Gibson Methodist Trust Board has had a very successful 2014-2105 season. Production for the season was 306,578 kilograms of milk solids (kg/MS), an increase of 14,327 kg/MS over the previous year. The surplus for the financial year ended 31 May 2015 was \$208,747 after disbursements. (\$423,046 for the year ended 31 May 2014). But it is a volatile market.

For the past three years, the former Totara and Rimu farms have been farmed by one sharemilker. The two 16 aside sheds were well past their use-by date and we elected to replace them with a new shed and reorganise the farm to a single herd operation. The cost for this was around \$1.2M., taking our total debt to around \$1.4M.

When we committed to this operation, the Fonterra pay-out was expected to be \$5.25 per kg/MS, significantly down from the previous year's payout of \$8.30. Our breakeven point was at a pay-out of \$4.50, assuming the new debt loading and costs at last year's levels. With the payout now expected at \$3.70, we will incur a deficit for the coming year, but this can be ameliorated by adopting a lower cost structure. With relatively new fencing, up-to-date plant and high soil fertility,

we can tighten our belts for a few years without adversely affecting the farming operation.

Although we are experiencing a tight financial position, the Trust's overall position is strong. With assets of around \$14M on current values, and debt of \$1.4M our debt to asset ratio is 10% compared with a national average for dairy of 42%.

The Trust has been in this position before. We experienced a downturn when we purchased the Maire Farm eight years ago. Acknowledging that dairy incomes are volatile, we elected then to maintain disbursements to beneficiaries and seek to do so again now. This enables us to maintain constant criteria for bursary payments and avoid disruption to our other beneficiaries.

We recommend disbursements be approved by Conference as follows:

	Recommended	Last Yr actual
Wesley College Student Grant	\$ 55,000	\$ 55,000
Taranaki Youth Ministry	\$ 24,000	\$ 23,630
Tertiary Student Grants	\$ 67,500	\$ 67,100
Mission Resourcing	\$ 8,300	\$ 8,300
Manaia Hall	<u>\$ 6,800</u>	<u>\$ 47</u>
Total	\$161,600	\$154,077

I believe the R.G.M.T. Board is a very capable and committed group of people who willingly give of their skills, knowledge, experience and time. I therefore recommend that the Board of the Robert Gibson Methodist Trust for 2015-2106 be: David Bush and Ron Malpass (ex officio as General Secretary and Synod Superintendent), Tony Bell, Preston Bulfin, John Chittenden, John Lefleming, Susan Malthus, Steven Nicholas, Mataiva Robertson and Bill Yateman.

Suggested decisions:

1. That the report be received.
2. That the Board of the Robert Gibson Methodist Trust for 2015-2106 be: David Bush and Ron Malpass (ex officio as General Secretary and Synod Superintendent), Tony Bell, Preston Bulfin, John Chittenden, John Lefleming, Susan Malthus, Steven Nicholas, Mataiva Robertson and Bill Yateman.

WESLEY HISTORICAL SOCIETY (NZ)
Te Roopu Hitori o Te Haahi Weteriana o Aotearoa

SECTION A – Information and Reporting Back

Now into its eighty-fifth year, the Wesley Historical Society continues to encourage researching, recording, and sharing the story of Methodism in Aotearoa/New Zealand and the South Pacific. The value of history lies in the light which it throws on the present and the future. It is timely, then, that as a Society we draw the Connexion's attention to the bicentennial of Samuel Leigh's first visit to New Zealand in 1819 and his subsequent arrival on 22 January 1822 with his wife Catherine, to establish a Wesleyan Missionary presence in this land. We would urge the Connexion to set up an interest group who could undertake planning for the commemoration of Leigh's visits as part of the renewed focus on historic Northland Mission sites, with particular reference to the 2009 covenant with the Anglican Church.

In the past year from mid-2014 to July 2015, we recorded with sadness the deaths of valued members George McKay and the Rev. Neville Thornicroft.

The 84th Annual General Meeting of the Society was held at the St Paul's Church Centre, Hamilton, on Friday 14 November 2014. Beginning with a period of devotional reflection, the Rev. Alan Leadley shared the poignant writings of his great uncle, W.E. (Bill) Leadley, a signalman who served at Gallipoli and remained a committed Methodist layman. This proved a fitting introduction to the Annual Lecture, as Honoured Member, the Rev. Dr Allan Davidson spoke on the role of Methodist Chaplains who served overseas during World War I. Allan's research has also led him to find information about the ministers, home missionaries, probationers and theological students who served in the ranks or with the Young Men's Christian Association (YMCA). This fine work, which also includes some reference to those connected with the Methodist ministry who served as

soldiers in the Medical Corps, or as YMCA officers, will be published by the Society later this year.

During the past year the Society has:

- Published the 2014 WHS Journal under the editorship of Rev. Dr Terry Wall.
- In association with the Anglican Historical Society, and in the sixth year since the signing of the Anglican-Methodist Covenant, the Society prepared a WHS Proceeding/AHS Occasional Paper publishing Dr Peter Lineham's *Ventures of Faith and Community: The Development of Churches on the North Shore, Auckland*. Edited by the Rev Dr Allan Davidson and the WHS President, this publication was launched with the AHS in October 2014
- Contributed advice, information and support to researchers studying Methodist related topics and engaged in ongoing discussions related to projects that are linked with the history of the Methodist Church in New Zealand.
- Contributed articles on Methodist history to *Touchstone*.
- Continued a stock take of WHS publications.

It gives me great pleasure in presenting this Annual Report to express my warmest appreciation to all the members of the Executive, especially to Secretary Margaret Ziegler, who has faced ongoing health issues during the year with great faith and fortitude.

Special thanks for their hard work to the Publications and Scholarship Committee under the convenorship of Susan Thompson, and to Editor Terry Wall, who ably continues that role in his retirement. The Society records its gratitude to Minute Secretary Shona Michie and for all that Treasurer Peter Lane has accomplished.

Honoured Members and our regional contact members have continued to make important contributions to the work of the Society, and I would personally want to thank them as well as all those who have supported the WHS during this year. We express our grateful appreciation to Alec Utting for keeping our web-site up-to-date. and for completing the digitizing of 60 years of the WHS's Journals and Proceedings from 1941 to 2001, now available through the website. His generous contribution of time and skill has immeasurably benefitted the Wesley Historical Society, making its resources available to a much wider research community.

SECTION B – Strategic Planning

- The Society will publish Honoured Member Allan Davidson's 'New Zealand Methodist Chaplains and Ministers at War: the First World War through their eyes.'
- The Society's 2015 Journal will be published.
- The Bicentennial of Samuel Leigh's visit to Aotearoa/New Zealand in 1819 and his subsequent arrival to establish a Mission in 1822 is drawn to the attention of the Connexion so that commemoration of these events can be considered.
- The Gilmore Smith Memorial Scholarship is offered annually for postgraduate work undertaken in historical research related to Methodist history in New Zealand and the South Pacific, which may result in publication by the Society.
- A meeting will be held with members of the Anglican Historical Society to plan for a future joint publication or shared event.
- The Society will be represented at a book launch of *Methodism in Australia: A History*, at the conclusion of the Wesleyan Theological Stream Annual Conference.
- The Society will continue discussion with individuals and groups in ongoing research projects that relate to the Society's objectives and engage in continuing dialogue with Methodist Archives.
- The Society's web-page is regularly updated.

Suggested decisions:

1. That the Report be received.
2. Conference requests Mission Resourcing to institute planning and recommendations for the commemoration of the bicentennial of Samuel Leigh's visit to New Zealand in 1819 and his subsequent arrival on 22 January 1822, to establish a Wesleyan Missionary presence in Aotearoa/New Zealand.
3. Conference requests Mission Resourcing to re-visit the Connexion's role in establishing the 1922 Kaeo Memorial Church project, including the responsibilities of the Connexion in continuing maintenance and support of the Kaeo historic site.

TRAVEL AND STUDY COMMITTEE

The Committee's work is funded from the Connexional Budget 2014-15 and the income from PAC Endowment Funding. The amount available for distribution in any year is not huge, and it is not always possible to provide full funding.

In the past year, 12 grants totalling \$22,000 were made to support a range of study programmes or attendance at local and international conferences and events.

The table below shows who have been recipients of grants and the nature of the study.

Name	Te Taha Maori	Conference /Project
Rev. Diana Tana	Tumuaki	CCA General Assembly
Rev. Rex Nathan	Past President	CCA General Assembly

Name	Synod	Conference/ Study
Rev. Philomena Kinera	CSI	Otago University paper
Ms Lynne Heine	Nelson ,Marlborough West Coast	UN Commission on the status of women
Rev. Kalo Kaisa	Auckland /Manukau	CCA General Assembly observer
Veitomonu Suifanga	Waikato Waiariki	Trinity College Diploma papers
Rev. Jan Fogg	Waikato Waiariki	Aging and pastoral studies
Rev. Andrew Donaldson	CSI	Grad. Cert. in NZ Immigration Advice
Rev. Tau Lasi	Auckland	Otago University papers
Mr F. Auva'a	Sinoti Samoa	Trinity College papers

Looking ahead

The committee has received some additional funding from PAC to enable a focus on young leaders in the church.

The committee recommends a change of the name of the Travel and Study Grants committee to Professional Development Grants Committee. The criteria and guidelines are to remain as at present.

The rationale is that lay and ordained members are encouraged/ expected to ensure that they use study leave to maintain their upskilling and development. This proposed change of the title could encourage people to consider applying for a grant.

Applicants are reminded that travel within New Zealand is not funded, and that travel overseas must be for a study programme or activity or attending conferences.

An early indication that an application might be forthcoming assists the committee to budget the available funds.

It is encouraging to see so many people, both lay and ordained, engaging in professional development. The committee hopes that synods and parishes extend invitations to grant recipients to share their learnings with the wider church.

Suggested decisions:

1. That the report is received
2. That the name of the Travel and Study Grants Committee is changed to Professional Development Grants Committee.
3. That the members for 2016 shall be: Roger Biddle, Sonia Faulkner, Lynne Frith, Jackie McGeorge, Suiva'aia Te'o, Mary West, Prince Devanandan (Director Mission & Ecumenical), Trevor Hoggard & Setaita Kinahoi Veikune (Mission Resourcing Directors), Diana Tana (Tumuaki), Nasili Vaka'uta (Principal, Trinity College), and two nominated by Te Taha Maori

SUGGESTED DECISIONS

1. The reports be received.

Board of Administration

1. That the report be received.
2. That Conference endorses the recommendation that five (5) weeks leave apply to presbyters, deacons and lay ministry appointments commencing from 1 February 2016.
3. That Conference approves:
 - (d) The constitution of Methodist Church of New Zealand, Te Haahi Weteriana Superannuation Trustee Limited.
 - (e) The appointment of the initial Board: David Bush, David McGeorge, Rex Nathan, Donald Biggs, Ruby Manukia-Schaumkel, Digby Prosser, Nanette Russell, Charles Cahn (First Independent Director).
 - (f) The revised Trust Deed of the Superannuation Fund.

Connexional Financial Review Committee

Supplementary Report

Investment Advisory Board

1. That the report be received.
2. That the Board for 2016 be: Hugh Garlick, Chris Gregory, Michael Greer, David Cleal, David Johnston, Jill van de Geer, Meleane Nacagilevu, David Hunt, David Bush, Secretary
3. That Messrs Norman Johnston and Jack Jenner be thanked for their service to the Church through membership of the Investment Advisory Board.

New Zealand Methodist Trust Association

1. That the report be received.
2. That the Board for 2016 be: Hugh Garlick, Chris Gregory, Michael Greer, David Cleal, David Johnston, Jill van de Geer, Meleane Nacagilevu, David Hunt, David Bush, Secretary.
3. That Messrs Norman Johnston and Jack Jenner be thanked for their service to the Church through membership of the Investment Advisory Board.

The Robert Gibson Methodist Trust

1. That the report be received.
2. That the Board of the Robert Gibson Methodist Trust for 2015-2106 be: David Bush and Ron Malpass (ex officio as General Secretary and Synod Superintendent), Tony Bell, Preston Bulfin, John Chittenden, John Lefleming, Susan Malthus, Steven Nicholas, Mataiva Robertson and Bill Yateman.

Wesley Historical Society (NZ): Te Roopu Hitori o Te Haahi Weteriana o Aotearoa

1. That the Report be received.
2. Conference requests Mission Resourcing to institute planning and recommendations for the commemoration of the bicentennial of Samuel Leigh's visit to New Zealand in 1819 and his subsequent arrival on 22 January 1822, to establish a Wesleyan Missionary presence in Aotearoa/New Zealand.
3. Conference requests Mission Resourcing to re-visit the Connexion's role in establishing the 1922 Kaeo Memorial Church project, including the responsibilities of the Connexion in continuing maintenance and support of the Kaeo historic site.

Travel and Study Committee

1. That the report is received
2. That the name of the Travel and Study Grants Committee is changed to Professional Development Grants Committee.
3. That the members for 2016 shall be: Roger Biddle, Sonia Faulkner, Lynne Frith, Jackie McGeorge, Suiva'aia Te'o, Mary West, Prince Devanandan (Director Mission & Ecumenical), Trevor Hoggard & Setaita Kinahoi Veikune (Mission Resourcing Directors), Diana Tana (Tumuaki), Nasili Vaka'uta (Principal, Trinity College), and two nominated by Te Taha Maori

**Methodist Church Of New Zealand
Te Haahi Weteriana O Aotearoa**

Administration Division
PO Box 931
CHRISTCHURCH

Information Leaflet No. 21
and Appendices to the
Law Book Sec.10(B)-6.1

TRUST DEED

of the

SUPERNUMERARY

FUND

of

THE METHODIST CHURCH

OF NEW ZEALAND

~~This Deed has been updated to incorporate all changes made to MAY 2001. (This is a working document it has not been formally consolidated or lodged with the Government Actuary).~~

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PARTIES

The Board of Administration of the Methodist Church of New Zealand in its capacity as trustee of the Supernumerary Fund of the Methodist Church (Trustee)

BACKGROUND

- A The Supernumerary Fund of the Methodist Church of New Zealand (Fund) was established by the Church and came into operation on 1 July 1913. It is currently governed by a consolidated trust deed dated 1 February 1990 as subsequently amended on 17 May 1996, 8 May 1997, 14 December 1998, 31 May 2001, 7 December 2007 and 12 December 2009 (Trust Deed)
- C The Fund is currently a registered superannuation scheme under the Superannuation Schemes Act 1989 (1989 Act).
- E Under section 4(1) of the Financial Markets (Repeals and Amendments) Act 2013, the 1989 Act was repealed on 1 December 2014.
- F Under clause 18(1) of Schedule 4 of the Financial Markets Conduct Act 2013 (Act) a superannuation scheme registered under the 1989 Act shall continue to be registered under the 1989 Act during the transition period under the Act as if the Act had not been enacted.
- G Under clause 19 of Schedule 4 of the Act the transition period for the Fund (Transition Period) is the period commencing on 1 December 2014 and ending on the close of the day before the earlier of the following dates:
- _____ (a) the date that the issuer of the Fund elects; or
- _____ (b) 1 December 2016.
- H By the end of the transition period, the Fund must comply with the governance requirements of the Act and be registered under the Act. One of these governance requirements is that the Trust Deed must comply with the requirements of the Act.
- I Under clause 26(2) of Schedule 4 of the Act the manager of the Fund may amend or replace the governing document with the Financial Markets Authority's consent if the Financial Markets Authority is satisfied that:
- _____ (a) the amendment or replacement is necessary or desirable to ensure, or in connection with ensuring, that the governing document complies with the Act; or
- _____ (b) for any other amendments or differences in the replaced governing document to which paragraph (a) above does not apply, the procedures of the existing governing document for amendments have been complied with.
- J The Trust Deed is the governing document of the Fund.
- K The procedures for amending the Trust Deed are contained in clause 15.1 of the Trust Deed and provide that the Trustee, on instruction from the Church, may at any time amend all or any of the provisions of the Trust Deed subject to the requirements contained in that clause. The Church has instructed the trustee to amend the Trust Deed by inserting clauses 5.2.2A, 5.2.2B, 10.1, 10.A, 10.6A, 10.7A, 10.7B, 10.10, 11.1A, 11.2, 11.3, 11.4, 11.5, 11A, 14.7, 16.2, 19, 20, 21, 22, 23 and 24.
- L The Trustee will be the issuer and manager of the Fund under the Act.
- M The Trustee has elected [DATE] as the date the Transition Period shall end (Effective Date).

N The Trustee is satisfied that this Deed when it takes effect will comply with the requirements of the Act.

O The Financial Markets Authority has consented to the amendments.

THIS DEED WITNESSES

A The Trust Deed for the Fund is hereby altered by substituting the clauses of this Deed to the extent that the provisions of the Trust Deed for the Fund after this Deed are those set forth in the clauses of this Deed.

B The Fund is constituted upon the terms set out in this Deed which shall be binding on the Trustee, the Board of Administration of the Methodist Church of New Zealand, the Church and the Members.

1.0 ESTABLISHMENT OF FUND

1.1 A pension fund known as THE SUPERNUMERARY FUND OF THE METHODIST CHURCH OF NEW ZEALAND established by the Church and in operation since 1 July 1913 shall continue to operate in terms of this Deed with effect from ~~1 February 1990~~[DATE].

~~1.2 The Fund shall be a Registered Superannuation Scheme in terms of the Superannuation Schemes Act 1989.~~

1.2 Contributions made pursuant to this Deed, the property for the time being representing the same and the income thereof, together with the Fund existing on 1 February 1990 along with gifts, legacies and grants shall constitute the Fund and shall be held by the Trustee upon trust to apply the same for the purposes of paying the pension and other benefits provided by this Deed. The Trustee is designated to manage the Fund in accordance with the provisions of this Deed and the Act.

1.3 [For the avoidance of doubt and to ensure compliance with the FMC Act,] the principal purpose of the Fund is to provide retirement benefits directly or indirectly to individuals.

2.0 DEFINITIONS

2.1 In the Deed:

(a) where the context permits words denoting the masculine gender include the feminine;

(b) ~~and~~ words denoting the singular number include the plural and vice versa ~~in each case and unless the contrary intention appears~~

(c) headings are for convenience of reference only and shall not affect the interpretation of this Deed;

(d) words and expressions defined are indicated by capital letters for convenience. The absence of a capital letter shall not alone imply that the word or expression is used with a different meaning from that given by its definition;

(e) any reference to a statute (or any part of a statute) shall, subject to any other provisions of this Deed, include a reference to any regulation made under the statute and to any subsequent modification or re-enactment of the statute or regulation

(f) unless the context requires otherwise a reference to a "person" includes a reference to a company, trust, firm, partnership, joint venture, the trustees of another scheme, the State or an agency of State or government, a state owned enterprise and any other incorporated or unincorporated body (in each case whether or not having separate legal personality).

- 2.2 "Act" means ~~The Superannuation Schemes~~ Financial Markets Conduct Act 19892013.
- 2.3 "Actuary" means a person who is a Fellow of the New Zealand Society of Actuaries appointed by the Trustee to advise it regarding the Fund.
- 2.3A "AML Exemption Notice" means the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 Ministerial exemption notice granted to the Trustee, the Presbyterian Church Property Trustees of the Presbyterian Church of Aotearoa New Zealand and the Anglican Church Pension Board dated 13 March 2014, as amended from time to time.
- 2.4 "Auditor" means ~~a~~the person or firm of Chartered Accountants appointed as auditor of the Fund under clause [XX] who is the holder of a certificate of public practice issued by the New Zealand Society of Accountants.
- 2.5 "Candidate for the Ministry" means a candidate for the ministry of the Church.
- 2.5A "Chartered Accountant" has the meaning given in the Act.
- 2.6 "Church" means the Methodist Church of New Zealand.
- 2.7 "Conference" means the governing body of the Church.
- 2.8 "Connexional Year" means a year ending on the 31st day of January.
- 2.9 "Division" means a Division of the Church.
- 2.9A "Deed" means this trust deed governing the Supernumerary Fund of the Methodist Church of New Zealand, as amended from time to time.
- 2.10 "Employer" means the notional relationship of the Church or any Board, Mission, Division, Trust, District, Parish, Incorporated Society, other agency of the Church and other bodies with whom a Member of the Fund serves as recognised by the Church in its List of Stations.
- 2.10AA "Financial Markets Legislation" has the meaning set out in Section 6(1) of the Act.
- 2.10AB "FMA" means the Financial Markets Authority.
- 2.10AC "FMC Regulations" means the Financial Markets Conduct Regulations 2014.
- 2.10A "Fund" means the scheme known as The Supernumerary Fund of the Methodist Church of New Zealand established 1 July 1913 and which is intended to be registered on the register of managed investment schemes under the Act as a restricted legacy superannuation scheme.
- 2.10B "Fund Property" means all property, rights and income of the Fund.
- 2.10C "Fund Year" means any period of 12 months ending on 31 January in any year or on such other date as may be determined by the Trustee from time to time.
- 2.10D "in-house asset" has the meaning given in section 173(3) of the Act.
- 2.10E "Investment Manager" means such person or persons (if any) to whom the Trustee has contracted the investment of some or all of the Fund.
- 2.10F "Issuer Obligations" has the meaning given in the Act.
- 2.10G "Licenced Independent Trustee" means a licensed independent trustee under section 131 of the Act whose licence covers the Fund and who is independent under section 131(3) of the Act.

- 2.11 "Member" means a Minister or Minister in Training or Probationer or other person engaged in ministry as from time to time determined by the Church who has been admitted to membership of the Fund.
- 2.12 A "Full Member" means a Minister or Minister in Training or Probationer or other person engaged in ministry as from time to time determined by the Conference who is not a Fifty Percentum Member, or a Nominal Member.
- 2.13 A "Fifty Percentum Member" means a Minister or Minister in Training or Probationer or other person engaged in ministry as from time to time determined by the Conference who does not receive the standard stipend and who has elected to receive benefits at half rate.
- 2.13A "New Member" means a Member who became a Member on or after 1 January 1996.
- 2.13B A "New Supernumerary" means a Supernumerary who was a New Member and who has retired.
- 2.14 "Nominal Member" in any Connexional Year means a Member who has chosen not to contribute to the Fund in that Connexional Year and who by virtue of a nominal subsidy contribution from the Member's Employer is entitled to the appropriate death in service benefit.
- 2.15 "In Full Connexion with the Conference" means having continuing membership of the Conference with acceptance of its polity and discipline with responsible mutuality within the Laws and Regulations of the Church.
- 2.16 "Law Book" means the Laws and Regulations of the Church.
- 2.16A "Master Fund" has the meaning given to it in the Tax Act.
- 2.17 "Minister" is a generic term referring to a Minister as commonly understood and includes Presbyters, Deacons and Home Missionaries of the Church and other persons engaged in ministry as from time to time determined by the Conference.
- 2.18 "Minister in Training" is a person accepted for training for the ministry of the Church.
- 2.18A "Nominated Beneficiary" means a person or persons (and if more than one the benefit shall be paid in the shares specified by the New Member, Single Member, New Supernumerary or Single Supernumerary and failing any such determination in the shares determined by the Trustee in its absolute discretion) nominated in writing by the New Member, Single Member, New Supernumerary or Single Supernumerary provided however that in the event of a New Member, Single Member, New Supernumerary or Single Supernumerary renominating, the person or persons last nominated in writing by the New Member, Single Member, New Supernumerary or Single Supernumerary to the Trustee shall be deemed to be the New Member's, Single Member's, New Supernumerary's or Single Supernumerary's Nominated Beneficiary (or Nominated Beneficiaries as the case may be).
- 2.19 "Normal Date of Retirement" means the end of the Connexional Year during which a Member attains sixty-five (65) years of age.
- 2.20 "Parish means a Parish or other designated station and/or place of appointment as listed on the List of Stations of the Conference.
- 2.21 "Probationer" is a candidate accepted for the Ministry who has been appointed by the Church to a Parish or Division.
- 2.21AA "Registrar" has the meaning given to it in the Act.
- 2.21AB "Related Party" has the meaning given in section 172 of the Act.

- 2.21AC "Related Party Benefit" has the meaning given in section 172 of the Act.
- 2.21AD "Relevant Law" means all laws applicable to the Trustee and/or the Fund at applicable points in time and which may include, without limitation, the Financial Markets Conduct Legislation, the FMC Regulations, and any methodologies or frameworks issued by the FMA under such legislation.
- 2.21A "Resignation Benefit" means the benefit a Member receives under clause 7.1.1 on resigning from the Ministry of the Church or ceasing to be recognised as a Minister in Full Connexion with the Conference.
- 2.21B "Single Member" means a Member who does not have a spouse.
- 2.21C "SIPO" means the statement of investment policy and objectives for the Fund in the form and containing the contents required by the Act.
- 2.21D "Special Resolution" has the meaning given to it in the Act.
- 2.22 "Stipend" means the standard stipend payable to Ministers as from time to time determined by the Conference.
- 2.22A "Superannuation Fund" has the meaning given to it in the Tax Act.
- 2.22B "Superannuation Scheme" has the meaning given to it in the Act.
- 2.23 "Supernumerary" means a Member who has retired.
- 2.23A "Single Supernumerary" means a Supernumerary who does not have a spouse.
- 2.23B "Tax Act" means the Income Tax Act 2007.
- 2.23C "Trustee" means the trustee appointed in accordance with clause 10 and includes any successors thereof.
- 2.24 "Unavailable for Stationing" means that a Member is not able to accept an appointment on the Station Sheet of the Conference.
- 2.25 "Vacancy" means an unfilled appointment on the Station Sheet of the Conference until filled by the induction of a Minister.
- 2.26 "Years of Contribution" means the number of complete years of contribution by a Member to the Fund, which may include parts thereof (rounded to the nearest full calendar month).
- 3.0 MEMBERSHIP
- 3.1 All Ministers and Probationers of the Church shall be eligible for membership of the Fund. The Trustee at its discretion may accept a Minister in Training into membership of the Fund.
- 3.2 Membership shall be obtained by a person making application in the prescribed form to the Trustee and being accepted by the Trustee as a Member.
- 3.3 Each Member receiving a standard stipend shall be a Full Member unless in exceptional circumstances granted exemption by the Conference.
- 3.4 Each Minister receiving less than 70% of the standard stipend may elect to become either a Full Member or a Fifty Percentum Member or elect to be a Nominal Member of the Fund.
- 3.5 The membership of any new Member shall commence on the first day of February in the year of joining.

3.6 Every person eligible for membership of the Fund shall before becoming a Member be advised in writing in accordance with the Act of details of the Fund and of the principal rights and benefits under this Deed.

4.0 CONTRIBUTIONS

4.1.1 Each Full Member shall contribute seven and one-half percentum (7½%) of Stipend as defined in Clause 2.22 in such frequency as is determined by the Trustee and made in accordance with the AML Exemption Notice.

4.1.2 The Employer of the Full Member shall contribute an amount equal to ten percentum (10%) of that Member's Stipend as paid.

4.1.3 If through any cause a Vacancy occurs contributions as paid by the Employer for a Full Member or Fifty Percentum Member shall continue to be paid during the Vacancy.

4.1.4 In the case of each Fifty Percentum Member the Member's and the Employer's contributions paid into the Fund shall in total be equal to eight and three-quarters percentum (8¾%) of the Stipend and the Member and the Employer shall agree with the Trustee as to the relative proportions contributed by the Member and the Employer. The contribution of the Member shall be not less than three and three 4-quarters percentum (3¾%) of the Stipend and must be made in accordance with the AML Exemption Notice.

4.1.5 The Parish or other employing body served by a Nominal Member shall make a contribution to the Fund equal to 2% of stipend as defined in Clause 2.22 of this Deed, to assist in the provision of death in service, in terms of Clause 6 and also long term sickness, or disability benefits or a hardship benefit in terms of Clause 10.9 made at the discretion of the Trustee.

4.2.1 Member's and Employer's contributions shall be paid in monthly instalments or such other frequency and manner as may be decided by the Trustee provided those contributions are made in accordance with the AML Exemption Notice.

4.2.2 If any contribution or instalment shall be unpaid for one month after the due date for the payment thereof it shall be deemed to be in arrears and the Member and/or Employer shall pay interest on the amount so in arrears or unpaid at the rate from time to time fixed by the Trustee provided that any interest paid is paid in accordance with the AML Exemption Notice. The Trustee in its discretion may remit the interest or any part thereof on Member's contributions and/or Employer's contributions in arrears.

4.3 Unless otherwise determined by the Church a Member who has been granted permission by the Church to be Unavailable for Stationing shall be responsible for both the Member's and Employer's contributions provided that any contributions are made in accordance with the AML Exemption Notice. Alternatively the Member or may elect not to contribute to the Fund for that Connexional Year;

PROVIDED THAT where the Member is responsible for the Employer's contributions the amount payable in respect of those contributions shall be net of any superannuation scheme withholding tax the Employer would otherwise have been liable to pay.

4.4 Any Member who has contributed forty (40) Years of contribution shall if continuing in the employment of the Church be exempt from payment of any further Member contributions.

4.5.1 Any Member who wishes to be credited with additional Years of Contribution shall be entitled to do so by making such contribution as the Trustee on the recommendation of the Actuary shall determine, provided that any additional contributions are made in accordance with the AML Exemption Notice.

- 4.5.1A A Member who has received a Financial Hardship Benefit under clause 7A.1 and wishes to be credited with some or all of the Years of Contribution debited when the Financial Hardship Benefit was paid shall be entitled to do so by making a contribution calculated in accordance with the following formula:

$$\frac{A \times B}{C} + D + E$$

The amount paid by the Member under this clause shall be apportioned between Employer Contributions and Member Contributions in such manner as the Trustee determines.

Where:

- A = The number of Years of Contribution the Member wishes to buy back
- B = Total Financial Hardship Benefit paid to the Member
- C = The number of Years of Contribution debited when the Financial Hardship Benefit was paid
- D = Interest at the earnings rate of the Fund determined by the Trustee on the recommendation of the Actuary from the date of payment of the Financial Hardship Benefit to the date of payment by the Member under this clause
- E = Any administration fee as determined by the Trustee.

- 4.5.2 Subject to Relevant Law, ~~The~~ Trustee may accept on behalf of a Member such amount as the Member wishes to be transferred to the Fund from another superannuation scheme. Any amount so transferred shall be applied to provide the Member with such additional Years of Contribution as the Trustee on the recommendation of the Actuary shall determine. The amount transferred shall be considered as Member's contributions to the Fund. Any transfers made to the Fund must be made in accordance with the AML Exemption Notice.

- 4.5.3 If a Member is granted additional Years of Contribution in terms of this Clause 4. 5 then such Years of Contribution will not be included in those counted when determining in terms of Clause 7 hereto such Member's Benefit on Resigning from the Ministry of the Church.

- 4.6 When the Church has approved of Study Leave for any Member the Trustee may approve up to two (2) years Study Leave counting as full Years of Contribution subject to the payment of personal contributions only , provided that those contributions are made in accordance with the AML Exemption Notice.

- 4.7 ~~Contributions made pursuant to this Section 4 the property for the time being representing the same and the income thereof together with the Fund existing on 1 February 1990 along with gifts legacies and grants shall constitute the Fund and shall be held by the Trustee upon trust to apply the same for the purposes of paying the pension and other benefits provided by this Deed.~~

5.0 BENEFITS

- 5.1 A Member may elect to superannuate:

- 5.1.1 Not sooner than the end of the Connexional Year in which the Member attains fifty-five (55) years of age but not later than the end of the Connexional Year in which the Member attains sixty-five (65) years of age provided that retirement before the normal date of retirement has the consent of the Church, or

- 5.1.2 After forty years of contribution to the Fund, but not later than age 65, or

- 5.1.3 With the consent of the Trustee after consideration of medical evidence and as a result of disabling sickness or accident whereby the Member is unable permanently to exercise ministry.
- 5.2.1 Each Supernumerary currently receiving a pension shall continue to do so and each Full Member becoming a Supernumerary at the Normal Date of Retirement after 31 January 1989 shall be entitled to an annual pension of one hundred and eighty-one dollars and eighty-three cents (\$181.83) for each Year of Contribution. The Trustee may from time to time after considering the advice of the Actuary alter the figure of one hundred and eighty-one dollars and eighty-three cents (\$181.83). Whenever such an alteration is effected the Trustee shall adjust all pensions currently being paid accordingly.
- 5.2.2 Subject to clause 5.2.2A, when a Full Member retires prior to the Normal Date of Retirement the annual pension shall be based on Years of Contribution and calculated in accordance with Clause 5. 2. 1- but reduced by 2 per centum (2%) for each year that the date of retirement precedes the Normal Date of Retirement.
- 5.2.2A The reduction in the annual pension for Full Members required to be applied under clause 5.2.2 above shall not apply to those Full Members who have served more than 40 years of service prior to the date of their retirement. Any additional cost to the Fund, as determined by the Trustee taking advice of the Actuary, arising from the application of this clause 5.2.2A shall by met by the Church.
- 5.2.2B Any pension payable under this Deed may with the consent of the Member be commuted in any circumstances and/or manner the Trustee, in its absolute discretion, shall determine after considering the advice of the Actuary.
- 5.2.3 When the application of a Member to become a Supernumerary has been approved by the Conference the Member may elect either to receive the pension calculated as stated in Clause 5. 2. 1. or 5. 2. 2. or to commute for a lump sum no more than twenty-five per centum (25%) of the pension and receive a reduced pension PROVIDED THAT
- (i) if the pension does not exceed five hundred and twenty dollars (\$520) per annum then the whole of the pension may be commuted
 - (ii) Members who were contributing prior to the 5 August 1982 may in addition commute for a lump sum up to fifty per centum (50%) of a pension based on the annual rate of pension as at 31 January 1983 of one hundred and twenty dollars and fifty-one cents (\$120.51) for each Year of Contribution and reduced in accordance with Clause 5. 2. 2- if appropriate and receive a further reduced pension
 - (iii) for Members who were contributing prior to 5 August 1982 if the difference between the pension before any commutation and 75% of the pension based on the annual rate of pension as at 31 January 1983 of one hundred and twenty dollars and fifty-one cents (\$120.51) for each Year of Contribution and reduced in accordance with Clause 5. 2. 2 if appropriate is less than five hundred and twenty dollars (\$520) per annum as hereinabove provided then the whole of the pension may be commuted; and
 - (iv) for any commutation for a Member who was not a New Member the Church shall pay to the Fund, on a basis agreed with the Trustee on the advice of the Actuary, the amount of the commutation amount that represents the contingent cost of an amount the Church may have to pay on the death of a Member under clause 5.4.4.
- 5.3 The benefits for each Fifty Per centum Member shall be half those calculated in the manner stated in Clauses 5. 2. 1 and 5. 2. 2 and 5. 2. 3.
- 5.4.1 The pension payable to the surviving spouse of a Supernumerary or the Nominated Beneficiary of a New Supernumerary or Single Supernumerary shall be sixty per centum (60%) of the pension which the Supernumerary, New Supernumerary or Single Supernumerary was receiving

PROVIDED THAT for the period of three (3) months following the date of the death of the Supernumerary, _New Supernumerary or Single Supernumerary the pension payable to the spouse or the Nominated Beneficiary (whichever is appropriate) shall be not less in total than the pension payable to the Supernumerary, _New Supernumerary or Single Supernumerary at the date of the Supernumerary's, _New Supernumerary's or Single Supernumerary's death. Each surviving spouse receiving a pension at the date of this Deed shall continue to do so.

- 5.4.2 The pension payable to the surviving spouse of a Member other than a New Member or to the Nominated Beneficiary of a New Member or Single Member who dies while employed in active work for the Church shall be sixty percentum (60%) of the pension which the Member, New Member or Single Member would have received had he or she contributed to the Fund if the Member, New Member or Single Member had lived to age sixty-five (65) years.
- 5.4.3 The pension payable to the surviving spouse of a Member or the Nominated Beneficiary of a New Member or Single Member who was not contributing at the date of death shall be sixty percentum (60%) of the pension which the Member, New Member or Single Member would have received at sixty-five (65) for each year of actual contribution.
- 5.4.4 Where any death benefit is payable to a Nominated Beneficiary of a Single Member or a Single Supernumerary, the amount payable shall be actuarially determined following the death of the Single Member or Single Supernumerary. The Church shall pay to the Fund, and on a basis agreed with the Trustee, an amount to fund the benefit payable so as to ensure that the benefits that may in due course flow from or are attributable to membership of the Fund at the date of payment are not adversely affected by any such payment.

5.56 In the case of:

- (i) a surviving spouse other than a first partner in marriage who was the junior of the Member other than a New Member by more than five (5) years; or
- (ii) each Nominated Beneficiary who was the junior of a New Member, New Supernumerary or a Single Supernumerary by more than five (5) years;
- (iii) the Trustee shall deduct from the pension an amount equivalent to one [dollar (\$1)] percentum per annum for every year by which juniority exceeded five (5) years.

5.58.1 (i) Pensions shall be paid by equal monthly instalments not later than the fifteenth day of each month in each year. Such payments shall commence:-

- (1) For a Supernumerary or New Supernumerary not later than the fifteenth day of the month following the date on which the Member was made a Supernumerary or the New Member was made a New Supernumerary (whichever is appropriate).
- (2) For the spouse of a Supernumerary or Nominated Beneficiary of a New Supernumerary or for the spouse of a Member or Nominated Beneficiary of a New Member (whichever is appropriate) not later than the fifteenth day of the month following the date of decease of the said Supernumerary or New Supernumerary or the said Member or New Member respectively.

(ii) The Trustee may from time to time pay bonuses in addition to pensions such bonuses to be determined by the Trustee after considering the advice of the Actuary.

5.58.2 (i) Notwithstanding anything else contained herein but subject to Clause 5.58.2(ii) the total amount of any benefits payable to a Supernumerary, New Supernumerary or Single Supernumerary and where applicable to the spouse of a Supernumerary or Nominated Beneficiary of a New Supernumerary or a Single Supernumerary shall not be less than ten (10) times the amount of the initial annual pension payable to a

Supernumerary, New Supernumerary or Single Supernumerary (whichever is appropriate) in terms of clause 5. 2. 1 or clause 5. 2. 2 whichever is appropriate.

(ii) In the event that a New Member, Single Member, New Supernumerary or Single Supernumerary has nominated more than one Nominated Beneficiary the amounts payable to the Nominated Beneficiaries shall be actuarially equivalent to each other, and in total as determined by the Trustee after considering the advice of the Actuary to the amount that would have been payable had there only been one Nominated Beneficiary as determined by the Trustee after considering the advice of the Actuary.

5.69 (i) The sum representing the commutation referred to in Clause 5. 2. 3 shall be raised by the Trustee and shall be applied by it to the purposes and in the manner according to its decision upon receipt of a discharge and undertaking on the form prescribed that such sum together with such remaining annuity is or will be accepted in full satisfaction of all present and future claims upon the Fund by the Member, the Member's spouse, the Member's children or by the New Member or the New Member's Nominated Beneficiary or by the Single Member or the Single Member's Nominated Beneficiary (whichever is appropriate).

(ii) If a Member dies after execution of the said discharge but while the sum representing the commutation or some part thereof remains to be paid out the commutation shall be carried to completion as if the Member had not so died.

5.740 If a Member dies before becoming a Supernumerary or after applying for commutation but before the discharge referred to in Clause 5.69 has been completed the Member's spouse or if the Member is a New Member or a Single Member, the New Member's Nominated Beneficiary or the Single Member's Nominated Beneficiary- (whichever is appropriate) shall (mutatis mutandis) have the same right (subject to the same conditions) to apply for commutation of the Member's interest as provided in Clause 5. .2. 3.

5.844 Any Member who is granted permission by the Conference to transfer to another Church may with the consent of the Trustee in its absolute discretion either

(i) remain a member of the Fund and elect to contribute or not contribute to the Fund or

(ii) subject to Relevant Law, transfer the value of the Member's interest in the Fund to another registered sSuperannuation sScheme of such other Church.

5.942 If a Member is unable to continue in the Ministry as a result of disabling sickness or accident, the Trustee after consideration of the medical evidence and the Member's financial position and with the aim to protect the living standard of the Member and dependants up to the level of that enjoyed by Members receiving the standard stipend of the Church, may at its absolute discretion give financial relief.

Any payments made in accordance with such decision of the Trustee shall not commence until three months after the date on which the Member became unable to continue to exercise ministry and shall not exceed 21 months of Stipend in total value.

5.103 If a Member becomes a Supernumerary under Clause 5. 1. 3 as a result of disabling sickness or accident, the Member shall be entitled to receive a lump sum equal to the amount which would have been payable in accordance with Clause 6 hereof had the Member died on the date the Member became a Supernumerary.

6.0 BENEFIT ON DEATH IN SERVICE

6.1.1 If a Member dies in active service any death benefit payable from the Fund shall be paid by the Trustee directly to the surviving spouse of the Member who was not a New Member or a Single Member or if the Member was a New Member or a Single Member to his or her Nominated

Beneficiary or if there be no surviving spouse or Nominated Beneficiary (whichever is appropriate) the benefit shall be paid (subject to Clause 6. 1. 2) to the Member's personal legal representatives.

- 6.1.2 Notwithstanding Clause 6. 1. 1, any death benefit payable from the Fund may if there be no surviving spouse or Nominated Beneficiary (whichever is appropriate) be paid by the Trustee directly to the children of the deceased Member and each of such children shall receive such proportion of the said death benefit as the Trustee at its absolute discretion shall decide PROVIDED THAT any benefit so allotted to a child who is aged less than twenty (20) years at the date of the Member's death shall be retained and held upon trust by the Trustee and accumulated at such rate of interest as the Fund may receive until such child attains the age of twenty (20) years and during such period of retention the Trustee may apply such of the said benefit as the Trustee at its absolute discretion shall decide towards the maintenance and education of the child. Any balance remaining of the benefit on the date the child attains the age of twenty (20) years shall be paid by the Trustee directly to the child on that date. Any amount remaining of the said death benefit after allotments to children as described herein shall be paid by the Trustee to the member's personal legal representatives.
- 6.2 When a Full Member who was contributing to the Fund at the date of death dies prior to retirement a death benefit of two and one-half (2.5) times the Stipend shall be paid.
- 6.3 When a Full Member, who was listed as being unavailable for Stationing and who was not contributing to the Fund at the date of death and for whom the Employer was not contributing to the Fund at the date of death, dies prior to retirement, a death benefit of two and one-half percentum (2.5%) of the benefit in Clause 6.2 for each Year of Contribution shall be paid PROVIDED THAT if the period of non-contribution prior to the date of death does not exceed twelve (12) consecutive calendar months then notwithstanding the provisions of this Clause 6.3 the death benefit in respect of such Full Member shall be two and one-half (2.5) times Stipend.
- 6.4 When a Fifty Percentum Member dies prior to retirement a death benefit of one-half of that applicable to a Full Member shall be paid.
- 6.5 Upon the death of a Member's spouse the Member shall within three (3) months notify the Trustee of the date of the Spouse's death.
- 6.6 A Minister who has chosen in any Connexional Year to be a Nominal Member and who dies prior to retirement during such Connexional Year shall be entitled to a death in service benefit which is the same as that for a Fifty Percentum Member.
- 7.0 BENEFIT ON RESIGNING FROM THE MINISTRY OF THE CHURCH
- 7.1.1 Subject to clause 7A.4, if a Member resigns from the ministry of the Church or for any cause ceases to be recognised as a Minister in Full Connexion with the Conference then unless invited by the Trustee to remain a Member of the Fund while ceasing to contribute the Member will be entitled to receive:
- (i) a refund of the Member's contributions together with interest thereon at a rate determined by the Trustee each year, after considering the advice of the Actuary, plus
 - (ii) two percentum (2%) of the Employer's contributions as credited to the Member for each Year of Contribution for the first five (5) Years of Contribution of the Member together with interest thereon at a rate determined by the Trustee each year after considering the advice of the Actuary, plus
 - (iii) six percentum (6%) of the Employer's contributions as credited to the Member for each Year of Contribution for those Years of Contribution in excess of five (5) of the Member together with interest thereon at a rate determined by the Trustee each year,

after considering the advice of the Actuary provided that not more than fifteen (15) of such Years of Contribution shall apply in respect of this Clause 7. 1.1(iii).

- 7.1.2 If the Member who is not a New Member withdraws after reaching age 50 (fifty) the amount arising, if any, in respect of Employer's contributions in excess of seventy-five percentum (75%) of the annual rate for the year ended 31 January 1983 plus interest thereon, shall be paid in the form of an annual pension of equivalent value as certified by the Actuary. The pension shall be subject to the same terms and conditions contained in Clause 5 (mutatis mutandis) as though the Member had become a Supernumerary on the date the Member become entitled to benefit under this Clause 7 PROVIDED THAT the Member may request that the annual pension be commuted for a lump sum payment of equivalent value as certified by the Actuary;

PROVIDED FURTHER THAT should a Member who is entitled to an annual pension under this Clause die before payment of the annual pension commences, the amount arising shall be paid in accordance with Clause 6. 1. 1 (mutatis mutandis) as though the Member had died in active service.

- 7.2 Subject to Relevant Law, if the Member so requests and the operators of the other scheme agree, the Trustee shall transfer the benefit payable under Clause 7. 1 for the Member's benefit to another registered Superannuation Scheme or to a scheme that is operated outside New Zealand PROVIDED THAT if the Member transfers to the superannuation scheme of another Church outside of New Zealand then the Trustee may at its discretion transfer to that scheme a benefit calculated in terms of Clause 7. 1 above as if the Member had at the time of transfer completed twenty (20) Years of Contribution.

- 7.3 In the case of a Fifty Percentum Member for whom Member's and Employer's contributions have been received by the Fund in terms of Clause 4. 1. 4 the Trustee shall have power to increase the refund of the Employer's contributions as the Trustee in its absolute discretion shall decide.

- 7.4 A refund of Member's contributions with or without the payment of interest thereon and of the Employer's contributions in full or in part shall determine the Member's interest, that of the spouse of a Member who is not a New Member and that of a Nominated Beneficiary and membership of the Fund shall cease.

- 7.5 No Member may receive a withdrawal benefit until the Member ceases to be a Member.

7A.0 FINANCIAL HARDSHIP BENEFIT

- 7A.1 A Member shall, on giving written notice to the Trustee, be entitled to a Financial Hardship Benefit subject to the Trustee in its absolute and sole discretion satisfying itself that the Member has suffered or is suffering significant financial hardship. The amount of the Financial Hardship Benefit shall be an amount specified by the Member and agreed to by the Trustee but shall not exceed the amount to which the Member would have received if he or she had been entitled to a Resignation Benefit at the date of the Member's notice.

- 7A.2 On payment of a Financial Hardship Benefit under this clause ~~7A.0~~ a Member's contributions with interest in respect of that period prior to the payment of the Financial Hardship Benefit for the purposes of calculating any future benefits will be recalculated in accordance with the following formula:

$$C \times \left(1 - \frac{A}{B} \right)$$

Where:

C = The Member's contributions together with interest at the rate determined by the Trustees at the date of payment of a Financial Hardship Benefit

A = The amount of Financial Hardship Benefit paid to a Member

B = Payment the Member would have been entitled to receive under a Resignation Benefit under clause 7.1.1 at the date of payment of the Financial Hardship Benefit.

7A.3 On payment of a Financial Hardship Benefit under this clause 7A the Employer's contributions with interest for the purposes of calculating any future benefits will be calculated in accordance with the following formula:

$$C \times (1 - \frac{A}{B})$$

Where:

C = The amount of Employer's contributions together with interest at the rate determined by the Trustees at the date of payment of a Financial Hardship Benefit

A = The amount of Financial Hardship Benefit paid to a Member

B = Payment the Member would have been entitled to receive under a Resignation Benefit under clause 7.1.1 at the date of payment of the Financial Hardship Benefit.

7A.4 Subject to 7A.5, following payment of a Financial Hardship Benefit under this clause 7A a Member's Years of Contribution in respect of the period prior to the payment of calculating any future benefits under clause 5 or clause 6 will be calculated in accordance with the following formula:

$$C \times (1 - \frac{A}{B})$$

Where:

C = Years of Contribution calculated under clause 2.26 at the date of payment of the Financial Hardship Benefit, including any adjustments made under clause 4.5.1, 4.5.1A or any previous application of this clause 7A.5

A = Amount of Financial Hardship Benefit paid to the Member

B = Payment the Member would have been entitled to receive under a Resignation Benefit on resigning from the Ministry of the Church or ceasing to be recognised as a Minister in Connexion with the Conference.

7A.5 Clause 7A.4 will only apply to a Resignation Benefit under clause 7.1.1 if a Member has made a full withdrawal of the amount they were entitled to under clause 7.1.1 at the date of the Member's notice.

8.0 PROHIBITION AGAINST ALIENATION

8.1 No Member or Supernumerary may assign, charge, alienate or borrow against the security of the Member's or Supernumerary's benefits under this Fund.

9.0 BANKRUPTCY OR INCAPACITY

9.1 (a) In the event of a Member, Supernumerary or other beneficiary who joined the Fund before 1 April 1990 becoming bankrupt then all benefits to which such Member, Supernumerary or other beneficiary is entitled in the Fund shall be forfeited to the Fund.

(b) Notwithstanding any other provision of the Deed but subject to Clause 9.1(c) each Member, Supernumerary or other beneficiary who joined the Fund on or after 1 April 1990 shall be deemed to have a contingent interest in any benefit payable under the

Fund which has not become unconditionally vested in the Member, Supernumerary or other beneficiary (whichever is appropriate) in accordance with the Deed. Provided that:

- (i) Such contingent interest shall continue until the interest becomes vested in the Member, Supernumerary or other beneficiary or in accordance with the terms of the Deed or until the Member, Supernumerary or other beneficiary becomes bankrupt, whichever shall first occur;
- (ii) In the event that a Member, Supernumerary or other beneficiary becomes bankrupt prior to any contingent interest in any benefit payable under the Fund becoming unconditionally vested in the Member, Supernumerary or other beneficiary then, the Member, Supernumerary or other beneficiaries contingent interest in that part of any benefits payable under the Fund which are attributable to contributions made by the Company or to any moneys transferred from, or contributed to the Fund by, any third party in respect of the Member, Supernumerary or other beneficiary (and which are not by the terms of such transfer or contribution, deemed to be contributions made by the beneficiary) shall be forfeited.
- (c) The Trustee shall in its absolute discretion apply in respect of such Member, Supernumerary or other beneficiary an amount not exceeding the amount of the benefit which has been forfeited under this Clause 9.1 for the maintenance support or otherwise for the benefit of the Member, Supernumerary or other beneficiary or such of their dependants as the Trustee may in its discretion determine.

9.2 In the event of a Member, Supernumerary or other beneficiary becoming an incapable person or becoming by reason of mental health age or infirmity or any combination thereof incapable in the opinion of the Trustee to satisfactorily manage the Member's, Supernumerary's or other beneficiary's affairs then the Trustee may administer any benefits on the Member's, Supernumerary's or other beneficiary's behalf.

10.0 TRUSTEE

10.1 The Board of Administration of the Methodist Church of New Zealand is the trustee of the Fund.

10.1A ~~The Fund shall be administered by the Board of Administration of the Methodist Church of New Zealand acting as Trustee.~~ The power of appointment of a new trustee (in place of a trustee which has been removed from or has retired from office in accordance with clause 10.1C below) is vested in the Board of Administration of the Methodist Church of New Zealand. Any new trustee must be a single body corporate.

10.1B The Trustee shall be a single body corporate and the directors or members must include at least one Licensed Independent Trustee.

10.1C The office of trustee shall become vacant if:

- (a) In the case of the Board of Administration of the Methodist Church of New Zealand, a new trustee is appointed by the Board of Administration of the Methodist Church on New Zealand in place of itself.
- (b) the Trustee, if appointed under clause 10.1A, resigns office as trustee by notice in writing addressed to the Board of Administration of the Methodist Church of New Zealand ;
- (c) an order is made or an effective resolution is made for winding up (other than for the purposes of reconstruction or amalgamation) of the trustee or the trustee is placed in liquidation or receivership or under statutory management;

_____ (d) the Trustee is removed from office by the Board of Administration of the Methodist Church of New Zealand in accordance with the Act;

_____ (e) is substituted by the court under the Act.

10.1D No retirement or removal or replacement of the Trustee under clause 10.1C will take effect unless:

_____ (a) all functions and duties of the Trustee's position as trustee of the Fund have been performed; or

_____ (b) the court consents.

10.1E No retirement or removal or replacement of the Trustee under clause 10.1C will take effect until a new trustee has been appointed pursuant to clause 10.1A and such new trustee has executed the deed referred to in clause 10.1X below and all of the investments of the Fund have been transferred to the new trustee or the new trustee's custodian.

10.1F Any new trustee must forthwith upon appointment execute a deed in such form as the Board of Administration of the Methodist Church of New Zealand may require whereby the new trustee undertakes to the Board and the Members, Supernumeraries and Beneficiaries to be bound by all the covenants on the part of the former trustee under this Deed from the date of such appointment.

10.1G In the event of the retirement or removal or replacement of the Trustee under clause 10.1C, the Trustee must promptly comply with the directions of the Board of Administration of the Methodist Church of New Zealand in relation to the transfer to the new trustee appointed in accordance with this clause 10.1 of the Fund's assets, all Fund records and other relevant documentation.

10.1H If for any reason, the board of directors of any body corporate appointed to act as trustee of the Fund does not include a Licensed Independent Trustee a, the provisions of the Act shall apply in relation to the appointment of a person to fill the vacancy in the office until a substitute appointment may be made under this Deed.

10A.0 TRUSTEE'S POWERS AND DISCRETIONS

10A.1 The Trustee (acting as the manager of the Fund) has responsibility for those functions and duties of a manager under the Act unless the Act or the FMC Regulations otherwise provide.

10A.2 The Trustee is responsible for performing the following functions:

_____ (a) managing Fund property and investments; and

_____ (b) administering the Fund.

10A.3 The Trustee must:

_____ (a) act honestly in acting as a manager;

_____ (b) in exercising any powers or performing any duties as a manager:

_____ (i) act in the best interests of Members;

_____ (ii) treat Members equitably;

_____ (iii) not make use of information acquired through being the manager in order to:

(A) gain an improper advantage for itself or any other person; or

(B) cause detriment to the Members.

10A.4 The Trustee must also carry out the functions of a manager in accordance with this Deed, the SIPO, and all other Issuer Obligations.

10A.5 The Trustee must in exercising any powers or performing any duties, exercise the care, diligence and skill that a prudent person of business would exercise in the same circumstances.

10A.6 Any Trustee whose profession or business is or includes acting as a trustee or investing money on behalf of others must, in exercising any powers or performing any duties, exercise the care, diligence and skill that a prudent person engaged in that profession would exercise in the same circumstances.

10.2 The Trustee may open and operate on such bank accounts as it thinks fit.

~~10.3 The execution of all deeds documents and other instruments to be exercised in connection with the conduct of business of the Fund shall be by the Trustee using its Seal in the manner provided by the constitution of the Trustee.~~

10.4 The Trustee may pay any debts or claims upon such proof if any as it thinks sufficient, accept any composition or security real or personal for any debts due to the Fund allow time for payment thereof compromise compound or submit to arbitration all debts accounts claims and things whatsoever relating to the Fund and for all or any of the purposes aforesaid may enter into give and execute all such deeds documents writings agreements instruments of composition releases and other things as it shall deem expedient without being responsible for any loss occasioned thereby. The Trustee may obtain any professional advice it considers necessary.

10.5 After meeting all current claims upon the Fund the Trustee shall from time to time invest all moneys as hereafter provided.

10.6 The Trustee shall submit to each annual Conference a report of its operations during the year together with the annual audited statements of the financial position of the Fund. The report shall include a statement of the amount received from Member's and Employer's contributions and from levies and the respective amounts in arrears. It shall also state the number of Members spouses and others who are beneficiaries of the Fund.

10.6A The Trustee must, in accordance with Relevant Law, prepare and provide reports to the FMA that contain the information that is required by the FMC Regulations.

10.7 Subject to the Act, ~~the~~ Trustee shall not be answerable or liable for:

(i) any loss or damage occasioned by an action of the Trustee so long as the Trustee acts in good faith and without wilful neglect or default.

(ii) the neglect or default of any actuary, solicitor, banker, accountant, broker, employee or other agent employed in good faith by the Trustee.

10.7A The Trustee may be indemnified for liabilities or expenses incurred in relation to the performance of the Trustee's obligations as issuer of the Fund PROVIDED THAT such rights must only be available in relation to the proper performance of duties under sections 143(1) and 144 of the FMC Act.

10.7B If the Trustee has reasonable grounds to believe that the Trustee has contravened, may contravene or is likely to contravene any of its Issuer Obligations in a material respect then the Trustee must, as soon as practicable:

- (a) report the contravention or possible contravention to the FMA; and
- (b) advise the FMA of the steps (if any) that the Trustee has taken or intends to take in light of the contravention or possible contravention and the date by which the steps were taken or are to be taken.

10.8 The Trustee shall have the right to act at its discretion in any matters not specifically provided for in this Deed but consistent therewith provided that such acts shall not override or contravene the provisions of the Act. Any such actions shall be recorded in the annual report to the Church.

10.9 In keeping with the mutuality of the Fund the Trustee may in its absolute discretion give relief in cases of hardship befalling any Member of the Fund or Supernumerary or dependants.

10.10 Neither the Trustee nor any other party to this Deed may take any action against a Licensed Independent Trustee by reason of the Licensed Independent Trustee having made a report or disclosure to the FMA under the conditions of the Licensed Independent Trustee's licence.

11.0 INVESTMENT

~~11.1 The Trustee shall invest the assets of the Fund in accordance with the provisions of the Trustee Act 1956 as from time to time amended~~

11.1A The Trustee may appoint any Investment Manager to invest the assets of the Fund.

11.2 The Trustee must develop a written SIPO for the Fund that complies with the Act. Such SIPO may be altered by the Trustee from time to time subject to the requirements of the Act and all moneys available for investment in the Fund shall be invested in accordance with the SIPO.

11.3 The Trustee must lodge the SIPO and any alteration thereto with the Registrar to the extent required by the Act.

~~11.2~~

~~The Trustee may hand over investments and money belonging to the Fund to any nominee company or custodian trustee to be held or dealt with by that company or trustee but always subject to and in accordance with the directions of the Trustee as given from time to time and may delegate to that company such powers discretions and authorities in relation to the appointment of custodian trustee or trustees, and to the collection investment and payment of moneys as it thinks fit and may revoke the same at any time. The New Zealand Methodist Trust Association incorporated under the Charitable Trusts Act 1957 is a custodian trustee in terms of this clause.~~11.4 Any appointment by the Trustee of an Investment Manager must be in writing. The Trustee must comply with the requirements of the Act where they contract out all or some of their functions as manager of the Fund. The Trustee may include provisions to protect and assist those dealing with any Investment Manager in the terms of appointment as the Trustee sees fit. An Investment Manager may be a related party of the Trustee. The Trustee may appoint brokers or dealers appropriate for carrying out transactions in relation to the assets of the Fund. The terms of appointment of an Investment Manager may include rights to be indemnified for liabilities or expenses incurred in relation to the performance of the Investment Manager's contracted functions. The Trustee remains liable for the acts or omissions of an Investment Manager.

11.4 If the Fund is invested in another Superannuation Fund or in a Master Fund then the Trustee may, to the extent permitted by the Tax Act, transfer any expenditure incurred by the Fund to that Superannuation Fund or Master Fund in accordance with the provisions of the Tax Act.

11A.0 CUSTODIANSHIP OF FUND PROPERTY

11A.1 The Trustee shall hold the Fund Property in one of the following ways:

- (a) by a body corporate that is the sole corporate trustee of the Fund; or

(b) by a body corporate to whom the Trustee has contracted the holding of the Fund Property and who:

(i) is a body corporate that the Trustee believes, on reasonable grounds, to be appropriate to hold, and safeguard the Fund Property; and

(ii) is not the same person as, or associated with, the Trustee (other than by virtue of the custodianship).

11.A.2 Subject to clause 11A.1(b), the Trustee may contract out the holding of the Fund Property to another person provided that the Trustee:

(a) takes all reasonable steps to:

(i) ensure that the function is performed by that person in the same manner and subject to the same duties and restrictions as if that person were performing it directly;

(ii) monitor the performance of that function; and

(b) is jointly and severally liable with that person (and any other person who has contracted out the function) for the performance of that function in accordance with clause 11.A.2(a).

12.0 BORROWING

12.1 The Trustee may at any time and from time to time borrow or raise money for any of the purposes of the Fund and secure the repayment of moneys so borrowed and interest thereon by mortgage or charge over all or any of the assets of the Fund and no lender shall be concerned to enquire as to whether the necessity for any such borrowing has arisen or as to the purposes for which it is required or as to the application of the money borrowed.

13.0 ADMINISTRATION

13.1 The Trustee shall record in its minutes resolutions relating to the Fund and maintain such records of Members and Supernumeraries and other beneficiaries in such form as it may determine in accordance with and as required by Relevant Law.

~~13.2 The Trustee shall keep account of the money received and disbursed and a statement of account shall be made up as at 31 January each year. The accounts shall be audited by an Auditor appointed by the Trustee and along with the Auditor's report shall be embodied in an annual report made in accordance with the Act. A copy of the said annual report shall be furnished to the Conference the Actuary the Government Actuary and to each Member.~~

13.32 The Trustee shall cause the financial position of the Fund to be investigated and reported upon by the Actuary at intervals not exceeding three (3) years. The Actuary shall embody the results of each such actuarial investigation in a written report to the Trustee who shall report thereon to the next Conference. The Trustee must ensure the report of the Actuary is received no later than 7 months after the date as at which the financial position of the Fund was examined. The Trustee shall furnish a copy of the Actuary's report to ~~the Government Actuary~~ the FMA as soon as practicable.

13.43 If the Actuary's report shows an actuarial deficiency then unless the Conference agrees to require such further Church contributions as the Actuary shall certify to be necessary to discharge such deficiency the Trustee shall after consultation with the Actuary and to the extent necessary to discharge such actuarial deficiency reduce the annuities payable in such manner as shall be agreed upon.

- 13.54 All reasonable and proper expenses of the Trustee and its officers and all expenses incurred in or about the administration of the Fund shall be met by the Fund.
- 14.0 GENERAL
- 14.1 A copy of this Deed shall be kept by the Trustee and a copy shall be available for inspection by any Member, Supernumerary or other Beneficiary.
- 14.2 No Member, Supernumerary or other Beneficiary shall have any claim against the Church or its property or funds in respect of any moneys payable pursuant to the provisions of this Deed.
- 14.3 The Fund shall be a New Zealand currency fund and nothing in this Deed shall require the Trustee to make any payments other than in New Zealand and in New Zealand currency.
- 14.4 The Church and every Member, Supernumerary and other beneficiaries under this Deed shall furnish to the Trustee such information as it shall require in order to fulfil its duties under this Deed.
- 14.5 Each Member, Supernumerary or other beneficiary shall be given as soon as practicable after request an estimate of their benefits in the Fund.
- 14.6 A Member shall supply the Trustee with the name and date of birth of the spouse or in the case of a New Member, the New Member's Nominated Beneficiary (whichever is appropriate) and such other information as relates to the Fund.
- 14.7 It is intended that this Deed be legally enforceable as between the Board of Administration of the Methodist Church of New Zealand, the Members, Supernumeraries and Beneficiaries in receipt of a benefit under this Fund.
- 15.0 AMENDMENTS
- 15.1 The Trustee may on instruction from the Church from time to time by instrument in writing repeal rescind amend alter or add to any of the provisions of this Deed or any amendments thereof PROVIDED THAT
- (a) no amendment shall be made which would adversely affect any Member's interest in the Fund at the date of amendment without the written consent of the Member.
 - (b) any proposed amendment affecting the financial basis of the Fund shall be submitted to and reported upon by the Actuary.
 - (c) notice of motion therefore shall have been first referred to the Trustee for its consideration and thereafter considered by the Conference Committee dealing with the Fund and the motion shall have been carried by not less than two-thirds of those present and voting in the Conference. Where financial considerations are involved the Trustee shall have power to obtain a report from the Actuary of the Fund as to whether such proposal is likely in his judgement to affect the stability of the Fund.
 - (d) Any amendment shall be in accordance with the requirement of the Act.
- 15.2.1 Notwithstanding Clause 15. 1, the Trustee may vary benefits at any future time to take account of changes in taxation that may arise later (other than as a result of the passing of the Income Tax Amendment Act 1989).
- 15.2.2 No reduction in benefits pursuant to Clause 15. 2. 1 shall be made until:
- (a) The Government Actuary has been provided with a copy of an opinion of an Actuary confirming that the reductions are no more than are necessary to make the benefits of

the Fund secure, and the Government Actuary has confirmed in writing to the Trustee that he or she agrees with that opinion; and

- (b) The Government Actuary has confirmed in writing to the Trustee that he or she is satisfied that the reductions in benefits are equitable as between all Members and other beneficiaries.

16.0 WINDING UP

16.1 If the Church resolves that the Fund shall be wound up or the court directs that the Fund be wound up pursuant to section 211 of the Act:

- (a) the Trustee shall provide for the rights of Supernumeraries and other beneficiaries receiving a pension from the Fund by the purchase of annuities for such sums in respect of each Supernumerary and other beneficiary as shall be determined by the Actuary and
- (b) the Trustee shall after deducting costs and expenses of winding up distribute any moneys remaining thereafter to the Members in proportion of their retirement benefit rights certified as accrued by the Actuary as at the date of winding up PROVIDED THAT any amount arising in respect of Employers contributions in excess of the annual rate for the year ended 31 January 1983, if any, plus interest thereon payable to a Member other than a New Member or a Single Member who has attained age fifty (50) at the date of dissolution shall not be paid in cash but applied in the purchase of an annuity subject to the same terms and conditions as annuities granted under Clause 7. 1. 2 hereof.
- (c) No part of the assets of the Fund may revert to any person who is not a 'scheme participant' (as defined in the FMC Act) (including the Church or any employer of a person who is a Member) without the prior written consent of the Government Actuary the FMA.

16.2 The Trustee shall, to the extent required by Relevant Law:

- (a) within 10 working days after a winding up resolution or an order by the court that the Fund be wound up is made, give a copy of any order or resolution to the FMA;
- (b) within four months after the date on which the winding up takes effect, ensure that the final financial statements of the Fund as at the date on which the winding up takes effect, are prepared in accordance with generally accepted accounting practice and audited;
- (c) within 20 working days after the final financial statements have been audited ensure that:
 - (i) a copy of those financial statements are sent to the FMA and to every person who was a Member of the Fund immediately before it was wound up; and
 - (ii) advise the FMA and the Members in writing as to the manner in which the remaining assets of the Fund (if any) are to be distributed;
- (d) shall inform the FMA of the date on which the distribution of assets is completed.

17.0 MINIMUM BENEFIT

17.1 The value of the benefit payable to or in respect of a Member on the Member ceasing to be a Member for any reason shall not be less than the Member's own contributions to the Fund.

~~18.0~~ ~~REVOCATION OF FORMER DEED~~

~~18.1~~ ~~The Deed bearing the 10 day of September 1984 as amended by the deed dated the 9 day of November 1989 is hereby revoked, the same being replaced by the provisions of this Deed.~~

18.0 FINANCIAL INFORMATION

18.1 The Trustee shall ensure there are kept at all times accounting records that:

- (a) correctly record the transactions of the Fund;
- (b) will enable the Trustee to ensure that the financial statements of the Fund comply with generally accepted accounting practice and any prescribed requirements; and
- (c) will enable the financial statements of the Fund to be readily and properly audited.

18.2 In keeping or causing the accounting records to be kept under clause [19.1]:

- (a) the Trustee must have appropriate systems of control and oversight;
- (b) the Trustee must keep such accounting records at a suitable location accessible to the Trustee, the Auditor and the FMA; and
- (c) the provisions of Part 7 of the Act must be complied with.

18.3 Subject to Relevant Law, the Trustee must ensure that within 4 months after the end of each Fund Year, financial statements that comply with generally accepted accounting practice are:

- (a) completed in relation to the Fund and that Fund Year; and
- (b) dated and signed on behalf of the Trustee.

18.4 The Trustee shall ensure that, within 4 months after the end of each Fund Year:

- (a) the Fund's financial statements for that Fund Year are audited and reported on by the Auditor in accordance with the requirements of the Act; and
- (b) those financial statements, together with the Auditor's report on those financial statements, are delivered to the Registrar of Financial Service Providers for lodgement.

18.5 A person or a firm of Chartered Accountants selected by the Trustee must be appointed Auditor of the Fund provided that such person or firm of Chartered Accountants is licensed under the Auditor Regulation Act 2011 and meets the requirements of Relevant Law.

18.6 The Trustee must:

- (a) within 4 months after the end of each Fund Year, prepare an annual report on the affairs of the Fund during that Fund Year; and
- (b) within 28 days after the annual report is prepared:
 - (i) send to every Member:
 - (A) a copy of the annual report; or
 - (B) a notice containing the statements required by the FMC Regulations; and

20.1 Subject to clause 21.2, the Trustee (and any investment manager, administration manager or other person to whom the Trustee has contracted out some or all of its functions as manager) must not enter into a transaction that provides for a Related Party Benefit to be given.

20.2 Clause 21.1 does not apply to a transaction or series of transactions if one of the following applies and the Trustee (with the consent of the Licensed Independent Trustee) certifies to that effect:

(a) the transaction is or series of transactions are in the best interests of the Members; or

(b) section 174 of the Act applies to the transaction or transactions or all Related Party Benefits to be given; or

(c) the transaction is or series of transactions are approved by or contingent on approval by a Special Resolution of the class of Members affected or potentially affected by the transaction or transactions.

20.3 Subject to Relevant Law, the Trustee (or any person to whom the Trustee has contracted out some or all of its functions as a manager) must not acquired any new in-house asset if, as a result of the acquisition, the Fund would have, or increase, an in-house asset ratio of 5% or more in relation to any Related Party or Member.

21.0 MEETINGS

21.1 When required by Relevant Law, the Trustee shall call a meeting of Members in the manner and on the basis set out in the Act and the FMC Regulations. A meeting of Members shall be conducted in accordance with Relevant Law.

22.0 REGISTERS

22.1 A register of Members, Supernumeraries and Beneficiaries must be kept by the Trustee in a form and manner required by the FMC Act.

22.2 Such register may be in electronic form and compiled by a delegate of the Trustee in a manner approved by the Trustee.

22.3 The following details shall be entered on the register:

(a) names and addresses of each Member, Supernumerary and Beneficiary

(b) date on which the Member, Supernumerary or Beneficiary became a Member, Supernumerary or Beneficiary (as the case may be)

(c) such other information as the Trustee requires or as is required by the FMC Act.

22.4 The Trustee must ensure that the register is audited at intervals of not more than 12 months or as required by and in accordance with the provisions of the FMC Act.

22.5 The Trustee must advise the Registrar of the place where its registers are kept and of any change in that place. Changes must be advised to the Registrar within 10 working days of the change in place.

23.0 INTENTION TO BE LEGALLY BINDING

23.1 It is intended that this Deed be legally enforceable as between the Trustee, the Members, Supernumeraries and Beneficiaries in receipt of a benefit under this Fund.

APPENDIX 2



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DEED OF RETIREMENT AND APPOINTMENT OF TRUSTEE

THE BOARD OF ADMINISTRATION OF THE METHODIST CHURCH OF NEW
ZEALAND

METHODIST CHURCH OF NEW ZEALAND - TE HAAHI WETERIANA
SUPERANNUATION TRUSTEE LIMITED



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PARTIES

The Board of Administration of the Methodist Church of New Zealand (Retiring Trustee)

Methodist Church of New Zealand - Te Haahi Weteriana Superannuation Trustee Limited at Christchurch (New Trustee)

The Board of Administration of the Methodist Church of New Zealand (Board)

BACKGROUND

- A The Supernumerary Fund of the Methodist Church of New Zealand (**Fund**) is a superannuation scheme registered under the Superannuation Schemes Act 1989 (**1989 Act**) and which was established and is governed by a trust deed dated 1 July 1913, as amended (**Trust Deed**).
- B The Retiring Trustee is the current trustee of the Fund.
- C Pursuant to clause 10.1A of the Trust Deed, the Board wishes to appoint the New Trustee in substitution of the Retiring Trustee to act as the sole corporate trustee of the Fund.
- D The New Trustee consents to being appointed as trustee of the Fund.

OPERATIVE PROVISIONS

1 APPOINTMENT OF NEW TRUSTEE

- 1.1 In exercise of the powers vested in the Board under clause 10.1A of the Trust Deed, the New Trustee is appointed to be the sole corporate trustee of the Fund in substitution of the Retiring Trustee from [] (**Retirement Date**).
- 1.2 From the Retirement Date, the New Trustee shall exercise all powers and enjoy and exercise all the rights, and be subject to all the duties and obligations, of the trustee under the Trust Deed.

2 RETIRING TRUSTEE

The Retiring Trustee's office as trustee of the Fund is vacated pursuant to clause 10.1C(a) of the Trust Deed and the Retiring Trustee is discharged from all the trusts of the Fund with effect from the Retirement Date.

3 CONSENT OF NEW TRUSTEE

- 3.1 The New Trustee consents to act as trustee of the Fund from the Retirement Date and undertakes to the members of the Fund to be bound by all the covenants on the part of a trustee of the Fund contained in the Trust Deed from that date.

4 VESTING OF FUND PROPERTY

- 4.1 The Fund (as defined in the Trust Deed) and all other property or assets of any nature of the Fund now vested in the Retiring Trustee (or duly appointed nominee) will, on the Retirement Date, be transferred to, and vest in, the New Trustee (or duly appointed nominee) upon the trusts from which each Retiring Trustee is discharged, and subject to the powers and conditions expressed and implied in the Trust Deed.

5 INDEMNITY OF RETIRING TRUSTEE

- 5.1 The Retiring Trustee is absolved and released from all covenants under the Trust Deed (except in respect of prior breach) from the Retirement Date.
- 5.2 For the avoidance of doubt and to the extent permitted under the Trust Deed, the Retiring Trustee shall continue to be indemnified out of the Fund (as defined in the Trust Deed) against all expenses and liabilities incurred in the execution or attempted execution or in respect of the non-execution of the trusts, authorities, powers and discretions contained in the Trust Deed prior to the Retirement Date.

6 FURTHER ASSURANCE

- 6.1 The Retiring Trustee and the New Trustee will do all such acts and execute all such documents as may be necessary to give effect to the vacation of the office of the Retiring Trustee as a trustee of the Fund and the appointment of the New Trustee as the sole corporate trustee of the Fund, on the terms contemplated by this Deed.



EXECUTION AND DATE

Executed as a deed.

Date:

**Board of Administration of the Methodist
Church of New Zealand Incorporated** as
Retiring Trustee by:

.....
Signature of authorised person

.....
Name of authorised person (print)

.....
Office held

**Methodist Church of New Zealand - Te Haahi
Weteriana Superannuation Trustee Limited** as
New Trustee by, and in the presence of:

.....
Signature of witness

.....
Signature of authorised person

.....
Name of witness (print)

.....
Name of authorised person (print)

.....
Occupation of witness

.....
Address of witness



**Board of Administration of the Methodist
Church of New Zealand Incorporated** as the
Board by:

.....
Signature of authorised person

.....
Name of authorised person (print)

.....
Office held

APPENDIX 3



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CONSTITUTION OF METHODIST CHURCH OF NEW ZEALAND - TE HAAHI WETERIANA SUPERANNUATION TRUSTEE LIMITED

COMPANY NUMBER [NUMBER]

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1 PURPOSE OF THE COMPANY

- 1.1 The purpose of the Company is to act as the sole corporate trustee of the Fund and, in accordance with section 16(2) of the Act, the capacity, rights, powers and privileges of the Company are those of a trustee under the Trust Deed.

2 RIGHTS ATTACHING TO SHARES

Shares issued on incorporation

- 2.1 On the date of incorporation of the Company, one Share will be issued to the Board of Administration, being the person named as Shareholder in the application for registration of the Company, at an issue price of \$0.10.
- 2.2 There is one class of Shares.
- 2.3 Except as expressly provided in this constitution, the Share shall confer on the Shareholder the rights set out in section 36(1) of the Act.

3 OTHER MATTERS RELATING TO SHARES

Further shares may not be issued

- 3.1 Following the issue of the Shares under clause 2.1, the Board may not issue any further shares in the capital of the Company.

4 ALTERATION OF SHAREHOLDERS' RIGHTS

Special Resolution required

- 4.1 Any action affecting the rights, privileges, limitations or conditions attached to any Shares by this constitution, the Act, or the terms on which the Shares were issued, must be approved by a Special Resolution of each interest group.

5 TRANSFER OF SHARES

Right to transfer

- 5.1 Subject to any restrictions contained in this constitution, a Shareholder may transfer any Share by an instrument of transfer that complies with this constitution.

Transferor to remain holder until registration

- 5.2 The transferor of a Share will remain the holder of the Share until the name of the transferee is entered in the Share register of the Company.

Form of transfer

- 5.3 Every instrument of transfer of Shares must comply with all of the following provisions:
- 5.3.1 The form of the instrument of transfer must be any usual or common form or any other form approved by the Board.
 - 5.3.2 The instrument of transfer must be signed or executed by or on behalf of the transferor.
 - 5.3.3 Where the Shares being transferred are not fully paid up, the instrument of transfer must also be signed by, or on behalf of, the transferee.

Delivery to Company

- 5.4 An instrument transferring Shares must be delivered to the Company or to the agent of the Company who maintains the Share register of the Company, together with the Share certificate (if any) relating to the Shares to be transferred. If there is no Share certificate for those Shares or if the Share certificate has been lost, destroyed or damaged, the transferee must provide such evidence as the Board or the agent reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Shares.

Registration of transfer

- 5.5 On receipt of a form of transfer in accordance with clause 5.4, the Company must as soon as practicable enter the name of the transferee on the Share register as holder of the Shares, unless:
- 5.5.1 The Board resolves within 30 working days of receipt of the transfer to refuse or delay the registration of the transfer, and the resolution sets out in full the reasons for doing so.
 - 5.5.2 Notice of the resolution, including those reasons, is sent to the transferor and to the transferee within five working days of the resolution being passed by the Board.
 - 5.5.3 The refusal or delay in the registration is permitted by clause 5.6.

Power of Board to refuse or delay registration

- 5.6 The Board may refuse or delay the registration of a transfer of a Share for any of the reasons set out below:
- 5.6.1 The form of transfer in respect of the Share relates to more than one Class.
 - 5.6.2 The form of transfer is not accompanied by the certificate for the Share to which it relates (if a certificate has been issued) or such other evidence as the Directors may reasonably require demonstrating the right of the transferor to make the transfer.

6 MEETINGS OF SHAREHOLDERS

Meetings

- 6.1 Meetings of the Shareholders shall be convened and held and their proceedings shall be governed in accordance with sections 120 to 125 of the Act.

7 APPOINTMENT AND REMOVAL OF DIRECTORS

First Directors

- 7.1 On registration of the Company, the first Directors are as follows, being those persons named as Directors in the application for registration of the Company:

7.1.1 David John Bush;

7.1.2 David Morris McGeorge;

7.1.3 Rex Edward Francis Nathan;

7.1.4 Donald Falkland Biggs;

7.1.5 Rubinstine Manukia;

7.1.6 Digby Stephen Prosser;

7.1.7 Nanette Anne Russell; and

7.1.8 Charles Bertram Cahn.

- 7.2 Charles Bertram Cahn is deemed to be the first Independent Director (**First Independent Director**).

Appointment, removal and number of Directors

- 7.3 The number of Directors shall be a minimum of five and a maximum eight.
- 7.4 All Directors other than the Independent Director shall be appointed from time to time by the Shareholder:
- 7.5 The Independent Director shall be appointed from time to time by the Directors appointed pursuant to clause 7.4 and shall, at all times, be a Licensed Independent Trustee.
- 7.6 If the Directors appointed pursuant to Clause 7.4 are unable within a reasonable time to reach agreement on the appointment of the Independent Director to be appointed under Clause 7.5 then the Shareholder shall have the power to appoint such Independent Director by notice in writing to the Directors appointed pursuant to Clauses 7.4;
- 7.7 The Shareholder shall have the right to remove any Director appointed pursuant to Clause 7.4 without being required to assign any reason therefor by giving such Director 20 days' notice in writing of such removal by registered letter addressed to the last known address or

- place of business of such Director or delivered to the relevant Director personally. On the removal of any Director appointed by the Shareholder pursuant to Clause 7.4 the Shareholder shall by notice in writing to the remaining Directors appoint a replacement Director with effect from the date of expiry of the notice given as aforesaid.
- 7.8 The Directors appointed pursuant to Clauses 7.4 shall have the right by majority resolution to remove any Independent Director appointed pursuant to Clause 7.5 without being required to assign any reason therefor by giving such Independent Director 20 days' notice in writing of such removal by registered letter addressed to the last known address or place of business of such Independent Director or delivered to the Independent Director personally.
- 7.9 Subject to Clause 7.8 and Clause 7.11, the First Independent Director shall hold office until 1 April 2017 and, thereafter, the Independent Director appointed pursuant to Clause 7.5 or in default Clause 7.6 shall hold office for a term of three years from the effective date of that Independent Director's appointment.
- 7.10 Whenever the Independent Director appointed pursuant to Clause 7.5 or in default Clause 7.6 ceases to hold office the remaining Directors shall forthwith appoint a new Independent Director in the place and stead of the Independent Director who has ceased to hold office as aforesaid. Such Independent Director shall be appointed in a manner provided in Clause 7.5 or failing agreement Clause 7.6.
- 7.11 An Independent Director appointed pursuant to Clause 7.5 or in default Clause 7.6 on ceasing to hold office at the expiration of that Independent Director's term of office by normal passage of time shall be eligible for re-appointment.
- 7.12 The office of a Director shall become vacant if a Director:
- 7.12.1 being a natural person dies or becomes of unsound mind; or
 - 7.12.2 is convicted of an indictable offence; or
 - 7.12.3 resigns office as a Director by notice in writing addressed to the other Directors, and Shareholder; or
 - 7.12.4 becomes bankrupt or makes an assignment to creditors; or
 - 7.12.5 is removed from office by the party or parties which appointed the Director in the manner provided in this constitution; or
 - 7.12.6 being a Director appointed pursuant to Clause 7.4, ceases to hold office pursuant to Clause 7.7; or
 - 7.12.7 being the Independent Director appointed pursuant to Clause 7.5 or Clause 7.6, ceases to hold office pursuant to Clause 7.8; or
 - 7.12.8 being the Independent Director:
 - (a) the Director's licence expires or is cancelled under the FMCA; or

- (b) the Director is removed by the FMA if it is satisfied that the Director no longer meets the requirements in the Act; or
- 7.12.9 is substituted by the court under the FMCA.
- 7.13 The Independent Director may not:
 - 7.13.1 be removed or resign in accordance with this constitution unless:
 - (a) all functions and duties of the position have been performed; or
 - (b) another Director who is a Licensed Independent Trustee has been appointed, and accepted appointment, in his or her place; or
 - (c) the court consents;
 - 7.13.2 (despite anything to the contrary in this constitution) be removed under this constitution without the FMA's consent.
- 7.14 Any continuing Directors may act during any vacancy in the office of a Director PROVIDED THAT during such period or periods as there is a vacancy in the office of a Director the decision of the Directors must be unanimous.
- 7.15 If, for any reason, there is no Director who is a Licensed Independent Trustee then the provisions of the FMCA shall apply in relation to the appointment of a person to fill the vacancy in the office until a substitute appointment may be made under this constitution.
- 7.16 Any expenses and fees shall be paid out of the Scheme's property.

8 DIRECTORS' MEETINGS

Third Schedule to the Act not to apply

- 8.1 The Third Schedule to the Act relating to the proceedings of a board does not apply to the Company except to the extent included in this constitution.

Notice of meeting

- 8.2 A Director or, if requested by a Director to do so, an employee of the Company, may convene a meeting of the Board by giving notice in accordance with clause 8.3.
- 8.3 The following provisions apply in relation to meetings of the Board:
 - 8.3.1 Not less than five working days' notice of a meeting of the Board is to be sent to each Director, unless the Director waives that right.
 - 8.3.2 Notice to a Director of a meeting of the Board may be:
 - (a) Delivered to the Director.

- (b) Posted to the address given by the Director to the Company for that purpose.
- (c) Sent by facsimile transmission to the facsimile number given by the Director to the Company for that purpose.
- (d) Sent by electronic means in accordance with any request made by the Director from time to time for that purpose.

8.3.3 A notice of meeting shall specify the date, time and place of the meeting and, in the case of a meeting by means of audio, or audio and visual communication, the manner in which each Director may participate in the proceedings of the meeting.

8.3.4 A notice given to a Director pursuant to this clause 8.3 is deemed to be given:

- (a) In the case of delivery, by handing the notice to the Director or by delivery of the notice to the address of the Director.
- (b) In the case of posting, three days after it is posted.
- (c) In the case of facsimile transmission, when the Company receives a transmission report by the sending machine which indicates that the facsimile was sent in its entirety to the facsimile telephone number given by the Director.
- (d) In the case of electronic means, at the time of transmission.

8.4 An irregularity in the notice of a meeting or a failure to give notice is waived if all Directors entitled to receive notice of the meeting attend the meeting without protest as to the irregularity or if all Directors agree to the waiver.

Methods of holding meetings

8.5 A meeting of the Board may be held by any of the following means:

- 8.5.1 By a number of the Directors who constitute a quorum, being assembled together at the place, date and time appointed for the meeting.
- 8.5.2 By means of audio, or audio and visual, communications by which all Directors participating and constituting a quorum can simultaneously hear each other during the meeting.

Quorum

8.6 The quorum for any meeting of the Board is at least 3 but not less than 50% of Directors.

8.7 No business may be transacted at a meeting of the Board if a quorum is not present.

Chairperson

8.8 The chairperson of the Board shall be elected by the Directors.

- 8.9 If no chairperson is elected, or if at a meeting of the Board the chairperson is not present within ten minutes after the time appointed for the meeting, the Directors present may choose one of their number to be chairperson of the meeting.

Voting

- 8.10 Every Director has one vote.
- 8.11 In the case of an equality of votes, the chairperson does not have a casting vote.
- 8.12 A resolution of the Board is passed if a majority of the votes cast on it are in favour of it but not being in any case less than three Directors.
- 8.13 A Director present at a meeting of the Board will be presumed to have voted in favour of a resolution of the Board unless he or she either:
- 8.13.1 Expressly abstains from voting.
 - 8.13.2 Dissents from or votes against the resolution.

Submission to Shareholders

- 8.14 If a resolution submitted to a meeting of the Board is not passed, any Director may, within seven days upon which the resolution was lost, give written notice to the Board that the resolution is to be submitted to a meeting of Shareholders and the Board will take all steps that are needed to submit the resolution to a meeting of Shareholders.

Minutes

- 8.15 The Board must ensure that minutes are kept of all proceedings at meetings of the Board.

Written resolution

- 8.16 A resolution in writing, signed or assented to in written form by all of the Directors is as valid as if it had been passed at a meeting of the Board duly convened and held.
- 8.17 A resolution pursuant to clause 8.16 may consist of several documents (including facsimile or other similar means of communication) in like form each signed or assented to by one or more Directors.
- 8.18 A copy of any such resolution must be entered in the minute book of Board proceedings. The Company must, within five working days after any resolution is passed in accordance with clause 8.16, send a copy of the resolution to each Director (other than any Director whose Alternate Director signed instead) who has not signed or consented to the resolution, but failure to do so does not invalidate the resolution.

Committees

- 8.19 A committee of Directors must, in the exercise of the powers delegated to it, comply with any procedural or other requirements imposed on it by the Board. Subject to any such requirements, the provisions of this constitution relating to proceedings of Directors apply, with appropriate modification, to meetings of a committee of Directors.

Validity of actions

- 8.20 The acts of a person as a Director are valid even though the person's appointment was defective or the person is not qualified for appointment.

Other proceedings

- 8.21 Except as provided in this constitution, the Board may regulate its own procedure.

9 POWERS OF DIRECTORS**Management of Company**

- 9.1 The business and affairs of the Company must be managed by, or under the direction or supervision of, the Board.

Exercise of powers by Board

- 9.2 The Board may exercise all the powers of the Company which are not required, either by the Act or this constitution, to be exercised by the Shareholders.

Delegation of powers

- 9.3 The Board may delegate to a committee of Directors, any two Directors, or any one Director and any other person authorised by all of the Directors any one or more of its powers, other than a power set out in the Second Schedule to the Act.

Appointment of attorney

- 9.4 The Company may exercise the power conferred by section 181 of the Act to appoint a person as its attorney, either generally or in relation to a specified matter. A power of attorney may contain such provisions for the protection of persons dealing with the attorney as the Board thinks fit, and may also authorise any attorney to delegate all or any of the powers, authorities and discretions vested in the attorney.

Ratification by Shareholders

- 9.5 Subject to section 177 of the Act (relating to ratification of certain actions of directors), the Shareholders, or any other person in whom a power is vested by this constitution or the Act, may ratify the purported exercise of that power by a Director or the Board in the same manner as the power may be exercised. The purported exercise of a power that is ratified under this clause is deemed to be, and always to have been, a proper and valid exercise of that power.

10 INTERESTED TRANSACTIONS**Disclosure of interests**

- 10.1 A Director must comply with the disclosure requirements of section 140 of the Act but failure to comply with that section does not affect the validity of any contract or arrangement entered into by the Company.

Personal involvement of Directors

- 10.2 Despite any rule of law or equity to the contrary, but subject to sections 107(3) and 141 of the Act (relating to avoidance of transactions in which a director is interested), section 161 of the Act (relating to director's remuneration and other benefits) and section 199(2) of the Act (prohibiting a director from acting as auditor of a company), a Director may:
- 10.2.1 Contract with the Company in any capacity.
 - 10.2.2 Be a party to any transaction with the Company.
 - 10.2.3 Have any direct, or indirect personal involvement or interest in any transaction or arrangement to which the Company is a party or in which it is otherwise directly or indirectly interested or involved.
 - 10.2.4 Become a director or other officer of, or otherwise interested in, any corporation promoted by the Company or in which the Company may be directly or indirectly interested as a shareholder or otherwise.
 - 10.2.5 Retain any remuneration, profit or benefits in relation to any of the matters referred to in clauses 10.2.1 to 10.2.4,
- 10.3 No contract or arrangement of any kind referred to in clause 10.2 may be avoided by reason of a Director's interest.

Interested Directors may vote

- 10.4 A Director who is interested in a transaction entered into, or to be entered into, by the Company may do any of the following as if the Director were not interested in the transaction:
- 10.4.1 Vote on any matter relating to the transaction.
 - 10.4.2 Attend a meeting of the Board at which any matter relating to the transaction arises and be included among the Directors present at the meeting for the purposes of a quorum.
 - 10.4.3 Sign a document relating to the transaction on behalf of the Company.
 - 10.4.4 Do any other thing in his or her capacity as a Director in relation to the transaction.

11 INDEMNITY AND INSURANCE**Authority to indemnify and effect insurance**

- 11.1 The Company is expressly authorised, with the prior written approval of the Board, to do any of the following:
- 11.1.1 indemnify a Director or employee of the Company or a related company for any costs referred to in section 162(3) of the Act.

11.1.2 indemnify a Director or employee of the Company or a related company in respect of any liability or costs referred to in section 162(4) of the Act.

11.1.3 effect insurance for a Director or employee of the Company or a related company in respect of any liability or costs referred to in section 162(5) of the Act.

Definitions

11.2 Words given extended meanings by section 162(9) of the Act have those extended meanings in this clause 11.

12 DIRECTORS' REMUNERATION AND OTHER BENEFITS

Authorisation of payment or other benefit

12.1 The Board may exercise the power conferred by section 161 of the Act to authorise any payment or other benefit of the kind referred to in that section.

Expenses

12.2 Each Director is entitled to be paid for all reasonable travelling, accommodation and other expenses incurred by the Director in connection with the Director's attendance at meetings or otherwise in connection with the Company's business.

13 METHOD OF CONTRACTING

Deeds

13.1 A deed to be entered into by the Company may be signed on behalf of the Company by any of the following:

13.1.1 By two or more Directors of the Company.

13.1.2 If there is only one Director, by that Director whose signature must be witnessed.

13.1.3 A Director, or other person or persons authorised to do so by the Board, whose signature or signatures must be witnessed.

13.1.4 One or more attorneys appointed by the Company in accordance with section 181 of the Act.

Written contracts

13.2 An obligation or contract, which is required by law to be in writing and any other written obligation or contract which is to be entered into by the Company, may be signed on behalf of the Company by a person acting under the Company's express or implied authority.

Other contracts

13.3 An obligation or contract may be entered into on behalf of the Company orally by a person acting under the Company's express or implied authority.

14 LIQUIDATION

Distribution of surplus

- 14.1 Subject to the rights of any Shareholders and to clauses 14.2 and 14.3, if the Company is liquidated, the surplus assets of the Company (if any) must be distributed among the Shareholders in proportion to their shareholding. If any Shareholder's Shares are not fully paid up, the liquidator of the Company may require those Shares to be fully paid up before the Shareholder receives any distribution of surplus assets of the Company in respect of those Shares.

Distribution in kind

- 14.2 With the approval of the Shareholders by ordinary resolution, the liquidator of the Company may divide amongst the Shareholders in kind the whole or part of the assets of the Company (whether or not they are of the same kind) and for that purpose the liquidator may do all of the following:
- 14.2.1 Attribute values to assets as the liquidator considers appropriate.
 - 14.2.2 Determine how the division will be carried out as between the Shareholders or different Classes of Shareholders.

Trusts

- 14.3 With the approval of the Shareholders by ordinary resolution, the liquidator may vest the whole or any part of the surplus assets of the Company in trustees for the benefit of Shareholders. The liquidator may determine the terms of the trust.

15 NOTICES

Method of service

- 15.1 All notices, reports, accounts or documents required to be sent to a Shareholder must be sent in the manner set out in section 391 of the Act. Notices to any other person must be sent in the same manner as if that person was a Shareholder.

Joint holders

- 15.2 The Company may give a notice to the joint holders of a Share in the Company by giving the notice to the joint holder named first in the Share register in respect of the Share.

16 DEFINITIONS AND INTERPRETATION

Definitions

- 16.1 In this constitution the following definitions apply:

Act means the Companies Act 1993.

Board in relation to the Company means those Directors who number not less than the required quorum acting together as a board of directors.

Board of Administration means the Board of Administration of the Methodist Church of New Zealand.

Company means Methodist Church of New Zealand - Te Haahi Weteriana Superannuation Trustee Limited.

Director means a person appointed as a director of the Company in accordance with this constitution.

Distribution has the meaning set out in section 2(1) of the Act.

FMA means the Financial Markets Authority.

FMCA means the Financial Markets Conduct Act 2013.

Fund means the Supernumerary Fund of the Methodist Church of New Zealand.

Independent Director means a Licensed Independent Trustee who has been appointed as a Director by the other Directors in accordance with clause 7.5 or by the Shareholder pursuant to clause 7.6.

Licensed Independent Trustee means a person who is a licensed independent trustee under section 131 of the FMCA, whose licence covers the Fund, and who is independent as defined in section 131(3) of the FMCA.

Shares means a share issued in the capital of the Company.

Shareholder means a person whose name is entered in the share register of the Company as the holder for the time being of one or more Shares.

Special Resolution means a resolution approved by 75% of the votes of those Shareholders entitled to vote and voting on the resolution.

Trust Deed means the amended and restated trust deed of the Fund dated [] 2015 and made between (1) the Conference of the Methodist Church of New Zealand and (2) the Company as trustee and as amended, supplemented or restated from time to time.

Interpretation

25.1 In this constitution, unless the context otherwise requires:

25.1.1 Except as specified in clause 16.1, words or expressions used in this constitution that are defined in the Act have the meaning given by the Act.

25.1.2 A reference to writing includes facsimile and electronic communications resulting in visible reproduction.

- 25.1.3 An expression referring to a natural person includes a company, trust, partnership, association, body corporate or public authority.
- 25.1.4 A reference to any legislation or to any provision of any legislation includes:
- (a) That legislation or provision as from time to time amended, re-enacted or substituted.
 - (b) Any statutory instruments, regulations, rules and orders issued under that legislation or provision from time to time.
- 25.1.5 A reference to a clause, part, schedule or attachment is a reference to a clause, part, schedule or attachment of or to this constitution.
- 25.1.6 A reference to the word 'include' or 'including' is to be construed without limitation.

Conflict between the Act and this constitution

- 25.2 The provision, word or expression in this constitution prevails if there is any conflict between either:
- 25.2.1 A provision in this constitution and a provision in the Act that is expressly permitted to be altered by the constitution.
 - 25.2.2 A word or expression defined or explained in the Act and a word or expression defined or explained in this constitution.