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Sponsor/Group:	General Manager Strategy, Growth and Planning

Municipal Endowment Fund Policy

Ko te Puutaketanga

Purpose

1. To provide principles and criteria for management of the Municipal Endowment Fund (“Fund”) and its ongoing investment.

Ko ngaa Tikanga Whakahaere Kaupapahere

Principles of Policy

2. The capital of the Fund must be preserved to comply with the common law principles of endowment.
3. Income earned from the Fund must be either accumulated and become part of the fund of applied for municipal purposes.
4. The Fund should be invested in property or property development where broader economic and social benefits can be secured in support of the Council’s plans, city strategy, growth and liveability.
5. Investment should seek to increase and grow the capital value of the Fund.
6. The Fund shall be subject to authoritative governance and management oversight by regular reporting to the appropriate committee of Council on a quarterly basis.
7. All income and expenditure attributed to the Fund should be reported separately to ensure the complete financial performance of the fund is transparent.
8. The Fund should seek to generate medium and long-term net revenue at or above market norm at the lowest risk to Council.

Ko ngaa Tikanga Policy

9. Management of the Fund is responsibility of the Council. The responsibility for management may be delegated to a committee of Council, or to a Council Controlled Trading Organisation.
10. Where possible the Fund should be invested to support, advance and implement the Council’s strategic plans and vision. The Council will identify priorities for investment within each 10-Year Plan.
11. To achieve the outcomes required in paragraph 6, the entity managing the Endowment Fund may:
 - a) Carry out feasibility studies and develop master plans on best options and timings for use of the Fund for Council’s approval;
 - b) Undertake new profitable medium- to long-term investments as cash flows allow which, over their life, will yield a substantially greater return than previously achieved;

- c) Promote development of properties in a manner which will maximise the commercial value of the asset while supporting broader economic and social benefits for the City of Hamilton in line with Hamilton's strategies to support growth and liveability;
 - d) Encourage freeholding of remaining original endowment properties in accordance with the Council's existing freeholding policy to generate capital for investment in higher-yielding assets as soon as practicable;
 - e) Ensure connectivity of future developments with other key groups within the Council to drive success;
 - f) Undertake all appropriate due diligence and complete and assess business plans to mitigate risk in respect of all the Fund's investments and developments;
 - g) Enter into joint venture or turn-key developments to provide flexible options for the future with approved development partners.
12. The Council shall at all times manage the Fund on a prudent basis and in accordance with the Council's legal obligations. In the course of such management the Council shall:
- a) Enter into and effectively administer service contracts with other public and private sector entities; and
 - b) Strive to minimise operating costs.
13. Where possible and appropriate any developments supported by the Fund should be undertaken in conjunction with a suitably experienced and qualified development partner (subject to appropriately documented and mutually beneficial partnership conditions).
14. All projects or proposals for investment by the Fund should include a proposed investment exit plan at a timeframe to be determined by the project needs (and partners).