

Ashburton Lyndhurst Irrigation Limited

Draft Minutes of the Annual Meeting of Shareholders held at the Hotel Ashburton, on Thursday 17th October 2024 at 7.30pm.

Present:

Colin Glass, Chair presided over an attendance of 30 shareholders representing 41 shareholdings (26% of shares).

In Attendance:

Rebecca Whillans (Chief Executive), Carmen Foster (Executive Assistant), Sarah Everest (Environmental Manager) Mike King (Operations Manager), Luke Leitis (Scheme Operator) & Rachel Pilling (Operational Planner).

Brett Evans

A moments silence was held to acknowledge Brett Evans, who was an employee of ALIL and who was tragically killed in an Avalanche on Wednesday 25th September 2024.

Apologies:

Darrell Hydes, Mandy & Bob Verrall, George Lilley, James Anderson, Roger Henderson, Tim May,

Moved:

That apologies be accepted.

Phil Lowe / Andy Grant

Carried.

Registers:

As required by the Companies Act a copy of the Share Register along with the Directors' Shareholdings and Interests, were available for inspection.

2023 Minutes:

The Minutes of last year's Annual Meeting were circulated with the Notice of Meeting. The Chair advised that these Minutes were reviewed and approved by the Board of Directors at the December 2023 Board meeting, subject to there being no changes raised by shareholders at the 2024 Annual Meeting.

While the Board and the Chair have the ability to approve these minutes, ALIL's practice has been to circulate these prior to the subsequent Annual Meeting and if there are no points of contention raised by shareholders, then the minutes are approved.

There being no points raised by shareholders the Chair declared that the minutes were approved.

Matters Arising:

There were no matters arising from the minutes.

Business:

Chairman and Chief Executive's Report and Financial Reports:

The Chair presented the Chairman & Chief Executive's Report as read.

The Chair updated the meeting on the following items:-

- Water use over the last season equated to 353mm across the scheme area, being the highest when compared with the two previous seasons.
- Water charges lifted from \$7.34 to \$7.38 per share for the 2024/25 financial year, which was mainly driven by wholesale interest rate increases. The Treasury Policy is helping smooth the volatility of interest rates. When compared to other schemes, ALIL has been able to contain costs whereas other schemes have a greater electricity & pumping component.
- The build of Palmers Pond (located on McKendry's Road) commenced during the year. The construction of Palmers Pond is part of the company's strategy to support scheme expansion to contain costs.
- ELI Judicial Review & high-court decision around Section 107 was delivered on 20 March 2024. Since the High Court decision in March, ALIL has been operating under continuance utilising its previous discharge consent. This allows ALIL to manage the nutrient load for land within its command area until ECan reconsiders the decision on the resource consent CRC185469 it reached in June 2020.
- The support that has been received from IrrigationNZ & Government (Ministers & their advisors) has been impressive in respect of the changes proposed in the RMA.

The Chief Executive presented her report, along with a review of the Financial Statements & 2025 Budget

The following discussion points were noted:-

- The Stage 2 water charges increased by \$0.04c for the 2024/25 Financial year. There have been inflationary pressures & the company is looking at how these can be managed long-term, particularly insurance. The scheme is subject to regular re-valuations for insurance purposes, which increases the sum insured, particularly for pipe. Discussions are continuing regarding the appropriate level of cover for PE pipe.
- There has been a significant lift in budgeted expenses by RDRML
- Environmental charges have lifted due mainly to the ELI costs (\$50k budgeted in the 2024/25 FY), environmental management & monitoring and audit requirements.
- Stored Water from BCI has not been included in this year's budget due to the construction of the Palmers Pond.
- Approx. \$0.09c of the water charge relates to Mid Canterbury Water Storage interests costs. The land (two farming properties) are leased out, but the shortfall is covered on a 50/50 basis between ALIL & MHV Water Ltd.

R Whillans also presented the Treasury Report, representing the Board's Finance Committee. The following points were noted:-

- The company is compliant within the Treasury Policy bands.
- Directors consider a 3-year forward start interest rate swap, to apply for 2-years, that is taken out systematically each quarter.
- The driver is to keep the water charges static
- 32% of the scheme's debt is floating, vs 68% under swap arrangements, with the average swap rate being 5.4%, inclusive of bank margin.

Moved:

That the ALIL Financial Reports and Chairman & Chief Executive's Report for the year ended 30 June 2024 as circulated be received.

Andy Grant / Sue Duncan
Carried.

Auditor:

In 2022 BDO were appointed by the Board for a 3-year engagement. They have now completed 2 years & the upcoming year will be the last from the original proposal. The appointment of an auditor is an annual requirement under the Companies Act.

Moved:

That BDO be appointed as auditors of Ashburton Lyndhurst Irrigation Ltd for the year ending 30 June 2025 and the board be authorised to fix the Auditor's remuneration.

Colin Glass / Randal Hanrahan
Carried.

Director Nominations:

The Chair advised that, in accordance with the rules of the Company, Steven Bierema retires by rotation. Being eligible, S Bierema offers himself for re-election. Randal Hanrahan has advised that he will step down at the conclusion of this meeting, creating a vacancy.

At the close of nominations, one nomination was received for the appointment of Alison van Polanen. A van Polanen meets the Director Qualification as per the Defined Terms of the ALIL Constitution (clause 1).

A van Polanen was invited to introduce herself to the meeting.

The company seeks approval of the reappointment of S Bierema & appointment of A van Polanen as Directors. The Chair advised that the company is required to vote at the Annual Meeting to appoint each director even though the number of nominations is equal to the vacancies.

Moved:

That S Bierema be reappointed as a Director of ALIL.

Phil Lowe / Andy Grant
Carried.

Moved:-

That A van Polanen be appointed as a Director of ALIL.

Richard Wright / Andy Grant
Carried.

The Chair invited Randal Hanrahan to come forward to receive a gift from the company. The Chair acknowledged R Hanrahan's 8 years of service to ALIL.

R Hanrahan thanked the Chair & ALIL. In his response, he advised there was a steep learning curve with Audited Self Management & FEP Dashboard Ltd. His IrrigationNZ directorship was during a trying time, but a great learning experience.

Directors Fees:

Gerard Murphy was invited to address the meeting as chair of the Remuneration Committee.

The remuneration committee consisting of Gerard Murphy, John Robinson & James Anderson met on 30th August 2024. Shareholders noted that the remuneration committee's recommendation was included in the notice of meeting sent to shareholders. A sum of \$102,000 was recommended, up from \$98,000 in the prior year, representing a 4.08% increase.

G Murphy spoke to the remuneration committees report:-

- Thanks to Directors & Staff, for governance, management & delivery of water to the scheme with no restrictions imposed during the last irrigation season.
- In determining the directors' fee recommendation, other Mid Canterbury Irrigation Schemes were assessed. The meeting noted that ALIL only sits above Acton Farmers Irrigation Co-op Ltd, being a much smaller scheme. MHV Water Ltd has two independent directors. BCI has one independent director. All of which are being paid considerably more than farmer-elected directors on those companies.
- Board meetings are held on a 6-weekly roster.
- That \$5,000 allocated by the Board towards Associate Director training, but not used in the 2024 financial year, can be carried forward into the 2025 financial year. This was approved by the committee in March 2024 when J. Rowe, due to time constraints, requested his training be deferred until 2025. The unutilised directors fees with respect 2023/24 year be surrendered.
- That the pool being proposed at this AGM does include provision for further Associate Director training, should the Board appoint another Associate Director in the 2025 financial year, at their sole discretion. However, the remuneration committee has not specified the quantum that is available for this training.

Moved:

That the Remuneration Committee's recommendation that the total pool of Directors fees for the 2024/25 financial year be set at a maximum of \$102,000 and be allocated to Directors Fees and Associate Director training costs, as the Board see fit.

Gerard Murphy / Chris Olley

Carried.

The Chair thanked the remuneration committee for their efforts over the past year.

Remuneration Committee:

The current Remuneration Committee comprises Gerard Murphy, John Robinson & James Anderson. Nominations were called for the Remuneration Committee.

Moved:

That G Murphy, J Robinson & J Anderson, being the current committee members, be confirmed as the Remuneration Committee for the year.

Colin Glass / Richard Wright

Carried.

J Robinson advised that he was happy to remain for a further year but would not seek re-election to the Remuneration Committee at the 2025 Annual Meeting.

Scheme Update:

The Chief Executive provided the following update on scheme matters:-

- Seasonal peaks occurred in November & January during the 2023/24 irrigation season.

- Water Reliability Strategy.
 - The Ashburton River is subject to restrictions. 2033 minimum flow changes on the Ashburton River will impact the RDR consent.
 - This change would make the supply from the Ashburton River unreliable over the irrigation season & drop ALIL's reliability. This has been a key focus of the Board who have been reviewing the strategy on how the company maintains reliability in the future.
- The Palmers Pond on McKendry's Road is due to be completed by Christmas 2024. The project is currently on schedule & within budget.
 - The company is thankful for the land that is leased from a shareholder, whose land is adjacent to the pond site.
 - The pond will be 315m³ in size & will cost approx. . \$11 per m³, which includes the purchase price of the land.
 - 500 L/s for 6 days is the expected supply from the pond, which is similar to the supply of stored water from BCI. However, ALIL will have the ability to refill the pond, during the season.
 - A larger volume of storage will be required to offset the higher Ashburton River 2033 proposed minimum flows.
- Long-term storage option at Klondyke.
 - The Land & Consents have been purchased by Mid Canterbury Water Storage Ltd (MCWSL), a company owned 50/50 with MHV Water Ltd.
 - Directors of that company include C Glass, S Bierema, C Groves, S King & P Munro, with director voting held equally between the ALIL & MHV Water directors.
 - RDRML consented a 53Mm³ storage pond. It is anticipated that MCWSL will stage the building of storage, which will "give effect to the consent's". If this approach is not taken, then the consents will expire. Holding of the land & consents provides optionality for the future.
- The Fast-track Approvals Bill is being explored by Mid Canterbury Water Storage Ltd to ensure that staging of the build is achieved (if & when required), in a timely & cost-effective manner.
- Funding Future Resilience.
 - Shares have been offered to shareholders on three occasions during the period from June 2022 to October 2024. These share offers included existing shareholders, in-fill areas within the scheme area & more recently out of scheme area.
 - During the above period a total of 56,402 shares have been sold, resulting in share capital of \$9,708,080.
 - Based on a water charge of \$7.38 per share, these share sales will generate \$416,247 of additional water charges per annum.
 - A key part of the company's strategy has been expansion. The uptake of shares by Alford Park Ltd, in the Forks Road area provides ALIL with the opportunity for cost-effective growth on the basis that the sale of shares is for a large volume of water, within one location.

The Chief Executive invited Steven Bierema to address the meeting regarding the Forks Road expansion.

S Bierema advised that he & P Lowe were the nominated directors on the Storage & Scheme Growth Committee. Controlling costs, whilst maintaining reliability, has been a key focus for directors over the past year. To do this, water sales are required.

Expression of Interest for shares (previously sought by the company) has not been reflected in share sales over the last 2 years & therefore the committee's

recommendation to the board, to accept the application for shares from Alford Park Ltd (a subsidiary of Dairy Holdings Ltd) was considered. C Glass, the Chief Executive of Dairy Holdings Ltd, and Chair of ALIL has fully disclosed his interest in the transaction.

Following appropriate due diligence by the committee & management, the recommendation to the Board to accept the share application was made, which was subsequently agreed.

The Chief Executive continued the scheme update:-

Further discussion ensued regarding the Forks Road expansion. The following was noted:-

- The Alford Park properties are currently irrigated from surface water consents from Taylors Stream, therefore they can be brought into the schemes environmental programme due to the baseline held.
- Infrastructure costs are currently being worked through. The company currently allows for up to 60% of the share subscription price to go towards infrastructure for delivery of water.
- Although final costs are currently unknown, the water charges that are generated from the sale of shares are of greater value to all shareholders in the long term.
- A 10% deposit has been paid on application for shares, where water is not deliverable until the 2025/26 irrigation season, the 90% balance will be payable 10 days after the water can be delivered. Water charges on these shares will be applicable from 1st July 2025.
- ALIL is in discussions with landowners within the Forks Road area, for purchase of land to construct a settling pond below the RDR. A booster pump will be required for delivery to one offtake, the balance will not require pumping.
- The scheme now has 63 Stock Water Connections, that are attracting stock water charges.
 - ADC has advised that they are exiting delivery of stock water services within the next 3 years.
- Health & Safety - Bridge upgrades.
 - ALIL has been actively managing H & S within the scheme area. The 1st project was the removal of head & wing walls at road crossings, where races no longer exist.
 - The 2nd phase has been upgrading bridges & bridge railings, which are owned by ALIL & that cross scheme races. These upgrades are being completed following risk assessments.
 - The final bridge upgrades are proposed to be completed in the 2025/26 financial year.
- Kitchen table catchups with shareholders.
 - During the course of the year the Chief Executive has met with a number of shareholders in a “kitchen table” scenario. These have been very useful, with good learnings & will be continued over the next 12 months.
- ELI Judicial Review of the Consent.
 - The High Court Decision has been appealed by both ALIL & ECan.
 - A hearing on ALIL’s consent is likely to be held late 2024 / early 2025
 - ALIL is expecting changes to s.107 of the RMA
 - ALIL will continue to operate under the current EMS, with the prior consent being relied upon until there is a decision by ECan.
 - Mike Joy (Freshwater Ecologist) is a key advisor to Environmental Law Initiative (ELI).

- ELI was described as a “faceless activist” & may be widely funded with lawyers working on a pro-bono cases.
- Audit Grades over time.
 - Of the land area under ALIL Discharge Consent, 94% is now graded at an A or better. Compliance with the Discharge Consent is strongly linked to on-farm actions, so maintaining an A grade across the scheme is an important focus to demonstrate environmental improvement over time.
 - By 2030 & as part of the scheme's consent conditions 85% of shareholders need to be at an “A” audit grade, 15% at an “A+” audit grade and no “B” audit grades.
- Water Quality Monitoring. The Chief Executive spoke to the trends.
- MAR Consent
 - A hearing is scheduled to be held on 2nd – 5th December 2024.
 - 500 L/s has been made available (ADC stock water from Cracroft), which is delivered into the RDR.
 - The consents will allow for the use for MAR purposes over all of Mid Canterbury and the discharge consents solely for the Hinds Plains area.

RDRML Update:-

R Whillans provided the following update regarding RDRML operations:-

- Fish Screen operational update.
- 2021 Flood repairs; 7 crossing (siphon) sites were damaged, incurring a \$6.7m insurance repair cost. Excesses totalled \$750k.
- Manawa shutdown is to occur from October 2024 for an 18-month period, which will see flows reduced during this time.

The Chair thanked the Chief Executive for her update & invited Johnny Rowe to address the meeting regarding the Associate Director Position.

Associate Director

J Rowe, Associate Director spoke to the meeting & provided information relating to his qualifications, work history & learnings since being appointed as the 2024 Associate Director.

J Rowe advised he has valued being included within board discussions & this has assisted his understanding of governance & board processes and dynamics. He encouraged anyone that had an interest in governance to take up the opportunity & apply for the Associate Director Role.

The Chair thanked J Rowe for his valued contribution over the last 10 months & looked forward to seeing how his governance career develops.

The Chair advised that an Associate Director is not able to stand for the Board while in the role. J Rowe will be eligible to stand next year, noting that A van Polanen has been elected after her stand-down period. The meeting noted that ALIL does not currently have any independent directors on the board, which means we have a strong connection to our farmer shareholders & the local community.

The Chair provided further comments.

Director Succession

Director succession has been a key focus of the board.

- S Bierema retired by rotation this year & we welcome his reappointment, along

- with the appointment of A van Polanen, to the Board
- Retiring by rotation next year (2025) will be C Glass & P Lowe. As indicated previously C Glass will not be seeking re-election.
 - Retiring by rotation in 2026 will be Sue Duncan

ALIL has a small board, which operates effectively & openly with diverse views.

General Business:

Electronic Communications for Notice of Meeting

Due to increased costs associated with printing & posting the Notice of Meeting (circa \$2,500 + gst), it was proposed that the company emails these from 2025. Sending out these documents electronically can only happen with the approval of non-company shareholders.

For shareholders that are companies, section 388(d) of the Companies Act already provides that documents can be served on companies by emailing it to the company at an email address used by that company.

For individuals, partnerships or Trusts, ALIL needs their consent to receive electronic notices of meetings.

Therefore, it is proposed that an email be sent to shareholders asking them to reply to the email if they consent to receiving notices electronically. For those that do not consent, they will continue to receive notices in the mail.

The Chair invited comments from the floor & shareholders indicated their approval to proceed on this basis.

Closing Comments:

The following was noted as the Chair made his closing comments:-

- ALIL was a very stable & tight-knit team. The sad passing of B Evans has been very hard for all staff and the Board is very appreciative of their on-going engagement & commitment. He thanked the team for their efforts during the past year.
- Special mention to S Everest, Environmental Manager, for her support to shareholders, noting the great progress being made with FEP audit grades.
- Thanks were made to fellow directors & associate director for their ongoing contributions.
- The 2024/25 board focus includes
 - Klondyke Fast track bill & application
 - FEP Grades
 - Forks Road Expansion
 - Discharge Consent renewal

There being no further business the meeting closed at 9.35pm & shareholders were invited to remain for supper.

Date _____