

PETER KERRY O'CONNOR FOUNDATION LIMITED AS TRUSTEE OF
THE O'CONNOR FOUNDATION, a public charitable trust ("the Foundation")

MEETING OF BOARD OF DIRECTORS HELD THURSDAY, 27TH JUNE
2013 at the offices of DFK Hill Mayberry, Level 5, Defence Haus, Corner
Champion Parade and Hunter Street, Port Moresby, PNG

PRESENT:

JOHN BOTTOMS – Shareholder on behalf of the Estate and Executor of the Estate and
Chairman of Directors

RIO FIOCCO – Estate Solicitor, Director and Secretary

MICHAEL MAYBERRY – Estate Accountant and Director

1. Minutes of the last meeting

The Chairman tabled the minutes of the last meeting held on 30 November 2012 and it was
resolved to accept same.

(Bottoms/Fiocco)

2. Matters arising out of the Minutes

The Public Charitable Trust deed had not as yet been submitted to the tax office – although Mr
Mayberry had had some discussions with the taxation commissioner.

It was resolved that it would be submitted and followed up by Mr Mayberry (and
Bottoms/Fiocco) so that the tax free status of the Public Charitable Trust could be confirmed.

This was particularly the case as the estate assets had now effectively been passed to the trust and
income would be generated.

Accordingly, it had now become a matter of urgency.

3. Accounts

Mr Mayberry tabled:

1. the preliminary budget for 2012;
2. a cash flow budget for 2013; and
3. the balance sheet for the Foundation as at 31 December 2013.

The operating cash flow showed an income of K167,662 for the year ending December 2013.

There had been substantial funds necessary to expend on the former “Connexions” building (now the Foundation building) to bring it up to standard. It was to be hoped that most of these repairs had now been made.

The trusts commitments were essentially as follows:

| | Paid | Committed |
|---|-----------------------|-----------------|
| The Peter O’Connor School | 2 x K11,375 (K22,750) | K45,000 |
| Gini Goada (Trades Training) | K25,000 | K65,000 |
| Christ the Redeemer School | K27,560 | K65,000 |
| Catholic Diocese of Cairns (Bishop of Alotal) | | K20,000 |
| TOTAL: | K70,250 | K195,000 |

Estimated income of the trust: K167,000

Shortfall: K32,000

Arising from that it was obviously imperative that we generated as much income as possible.

4. Investment of Balance Cash

We had the imminent transfer of the K1,350,626 held by Posi Man Kua Aisi across to the trust and we needed to work out what would be the best investment.

The board canvassed the various alternatives and the advantages and disadvantages of those alternatives.

Whilst it was always best to have a basket of investments spread across different investment types, the real difficulty was the income requirements.

As part of its due diligence, the Board decided to:

1. organise an investment portfolio projection through a Port Moresby stock broker;
2. to organise an investment portfolio projection through an Australian financial adviser – both of the above would be subject to the stock market variations and also to currency variations;
3. document a real estate investment in Port Moresby.

Mr Fiocco tabled two possibilities:

- Rosewood Apartments
- Ixora Apartments

Rosewood Apartments would provide an income of K45,600 (gross) or 12.8% yield. Ixora Apartments would provide an income of K38,400 per annum or 12.9% gross yield. Both apartments were fully let for 12 months to the airlines of Papua New Guinea. The Ixora Apartments had a sale price of K1,282,700.

Mr Fiocco would obtain further details in relation to this. We needed to know what expenses would be involved – but as new units there obviously would not be a large number of repairs

initially. There was a secured tenant, it would be anticipated the secured tenant would look after the property given the nature of the tenancy (a pilot). The income would very nicely fill up the budget requirement for our committed charities.

5. Notes to Budget

The budget income was estimated K329,000. Repairs had been budgeted at K60,000 but had come in at K119,000 because the Connexions building was in poor repair. It was hoped this had now been sorted out.

6. Loan account – balance sheet

The company loan balance sheet showed a loan account in the name of the late Mr O'Connor in the sum of 1,450,805 kina.

As this in effect represented a residuary estate asset, it would now be changed to reflect a nil liability figure in the future balance sheet.

This would improve the balance sheet to net assets of 2,307,776 kina.

Mr Mayberry would also have to take into account the increase in value of the property (currently written down to 333,199 kina) and would advise in that regard.

7. Transfer of funds from Posi Man Kua Aisa

Mr Fiocco noted that there had been a considerable delay in arranging this.

Some of it had been because of PKA being slack – but a good deal also related to the Westpac bank imposing various requirements including a signature from himself (together with a letter) notwithstanding he was no longer a partner with PKA.

All of this seemed a little ridiculous since DFK Hill Mayberry banked with Westpac anyway.

The funds would be transferred to the DFK Hill Mayberry trust account with Westpac pending further investment.

The funds were in the process of transfer and it was anticipated would be to the DFK Hill Mayberry trust account next week.

8. Deed of Acquittal

Mr Bottoms advised that a pro forma standard Deed of Acquittal had been drafted, submitted to the respective charities and signed by them. He tabled the following documentation:

1. Deed of Acquittal – Corporation of the Roman Catholic Diocese of Cairns;
2. Deed of Acquittal for Ginigoda;
3. Deed of Acquittal for Peter O'Connor School (Four Square Unity Church); and
4. Deed of Acquittal for Anglican Diocese of Port Moresby.

9. Connexions building

We had inspected the building in detail at Mr Bottoms' last visit to Port Moresby. The O'Connor Foundation sign was now in place.



10. Rent

The building was now under management of 21st Century Real Estate. They were paying K6,000 per month for rental of a very large new 21st Century advertisement sign on the roof.

The rent was supposed to be paid one month in advance – but had slipped back during the period between January to May 2013 to one month behind. This had now been rectified as it was causing cash flow problems with the charities. They were now month to month and Mr Fiocco would follow up with 21st Century to ensure that it was maintained at one month in advance.

11. Projects

Mr Bottoms was to inspect the Peter O'Connor School together with Mr Fiocco tomorrow morning. A report would be attached to these minutes.

Mr Bottoms and Mr Fiocco were to inspect the Christ the Redeemer School at the Airport Training Squadron (ATS) settlement at 9 Mile tomorrow afternoon. A report would be attached to these minutes.

12. Website

Mr Bottoms reported that he was putting a great deal of effort into getting a decent and interesting website established for the Foundation.

He particularly wanted to ensure that information about the Foundation could easily be found by anybody with the minimum of effort.

He was also looking at the possibility of trying to get Australian charities to contribute income to the fund so that more could be done on the basis that we were on the ground in PNG, operating with flat management, and they could guarantee that the funds would go direct to the purposes for which they were designed.

13. Summary

At present the charity payments were effectively paying wages of teachers at schools outside the system catering for effectively squatter children – who would otherwise not be able to have any education at all, as they would be outside the government school education system as their parents simply could not afford to pay for entrance. It was noted by Mr Fiocco that notwithstanding that the government schools were now allegedly “free”. The same amount of funds which had been required as “fees” previously were now required as contributions for projects – in other words fees under another name. This still excluded the squatter kids from a basic education.

The Foundations payment of salary was enabling 350 children to receive an education (250 at the Peter O’Connor School and 100 at the Christ the Redeemer School) plus trades education for 45 young people per year.

We would seek a report on the Good Enough Island project from the Roman Catholic Diocese of Cairns.

Accordingly the need was even greater than before – and the Foundation was effectively meeting this need in a limited way but to the best of its ability. Both the small 2 schools that we were assisting would not be able to fund their teachers without our assistance. The teachers were in effect “teacher’s aides” but at least the children were getting an opportunity for something as opposed to nothing which would be the alternate.

This was exactly what the late Peter would have wanted and we were doing our best to give effect to it.

The meeting closed at 8:00pm.


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John Bottoms
Chairman