

# Agenda 2020

## **Council Meeting**

Thursday, 14 May 2020

Time: 11.00am

Venue: Virtual due to COVID-19





# **Council**

## **Membership**

**Chair** Cr Jenny Hughey

**Deputy Chair** Cr Peter Scott

**Membership**

- Cr Tane Apanui
- Cr Phil Clearwater
- Cr Grant Edge
- Cr Megan Hands
- Cr Ian Mackenzie
- Cr Nicole Marshall
- Cr Claire McKay
- Cr Elizabeth McKenzie
- Cr Craig Pauling
- Cr Lan Pham
- Cr Vicky Southworth
- Cr John Sunckell





# Council Meeting

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- 1. Karakia**
- 2. Apologies**
- 3. Conflicts of Interest**



## 5. Minutes

# **Minutes of 511th meeting of the Canterbury Regional Council held by audio-visual link due to the COVID-19 situation on Thursday, 16 April 2020 at 11.02am**

## **Contents**

1. Welcome, Mihi Whakatau and Karakia
2. Apologies
3. Conflicts of Interest
4. Deputations and Petitions
5. Minutes
6. Matters Arising
7. Committee Reports
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    - 7.1.2 Canterbury Water Management Strategy Regional Committee
8. Matters for Council Decision
  - 8.1 Chair's Report – COVID-19 Recovery
  - 8.2 Rangitata Flood Recovery update
  - 8.3 Appointment of Independent Commissioner for Canterbury Regional Policy Statement Change Peer Review
  - 8.4 Delegation of submission approvals: Draft Government Policy Statement on Land Transport and Draft New Zealand Rail Plan
  - 8.5 Working Groups of Council
9. Exclusion of the Public from part of the Council meeting
10. Other Business
11. Notices of Motion
12. Questions
13. Next Meeting
14. Closing Karakia

## **Present**

Chair Jenny Hughey, Deputy Chair Peter Scott, Councillors Tane Apanui, Phil Clearwater, Grant Edge, Megan Hands, Ian Mackenzie, Nicole Marshall, Claire McKay, Elizabeth McKenzie, Craig Pauling, Lan Pham, Vicky Southworth and John Sunckell.

## **Management and officers present**

Bill Bayfield (Chief Executive), Nadeine Dommissie (Chief Operating Officer), Miles McConway (Director Finance and Corporate Services), Stefanie Rixecker (Director Science), Katherine Trought (Director Strategy and Planning), Catherine Schache (General Counsel), and Louise McDonald (Senior Committee Advisor).



Report writers and other staff were also present.

## 1. **Welcome, Mihi Whakatau and Karakia**

Due to the COVID-19 situation and the Government announcement of the level 4 shutdown this was meeting held using an audio-visual link.

Chair Hughey welcomed everyone to the meeting. She acknowledged the strange circumstances the world was in and the stress and uncertainty that people were experiencing.

Noting that this was Bill Bayfield's last meeting she thanked him for his incredible contribution and for doing a fantastic job. She invited Cr Pauling to open the meeting with a karakia.

Cr Pauling also acknowledged the effect on the community of the COVID-19 situation, those affected and unwell, and the contribution from essential workers.

He acknowledged those who had passed away during this time and In particular, Jimmy Brennan, a wonderful character and rangatira from Ngāi Tūāhuriri.

## 2. **Apologies**

There were no apologies.

## 3. **Conflicts of interest**

There were no conflicts of interest declared.

## 4. **Deputations and Petitions**

There were no deputations or petitions.

## 5. **Minutes**

*Refer pages 9 to 23 of the agenda*

### **Resolved**

#### **That the Council:**

1. **confirms and adopts as a true and correct record the minutes of the meeting held on 12 March 2020, as amended to include reference to the separate welcome extended to the Chairs of the Christchurch West Melton, Banks Peninsula and Selwyn Waihora Zone Committees.**

Cr Pauling/Cr McKenzie  
CARRIED

### **Resolved**

**That the Council:**

- 1. confirms and adopts as a true and correct record the minutes of the meeting held on 24 March 2020, as amended to include Councillor McKenzie's attendance via audio-visual link.**

Cr Pham/Cr Clearwater  
CARRIED

## **6. Matters Arising**

There were no matters arising from the minutes.

## **7. Committee Reports**

### **7.1 Standing Committees**

#### **7.1.1 Regulation Hearing Committee**

*Refer pages 25 to 29 of the agenda*

Cr McKay presented this item.

**Resolved**

**That the Council:**

- 1. receives the confirmed minutes of the Regulation Hearing Committee meeting held on 12 March 2020.**

Cr McKay/Cr Marshall  
CARRIED

#### **7.1.2 Canterbury Water Management Strategy Regional Committee**

*Refer pages 30 to 37 of the agenda*

Cr McKay presented this item.

**Resolved**

**That the Council:**

- 1. receives the unconfirmed minutes of the Canterbury Committee meeting held on 27 February 2020.**

Cr McKay/Cr Edge  
CARRIED

## **8. Matters for Council Decision**

### **8.1 Chair's Report – COVID-19 Recovery**

*Refer to pages 38 to 44 of the agenda*

The Chair spoke to this item and acknowledged Mayor Lianne Dalziel, chair of the Canterbury Mayoral Forum, for this initiative.

**Resolved**

**That the Council:**

1. receives the Chair's report
2. notes that recovery planning begins immediately and should include consideration of what key projects and initiatives should be prioritised to support the recovery and resilience of Canterbury, and to achieve important environmental and climate outcomes
3. notes that decisions being made on the Annual Plan and planning for the Long-Term Plan must take recovery and resilience into account
4. agrees to review and adjust the Council's strategic direction in light of the COVID-19 crisis to ensure it is fit for purpose to facilitate recovery
5. notes that Council has the foundations for a strong collaborative approach to recovery through strategic relationships with Ngāi Tahu Papatipu Rūnanga, and the Greater Christchurch Partnership and Canterbury Mayoral Forum
6. supports the Canterbury Mayoral Forum as it provides strong leadership and coordination for recovery planning involving all the region's local authorities, including connecting and empowering our communities across the region
7. supports the Greater Christchurch Partnership as it reassesses the work done on the Greater Christchurch Strategic Framework 2050 to position the work as the collective post COVID-19 recovery plan for Greater Christchurch.

Chair Hughey/Cr Southworth  
CARRIED

## 8.2 Rangitata Flood Recovery Update

*Refer pages 45 to 48 of the agenda*

Cr Sunckell introduced this report.

Councillors supported this important work and provided the following comments:

- The importance of keeping Timaru District Council and Te Runanga Arowhenua updated.
- That the cost of flood repair falls unfairly on a small group of ratepayers.
- A request for a review of land use in the floodplain, at stage 2 and stage 3 of the work. That review to include a fully integrated approach to river management and consideration of climate change and braided rivers values.
- The issues raised in respect of the Rangitata River will be applicable to other rivers.

**Resolved**

**That the Council:**

1. Approve \$150,000 transfer from general reserves to the Rangitata rating district in 2019/20 to reduce the debt held by the Rangitata scheme and to ensure we maintain excellent support as we continue to assess essential repairs.

2. **Approve acceleration of the general rate funded Rangitata Scheme review by bringing it forward into the 2020/21 Annual Plan.**

Cr Sunckell/Cr Mackenzie  
CARRIED

### 8.3 **Appointment of Independent Commissioner for Canterbury Regional Policy Statement Change Peer Review**

*Refer pages 49 to 55 of the agenda.*

Cr McKay introduced this item.

#### **Resolved**

**That the Council:**

1. **Appoints Lester Chisholm to undertake a technical peer review of the Council's 'Recommendations Report' on the Proposed Change to Chapter 6 of the Canterbury Regional Policy Statement, and to prepare a report for the Council setting out the findings of his review. The review will be carried out in accordance with the Direction issued by the Minister for the Environment.**

Cr McKay/Cr Pham  
CARRIED

### 8.4 **Delegation of submission approvals: Draft Government Policy Statement on Land Transport and Draft New Zealand Rail Plan**

*Refer pages 56 to 58 of the agenda*

Cr Scott introduced this item and explained that the submissions close on 11 May 2020.

#### **Resolved**

**That the Council:**

1. **delegates to the Chair approval of the Environment Canterbury submissions on the Ministry of Transport's consultations on the draft Government Policy Statement on Land Transport and the draft New Zealand Rail Plan.**

Cr Scott/Cr Apanui  
CARRIED

### 8.5 **Working Groups of Council**

*Refer the report circulated separately*

Chair Hughey presented this report and explained that the formation of these working groups was an opportunity for Councillors to take an active role and to utilise the range of skills and experience of Councillors.

Cr Marshall withdrew from the Planting and Regeneration Working Group.

The proposal was supported by Councillors, but caution was expressed regarding the potential for the working groups overlapping with the work of portfolio groups and staff.

It was agreed that working groups would keep the portfolio groups informed and work with them.

**Resolved**

**That the Council**

1. agrees to the establishment of, in the first instance, two groups of Council to make recommendations to Council on issues related to:
  - a. Public visibility
  - b. Planting and regeneration
2. agrees the Guidelines for each of the working groups
3. appoints the following Councillors to each working group:
  - 3.1 Public Visibility Working Group - Councillors: Marshall (Chair), Hands, Southworth, Apanui, Clearwater and Chair Hughey ex-officio
  - 3.2 Planting and Regeneration Working Group – Councillors: Pauling (Chair), Pham, Mackenzie, Southworth, Edge and Chair Hughey ex-officio.

Chair Hughey/Cr Clearwater  
CARRIED

**9.0 Exclusion of the Public**

*Refer page 60 of the agenda.*

**Resolved**

**That the public be excluded from the following part of the proceedings of this meeting, namely:**

**1. Minutes of part of the Council meeting, held with the public excluded, on 24 March 2020**

1. The general subject of the matters to be considered while the public is excluded, the reason for passing this resolution and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

Item No.	Report	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
1.	Minutes of part of the Council meeting, held with the public excluded, on 24 March 2020	Good reason to withhold exists under section 7	Section 48(1)(a)

2. This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected



by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceeding of the meeting in public are as follows:

Item No.	
1	Enable the Council holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations. (Section 7(2)(i))

**2. That appropriate officers remain to provide advice to the Committee.**

Chair Hughey/Cr Hands  
CARRIED

The meeting went into public excluded session from 11.49 to 11.52am.

**10 Other Business**

There was no other business.

**11. Notices of motion**

There were no notices of motion.

**12. Questions**

There were no questions.

**13. Next meeting**

The next meeting was scheduled for Thursday 14 May 2020.

**13. Mihi / Karakia whakamutunga – closing**

The Chair thanked everyone for their participation and invited Cr Pauling to lead the karakia:

Cr Pauling closed the meeting with a karakia and acknowledged the Chief Executive at his last formal Council meeting. He thanked him for his work for Environment Canterbury and for the region. He wished him good luck with his new role.

With best wishes to Bill Bayfield and his whanau, the meeting closed at 11.58am.

**CONFIRMED**

**Date**\_\_\_\_\_

\_\_\_\_\_ **Chair**

# **Minutes of part of the 511th meeting of the Canterbury Regional Council held, with the public excluded, by audio-visual link due to the COVID-19 situation on Thursday, 16 April 2020 at 11.49am**

## **Present**

Chair Jenny Hughey, Deputy Chair Peter Scott, Councillors Tane Apanui, Phil Clearwater, Grant Edge, Megan Hands, Ian Mackenzie, Nicole Marshall, Claire McKay, Elizabeth McKenzie, Craig Pauling, Lan Pham, Vicky Southworth and John Sunckell.

## **Officers present**

Bill Bayfield (Chief Executive) and Louise McDonald (Senior Committee Advisor).

### **1. Minutes – 24 March 2020**

#### **Resolved**

##### **That the Council:**

- 1. confirms and adopts as a true and correct record the minutes of part of the meeting held, with the public excluded, on 24 March 2020.**

Chair Hughey/Cr Sunckell  
CARRIED

#### **Resolved**

**That the meeting come out of public excluded session.**

Chair Hughey/Cr Pauling  
CARRIED

The meeting came out of public excluded session at 11.52am

**CONFIRMED**

Date \_\_\_\_\_

\_\_\_\_\_ Chair

# **Minutes of 512th meeting of the Canterbury Regional Council held with the public excluded, by audio-visual link due to the COVID-19 situation, on Tuesday 21 April 2020 at 3.04pm**

## **Contents**

1. Welcome and Karakia
2. Apologies
3. Conflicts of Interest
4. Exclusion of the Public from part of the meeting
5. Other Business
6. Notices of Motion
7. Questions
8. Next Meeting
9. Closing Karakia

## **Present**

Chair Jenny Hughey, Deputy Chair Peter Scott, Councillors Tane Apanui, Phil Clearwater, Grant Edge, Megan Hands, Ian Mackenzie Nicole Marshall, Claire McKay, Elizabeth McKenzie, Craig Pauling, Lan Pham, Vicky Southworth and John Sunckell.

## **Management and officers present**

Bill Bayfield (Chief Executive) and Louise McDonald (Senior Committee Advisor).

### **1. Welcome and Karakia**

Chair Hughey opened the meeting and Cr Pauling provided a karakia.

### **2. Apologies**

There were no apologies.

### **3. Conflicts of interest**

There were no conflicts of interest declared.

#### 4. **Exclusion of the Public from Part of the Council Meeting**

*Refer to page 7 of the agenda*

**That the public be excluded from the following part of the proceedings of this meeting, namely:**

##### **1. Report from the Chief Executive Employment, Performance and Remuneration Committee**

1. The general subject of the matters to be considered while the public is excluded, the reason for passing this resolution and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<b>Item No.</b>	<b>Report</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48(1) for the passing of this resolution</b>
1.	Report from the Chief Executive Employment, Performance and Remuneration Committee	Good reason to withhold exists under section 7	Section 48(2)(i)

2. This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceeding of the meeting in public are as follows:

<b>Item No.</b>	
1	Enable the Council holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations - Section 7(2)(i)

##### **2. That appropriate officers remain to provide advice to the Committee.**

Chair Hughey/Cr Scott  
CARRIED

The meeting went into public excluded session from 3.06 to 3.35pm

#### 5. **Other Business**

There was no other business.

#### 6. **Notices of motion**

There were no notices of motion.



7. **Questions**

There were no questions.

8. **Next meeting**

The next meeting was scheduled for Thursday 14 May 2020.

9. **Closing karakia**

The Chair thanked everyone for their participation and invited Cr Pauling to lead the karakia to close the meeting at 3.36pm

**CONFIRMED**

Date \_\_\_\_\_

\_\_\_\_\_ Chair

## **6. Matters Arising**

## 7. Matters for Council Decision

### 7.1. Zone Committee Annual Reports - Regional Committee, Kaikoura, Waimakariri and Ashburton

#### Council report

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<b>Date of meeting</b>	14 May 2020
<b>Author</b>	Lesley Woudberg, Murray Griffin and David Moore
<b>Responsible Director</b>	Katherine Trought

#### Purpose

1. Canterbury Water Management Zone Committees report annually on progress implementing the strategy in their zone. This provides an opportunity for zone committee chairs to discuss the work of their zone committee with Environment Canterbury Councillors. It also fulfils a requirement of the Environment Canterbury Long-Term Plan.
2. Given impact on Covid-19 on communities this item is an opportunity Council to take the 2019 Annual Reports as read and to discuss with the Chairs of four committees the implications on their communities and their community's ability to deliver current freshwater initiatives.
3. The four committees are diverse and will give the Council a good overview of the range of challenges communities are facing.
4. The Council will also have an opportunity to discuss with the Chair of the Regional Committee what is needed at a regional level and possible options for the Regional Committee.
5. The Chairs presenting via Microsoft Team are:
  - Regional Committee Chair Hugh Logan
  - Kaikōura Chair Ted Howard and Deputy Chair Robert Roche
  - Waimakariri Chair Michael Blackwell and Deputy Chair Cameron Henderson;
  - Ashburton Chair William Thomas.
6. Reports from Hurunui Waiau, Lower Waitaki South Coastal Canterbury, Orari Temuka Opihi Pareora and Upper Waitaki Zone Committees will be presented at the 18 June Council meeting.

#### Recommendations

##### That the Council:

1. **Receives the Regional Committee Annual Report 2019**

2. **Receives the Kaikōura Zone Committee Annual Report 2019**
3. **Receives the Waimakariri Zone Committee Annual Report 2019**
4. **Receives the Ashburton Zone Committee Annual Report 2019**

## **Attachments**

- Regional Committee Annual Report 2019
- Kaikōura Zone Committee Annual Report 2019
- Waimakariri Zone Committee Annual Report 2019
- Ashburton Zone Committee Annual Report 2019

<b>Legal review</b>	Catherine Schache
<b>Peer reviewers</b>	Caroline Hart

# 2019 Annual Report

## Comments from chair, Hugh Logan



*Dr Hugh Logan, Regional Water  
Zone Committee Chair*

The Canterbury Water Management Strategy (CWMS) Regional Committee has the job of integrating the region-wide water initiatives that collectively contribute to the goals of the CWMS. The work of the committee over the past year, and the advice and support it has provided to Environment Canterbury, are recorded in the sections that follow in this annual report.

The CWMS is the principle guiding framework for water management in Canterbury. It has been instrumental in placing Canterbury in the forefront of regional government in the way that freshwater water is managed. Given the multitude of interests, issues and demands that swirl around the use of freshwater, it is a challenge. Freshwater is the lifeblood of Canterbury, socially, economically and environmentally. The past decade has witnessed a generational change in how water is managed, with realisation of its sensitivity to pollutants and changing climate, and the importance of healthy water and waterways.

Since the start of the CWMS ten years ago, much has been achieved – new plans and rules, local initiatives to enhance and protect waters and habitats, new infrastructure to reticulate water and new demanding goals for the strategy for the future. But looking after water is an ongoing job. There will be ongoing and new challenges, especially dealing with climate change, pressing forward in management of nitrogenous pollutants, changing land use patterns, and in the short term responding to likely new national standards for water management. The CWMS and the Regional Committee are up for these challenges.

This past year has seen changes in the Committee membership, and there will be a further refresh of members in the coming year. As Chair, I would like to thank outgoing members Mayor Winton Dalley (an inaugural member to the Committee, who has retired as Mayor of Hurunui District), Councilor Nicole Reid, Peter McIlraith, and Vicky Southworth. They have been great and valued contributors to our work.

## Key achievements 2019

**Developing targets:** The key focus over the year was developing new interim targets for 2025 and 2030. Measuring progress against the targets, and how work programmes deliver against the targets are the most important part of the Regional Committee's work. The Regional Committee's views, arrived at collectively, are a powerful voice in affirming direction and responding to new information that is important to the Canterbury Water Management Strategy.

**Fish Screen:** Accelerating progress on the recreation and amenity targets and improving the effectiveness of fish screens has also been a priority for the committee in 2019. Compliance assessment times have dropped from an initial 80 staff hours per screen to about 10 hours per screen.

**Regional Biodiversity:** across the region funded over 80 Immediate Steps projects (1 million dollars). Projects funded included protecting old willows for endangered Long Tailed Bat colonies (Orari-Temuka-Opihi-Pareora) to building artificial islands to enhance breeding of braided rivers birds (Hurunui-Waiau ) to fencing covenants (Banks Peninsula).

**Fit for Future:** this project has been a large part of the Regional Committee's work programme. The committee approved the recommended goals for 2025 and 2030 on the 24th May 2019 for subsequent Mayoral Forum consideration and endorsement.



## Fish Screen

Fish Screens are mechanical structures, usually designed and engineered for a specific surface water take to ensure fish remain in the waterway from where water is being abstracted, without being harmed.

There have been requirements for fish screens on surface water takes since 1967, when the Water and Soil Act was enacted. These rules were strengthened when the Land and Water Regional Plan (LWRP) introduced new rules for fish screens in 2004. Installing an effective Fish Screen is complex due to the many variables present at any surface water take.

The key focus in the year has been developing Standard Operating Procedures, including Health and Safety protocols around fish screens.



A fish screen (pictured above) is required whenever a water take could impact fish. They are designed to keep fish out of water takes.

## Fit for Future

In 2017 the Regional Committee reported to the Canterbury Mayoral Forum on the progress to meet the CWMS targets. The Forum then asked the Regional Committee to lead a process to develop interim targets for 2025 and 2030.

This piece of work was later called the “CWMS Fit for the Future” project. This project has been a large part of the Regional Committee’s 2019 work programme. The committee approved the recommended goals for 2025 and 2030 on the 24th May 2019.



The Regional Committee has the job of integrating the region-wide water initiatives that collectively contribute to the goals of the CWMS.

## Recreation and amenity opportunities

Zone Committees implement actions to improve recreational opportunities in their zone, including enhancing fishery opportunities, maintaining attractive river mouths, supporting environmental flows suitable for kayaking and jet boating, and ensuring key swimming sites are included in seasonal monitoring.

Examples include;

- Implementing the Swimmable Selwyn @ Coes Ford project by the Selwyn Waihora Zone Committee
- Hurunui Waiarau Zone Committee’s SPLASH project that improved the water quality and flow in the Hurunui River at Balmoral
- Upper Waitaki Zone Committee’s Love Your Lakes campaign that focused on reducing waste and encouraging responsible tourism around local waterways

The Regional Committee’s Recreational and Amenity Working Group gathered information to better understand the availability, diversity and trends of recreation and amenity opportunities in the region. The data will aid further work to build a fuller picture of existing recreational and amenity locations so progress can be measured against baseline data.



A new development for recreation activities was opened in May 2019 at The Willows in West Melton.



## Future Challenges

- Government Fresh Water Action Plan
- Visible outcomes – demonstrating clear link between actions and outcomes in a world of complexity, time lags, climate change and multiple delivery “agents”
- Growing commitment and mobilising action among new entrants into the CWMS

## Zone committee membership

### NGAI TAHU REPRESENTATIVES

Rebecca Clements,  
Te Rūnanga o Ngāi Tahu

Vacant,  
Rūnanga - North Canterbury

Riki Lewis,  
Rūnanga - Mid Canterbury

David Higgins,  
Rūnanga - South Canterbury

### COUNCIL REPRESENTATIVES

Mayor Winton Dalley,  
North Canterbury District Councils

Cr Nicole Reid,  
Mid Canterbury District Councils

Peter McIlraith,  
South Canterbury District Councils

Cr Sara Templeton,  
Christchurch City Council

### ENVIRONMENT CANTEBURY REPRESENTATIVES

Cr Peter Scott,  
Environment Canterbury

Cr Claire McKay,  
Environment Canterbury

### COMMUNITY REPRESENTATIVES

Hugh Canard

Jane Demeter

Cole Groves

Nicky Hyslop

Ross Millichamp

Vicky Southworth

### ZONE REPRESENTATIVES

Ben Curry,  
Zone representative Ashburton

Fiona Nicol,  
Zone representative Banks Peninsula

Les Wanhalla,  
Zone representative Christchurch-  
West Melton

Michele Hawke,  
Zone representative Hurunui-Waiau

Ted Howard,  
Zone representative Kaikōura

Hamish McFarlane,  
Zone representative Orari-Temuka-  
Opihi-Pareora

Sandra Hampstead-Tipene,  
Zone representative Upper Waitaki

Carolyne Latham,  
Zone representative Waimakariri

Karaitiana Taiuru,  
Zone representative Selwyn-Waihora

Sandra Hampstead-Tipene,  
Zone representative Lower Waitaki-  
South Coastal Canterbury

### GOVERNMENT OBSERVERS

Murray Doak and Jo Buckner,  
Ministry of Primary Industries

Dr Alistair Humphrey,  
Canterbury District Health Board

Nick Vincent,  
Ministry for the Environment

John Benn,  
Department of Conservation

## Future Opportunities

- Delivery of the 2025 Targets
- Growing partnerships to deliver
- Collective leadership

## The Regional Committee

The purpose of the Regional committee is to;

1. Monitor the progress of the Canterbury Water Management Strategy across the region; and
2. Provide advice to Environment Canterbury on regional issues.

The membership reflects these functions and includes community, rūnanga, Te Rūnanga o Ngāi Tahu and council representatives. Each of the ten zone committees are also represented. The Canterbury District Health Board, Ministry for the Environment, Ministry of Primary Industries and the Department of Conservation have observer status.



CWMS Regional Water Zone Committee is a community led committee supported by councils.

[ecan.govt.nz/water](http://ecan.govt.nz/water)

R20/14 E19/7743 Council Meeting 2020-05-14



# 2019 Annual Report

## Moving Forward: A celebration of 2019



Ted Howard, Kaikōura Water Zone  
Committee Chair

In last year's report I talked about 2018 representing a turning point for us after the North Canterbury earthquakes. Fast forward a year and it's been a time of re-establishing our priorities, with a continuing strong focus on community wellbeing.

Having a sense of value, as contributing members of a community, is a big part of feeling good about ourselves. That is part of why we keep getting great turnouts at our clean-up days and our planting days. When our personal interests, and the interests of the wider community and the interests of the environment all align, then we make a real difference. That is a set of choices available to all of us.

Lyell Creek / Waikōau is an obvious place of pride for our community – because it is

so obvious and because it suffered quake damage. It's heartening to see how people are rallying around to help out.

I'd like to take this opportunity to thank two of our departing zone committee members, Celeste Harnett and Steve Lowndes, representing Kaikōura District Council and Environment Canterbury respectively.

Celeste and Steve brought strong environmental credentials and experience to the table and they will be missed.

We look forward to continuing to address the water management challenges faced in this zone in collaboration with our community, and to help take the many opportunities we see to make improvements.

## Key achievements 2019

- Implementation of the Lyell / Waikōau Catchment Recovery Plan is underway, highlighted by a successful community clean-up day
- The role of Pou Mātai Kō – Cultivating and Understanding of Mahinga Kai was established in Kaikōura, the second zone to do so, with some well-attended "shed talks" with farmers leading to enhanced awareness and understanding
- Farmers made good progress with their farm environment plans and achieved some encouraging audit grades
- Ongoing zone committee funding support for weed and predator control programmes in the Waiau Toa / Clarence catchment
- The Kaikōura Plains Recovery Project made significant gains in its third year
- The zone committee committed \$104,500 of Immediate Steps biodiversity funding across 5 projects during the year.

More than a decade of conservation work has resulted in a Kaikōura farmer working towards establishing one of the most significant restored wetlands in the Canterbury region. Through collaboration between the Kaikōura community, Environment Canterbury and the zone committee, Nagari wetland is becoming a model for wetland restoration on private land. With a desire to create a space where residents and visitors can access a place showcasing the diverse range of biodiversity in wetlands, Barb Wood-Mackle is transforming an area of unproductive, boggy land into an ecological haven, at the same time creating a space that contributes to improving water quality for the catchment.





## Delivering the community's vision for freshwater

The Canterbury Water Management Strategy (CWMS) puts finding solutions for freshwater management in the hands of the community, with support from councils, Ngāi Tahu, and others. The strategy sets out freshwater goals and targets to deliver the community's vision for freshwater.











“To gain the greatest cultural, economic, environmental, recreational and social benefits from our water resources within a sustainable framework both now and for future generations.”

Each of the ten community-led water zone committees work collaboratively to develop freshwater recommendations to ensure council plans give effect to these goals and targets.

Within each target area there are several specific time-bound targets to be achieved and these are monitored and reported on to ensure progress is being made.

The target areas are shown below – read some of the stories about what is being done in the zone to deliver on these on the next page.

### CWMS Targets

	Ecosystem health and biodiversity		Kaitiakitanga		Recreational and amenity opportunities		Irrigated land area		Regional and national economies
	Natural character of braided rivers		Drinking water		Water use efficiency		Energy security and efficiency		Environmental limits

### Kaikōura Plains Recovery Project: Year Three

The Kaikōura Plains Recovery project (KPRP) is in its third year. The project, which is helping farmers recover from the impact of the 2016 earthquake, is supported by the zone committee.

The project has been working with Aqualinc Research on drainage, with particular success in sediment control.

The “Farming in wet conditions and irrigation efficiency” workstream has been beneficial to dairy farmers who irrigate and/or spread effluent in often much wetter conditions than before 2016.

The project is supporting changes in on-farm practice which are likely to lead to more efficient water use, adoption of good management practice, and ultimately lowering of unnecessary soil-moisture.

The project introduced training on water testing and monitoring to keep track of how the KPRP “overland flow path” demonstration site is looking now that stock have been excluded. A monitoring programme will show which contaminants are contributing to water quality.

### Lyell Creek / Waikōau and beach clean-up

Around 60 school students, teachers, officials, and members of the public took part in the creek and beach foreshore purge, with some 675 kilograms of rubbish picked up.

Students from St Joseph’s and Kaikōura Suburban schools and Creation Care Study Programme teamed up to visit sites along the creek and beach, between the New World and South Bay, collecting rubbish and learning about the local endangered banded dotterel.

Kaikōura Youth Council members Jade, 12, and Maia, 14, were on hand to describe what the council does and how the day affected the environment.

“I’ve been on the council since the start of the year - we put on projects for the youth of Kaikōura,” Jade said.

“[Kaikōura is] special because it’s unique; we have special things like clear water and you can’t always get the mountains and the sea in the same place,” Maia said.

Zone committee chair Ted Howard has been involved with clean-up days for around 20 years “It was great to see so many young people come along to help,” he said.



Monitoring the overland flow path demonstration site after stock were excluded. Rachel Bjornson finds out how to use a clarity tube under the watchful eye of in-house trainer Fay Farrant and KPR Project Manager Jodie Hoggard. Photo: Heath Media.



Every woman and her dog contributed to the health of local waterways during Kaikōura’s Love the Lyell Creek and beach clean-up in September.



## Lyell Creek / Waikōau native tree planting

Thirty-five students from Kaikōura High School planted 150 native trees, shrubs and sedges on the confluence of Warrens Creek and Lyell Creek / Waikōau in September.

The plantings contribute to the health of the stream, forming a buffer between nearby farmland and the waterway, limiting sediment and nutrients from entering while shade from plants will eventually decrease macrophyte (plants growing out of the water) and algal growth in the waterway. They also provide food sources for native birds and overhanging vegetation will provide habitat for tuna/eels and inānga/whitebait.

Environment Canterbury Project Delivery Officer Heath Melville said the students children “were engaged and seemed to really enjoy searching the beach with their friends, while spotting some of the local birdlife”.

Kaikōura District Council’s biodiversity officer Kate Hunt said they were pleased to have such a good turnout. “It was great to see kids out there and excited to help out the environment and we hope to see similar projects flourish in the future,” she said.



Students during Kaikōura's Love the Lyell Creek and beach clean-up



## Volunteers connect with wetland restoration

Nagari is the most significant wetland in the Lyell / Waikōau catchment, so deserves community attention and council funding.

A community planting day was held first, involving 25 adults and 15 students from Kaikōura High School. The second planting day used North Canterbury Transport Infrastructure Recovery (NCTIR) as a labour force, around 40 people attending.

With some 1600 trees, shrubs and sedges (grasses) planted, this effort saved money while also engaging the public on the importance of wetlands.

Environment Canterbury Project Delivery Officer Heath Melville said planting aims to increase biodiversity values. “We want to create food sources and habitat for native bush birds while cooling wetland and stream waterbodies with shade to reduce algal blooms,” he said.

Kaikōura zone has lost over 95% of its wetlands, particularly to drainage for pasture, over the last 120 years. Nature, via the 2016 earthquake, is bringing some of these back.



NCTIR workers enjoyed a day at the wetland

## Future challenges and opportunities

The Kaikōura community still faces many challenges in its recovery, but some great things have been achieved. Just a few of these are covered in this annual report and we look forward to reflecting on many more next year.

A key opportunity for the zone committee and the community is to continue to implement and support on-the-ground actions as part of the Lyell Catchment Recovery Plan.

Effective engagement will be crucial for success. The zone committee is very keen to re-engage with young people on their approaches to and priorities for freshwater.

In an increasingly challenging environment for farmers, we will be looking to support farmers to maintain and advance improvements in land and water management through their farm environment plans and other means.

As well as regional plan changes in train, we also have some strong direction coming from central government on freshwater to which we need to respond to effectively.

The zone committee will play an important part in all of these initiatives. The future will be challenging – but the opportunities are exciting.





Zone Committee: Ted, Rob, Ari, Gina, Celeste, Steve, Nicky, Tony, John (Absent: Teri)

## Zone description

The Kaikōura Water Zone Committee was formed in 2011 and an initial milestone was the development of a Zone Implementation Programme (ZIP), which sets out what needs to be done to deliver improved water management outcomes in Kaikōura.

The ZIP has several areas of focus including the Waiau Toa/Clarence River and the Kaikōura Plains. Kaikōura's distinctive coastline is in close proximity to high mountains and gives rise to many short, steep, swift-flowing rivers and diverse landscapes, biodiversity, and land uses over short distances.

The Kaikōura Water Zone includes all of the Kaikōura District and part of the Hurunui District that includes the upper Waiau Toa/Clarence River catchment above the Acheron River confluence.

The zone is entirely within the takiwā (area) of the tangata whenua Te Rūnanga o Kaikōura who represent the hapū Ngāti Kuri, from the iwi Ngāi Tahu.

## Zone committee membership

Ted Howard, Chair  
Community member

Gina Solomon, Deputy Chair  
Community Member

John Murray,  
Community member

Tony Blunt,  
Community member

Rob Roche,  
Community member

Nicky McArthur,  
Community member

Teri Sonal,  
Community member

Ari Boyd,  
Kaikōura Rūnanga representative

Clint McConchie\*,  
Kaikōura Rūnanga representative

Celeste Harnett,  
Kaikōura District Council

Steve Lowndes,  
Environment Canterbury

\*The zone committee welcomed Clint McConchie on to the committee this year as a Rūnanga representative. Clint has extensive farm management experience having worked in a variety of farm operations across New Zealand. Having returned home to Kaikōura with his family after the earthquakes, Clint has recently taken up the role of Natural Resources Manager for Te Rūnanga o Kaikōura.

The Kaikōura Water Zone Committee is a community led committee supported by councils.

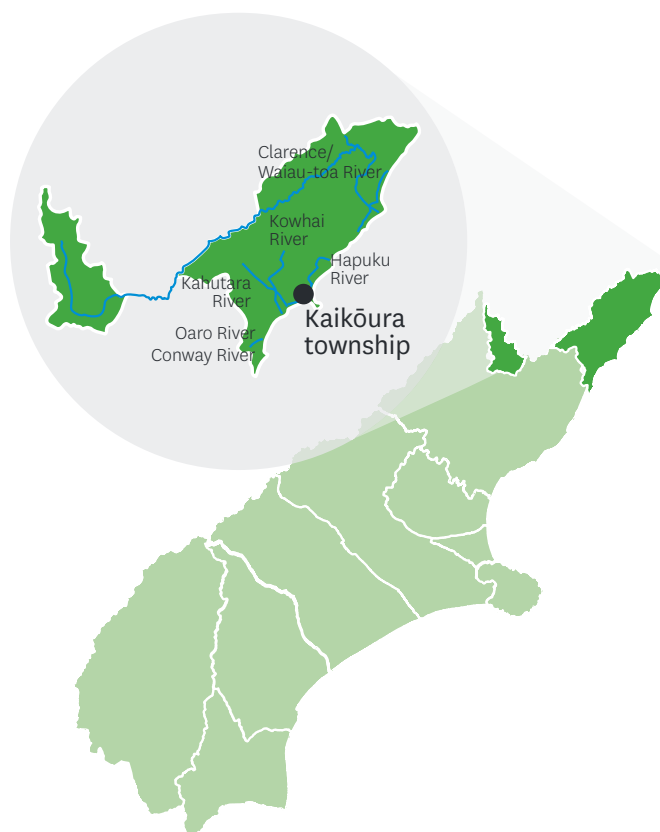
[ecan.govt.nz/water](http://ecan.govt.nz/water)

R20/04 E19/7743 **Council Meeting 2020-05-14**

## Key Zone contacts

**Kevin Heays** - Kaikōura Water Zone Committee Manager  
[Kevin.Heays@ecan.govt.nz](mailto:Kevin.Heays@ecan.govt.nz) | 027 646 2230

**Murray Griffin** - Kaikōura Water Zone Committee Facilitator  
[Murray.Griffin@ecan.govt.nz](mailto:Murray.Griffin@ecan.govt.nz) | 027 705 4798





# 2019 Annual Report



## We all want to see our waterways improved



Michael Blackwell, Waimakariri  
Water Zone Committee Chair

A reflection of the Waimakariri Zone for 2019 was encapsulated at the zone committee's last meeting of the year.

Community comment covered strongly held views from both sides, Waimakariri Irrigation Ltd presented its proposed biodiversity enhancement programme at Burgess's Stream, and Waimakariri District Council reported sources of contaminants entering the urban stormwater system.

The last three decades have seen a serious decline in stream health and habitat in the Waimakariri. Action is now underway to reverse that decline.

The Canterbury Water Management Strategy 2019 targets progress report shows that more than half of our lowland streams are rated poor to very poor, with little to no life present, due to deteriorated water quality / quantity and loss of habitat. Gone are the days when you could go down to the river for a feed. Opinion on and submissions to proposed

Plan Change 7 to the Land & Water Regional Plan (PC7) are equally polarised, but the sentiment expressed by everyone is the same – we all want to see the state of our waterways improved.

This sentiment formed the core of the zone committee's recommendations for the Waimakariri part of PC7. The intention behind the regulatory framework is to work towards this goal over time. The main point of contention is how long this should take.

During the year we welcomed to the committee John Cooke from Kaiapoi (Ngāi Tūāhuriri Rūnanga), Erin Harvie (also from Kaiapoi) and Wendy Main (Oxford).

We also farewelled Grant Edge and Gary Walton. Grant was a founding committee member and Gary's contribution over the last four years was extremely valuable due to his knowledge of farming and primary industry practice.

## Key achievements 2019

- The committee's Zone Implementation Programme Addendum (ZIPA) was completed and presented to councils. Environment Canterbury addressed many of the recommendations in proposed Plan Change 7 to the Canterbury Land & Water Regional Plan.  
Drop-in sessions were arranged to support understanding, particularly of the Ashley estuary (Te Aka Aka) and Coastal Protection Zone which emerged as a planning option to help achieve the ZIPA recommendations.
- Water management leadership in the zone continued to emerge, particularly in the form of the Next Generation Farming Trust, which broadened its focus to help meet future challenges.
- The zone committee committed more than \$108,000 of Immediate Steps biodiversity funding across 8 projects during the year.
- Significant progress was made on a number of technological projects that will help address environmental bottom lines in future.

*Planting to enhance native vegetation beside the Waimakariri River is creating a "corridor" for native birds and improving biodiversity. The Waimakariri Corridor Project started five years ago and spans the Waimakariri, Christchurch West Melton and Selwyn Te Waihora zones. It includes nine restoration projects in the Waimakariri zone alone and is already contributing to the food chain in the river system. In 2018, the Waimakariri zone committee contributed \$16,000 to two of these projects. Image shows planting at Templar's Island.*














# Delivering the community's vision for freshwater

The Canterbury Water Management Strategy (CWMS) puts finding solutions for freshwater management in the hands of the community, with support from councils, Ngāi Tahu, and others. The strategy sets out freshwater goals and targets to deliver the community's vision for freshwater.

**"To gain the greatest cultural, economic, environmental, recreational and social benefits from our water resources within a sustainable framework both now and for future generations."**

## CWMS Targets

	Ecosystem health and biodiversity		Kaitiakitanga		Recreational and amenity opportunities		Irrigated land area		Regional and national economies
	Natural character of braided rivers		Drinking water		Water use efficiency		Energy security and efficiency		Environmental limits

Each of the ten community-led water zone committees work collaboratively to develop freshwater recommendations to ensure council plans give effect to these goals and targets.

Within each target area there are several specific time-bound targets to be achieved and these are monitored and reported on to ensure progress is being made.

The target areas are shown below – read some of the stories about what is being done in the zone to deliver on these below and on the next page.

## Fernside stream restoration project under way

A collaborative stream restoration project with 15 Fernside landowners aims to improve a 1.8-kilometre waterway which flows from a springhead.

A fence has been removed and sediment cleared. Riparian planting started in spring.

The group received \$49,710 of Immediate Steps funding for native plants, plant guards and maintenance. The landowners are contributing over \$125,000 of "in-kind" resources.

Riparian planting provides shade, decreases exotic weed growth and increases habitat. Sediment traps help increase water flow and reduce run-off.

The project is being carried out in stages. Dave Ashby sees it as a pilot to understand the best way for different groups to work together to improve local streams and rivers.

"We've all got different roles to play with one setting aside a paddock to create a wetland and everyone giving up a bit of land.

"Hopefully in future we'll see a significant improvement in this waterway and the return of native species such as kēkēwai (freshwater crayfish)."



Former zone committee chair Dave Ashby and former deputy chair / new Environment Canterbury Councillor Grant Edge at Fernside

## Pines Beach wetland big focus for zone committee

Pines Beach wetland is a 36-hectare open reedland in the Tūhautara Coastal Park. The park incorporates 800 hectares of coastal ecosystems from the Waimakariri River mouth to Waikuku Beach. It supports a diverse range of biota many of which are endemic (meaning only found in New Zealand). Some of these species, such as the pygmy clubrush (*Isolepis basilaris*) and bittern/matuku hūrepo (*Botaurus poiciloptilus*), are threatened.

Like many of our remaining wetlands, Pines Beach was being over taken by woody weeds. Building on previous projects, the Te Kōhaka o Tūhaitara Trust started an extensive weed control programme primarily targeting willow and beggar's tick over three years. \$83,000 of funding was committed by the zone committee from its Immediate Steps programme towards this weed control programme. Project partners contributed a further \$41,000.

The Trust has also started planting native species that have been lost from this wetland, which along with a comprehensive animal pest programme, ensures that this wetland will continue to be a biodiversity hotspot.



Pines Beach wetland





## Drop-in session for plan change

Responding to community demand for more information on the plan change that flowed from the Waimakariri ZIPA, the zone committee organised a drop-in session for those potentially affected by proposed new rules in the Ashley Estuary (Te Aka Aka) and Coastal Protection Zone. This was in addition to the 60 community sessions held while the ZIPA was being developed.

Key changes introduced by the Waimakariri part of the plan change include:

- New water quality limits for groundwater and surface water
- Requirements for farms to further reduce nitrogen losses over time
- Increases to minimum flows for rivers and streams
- A cap on the volume of water available for allocation
- Requirements to exclude stock from a broader range of waterbodies.

A public hearing of submissions and evidence is the next step in this process. The hearing, in front of an independent hearing panel, is likely to be held during the first half of 2020.



## Freshwater mussels discovered

The discovery of a freshwater mussel bed in the Hunter's Stream area could indicate the presence of other native fish.

The mussel bed was found during a biodiversity stocktake in the Waimakariri Irrigation Limited (WIL) scheme which uncovered more than 200 potential biodiversity sites.

Dan Cameron of Dan Cameron Landscape Architecture said finding the freshwater mussels was "encouraging".

His report identified Burgess's Stream, Hunter's Stream and the Old Eyre River as key areas for potential biodiversity projects.

Dan also identified the Cust River as a future greenway due to its role as a major river corridor through the irrigation scheme.

The zone committee said it was "great" to see an irrigation company taking the lead on biodiversity.

"It is creating a connected overview of possible environmental enhancements that will have a wide-reaching impact on our local waterways".

## Future challenges and opportunities

The Waimakariri zone is at a watershed in terms of its water management. We have come a long way having delivered our ZIPA, seen it translated into a proposed plan and advancing with some effective on-the-ground actions.

Now is the time to listen to our community again and move forward with our solutions programme for the next three years. A big part of this will be implementation of the ZIPA and the final form of Plan Change 7, which should be known next year.

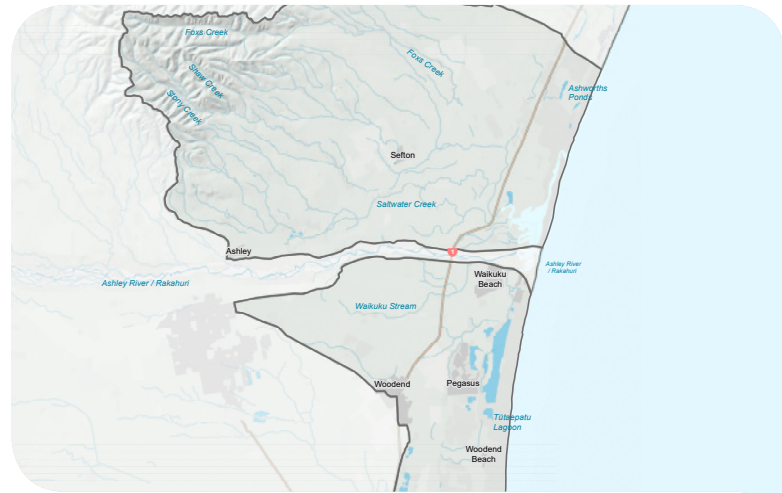
The zone committee will be focusing on working with community groups to consider catchment-specific solutions to water management.

The committee would also like to see improved monitoring of waterways to better understand emerging contaminant risks.

Of the 90 recommendations in the ZIPA most are non-regulatory. These will need support from both councils and the community if they are to be effective.

Funding is critical to making progress. The whole community and the private sector have a role to play. The zone committee can offer Immediate Steps funding, but more is needed.

Recommendation 3.25 of the ZIPA calls for targeted rating to direct funding to our waterways. The committee hopes that new councillors in both councils recognise the importance of work needed and prioritise accordingly. We also need large contributions from industry and central government.



Ashley Estuary (Te Aka Aka) and Coastal Protection Zone



Freshwater mussel bed could indicate the presence of native fish.

And of course we now have some strong policy signals coming from central government, via Action for Healthy Waterways, for more big water management changes to come - most of which the Waimakariri community is already facing.

With this proposed framework we need to look at issues through a different lens that lists priorities in a different way. Working together as a community, we should focus on section 1.1:

"The health and wellbeing of the water will be put first in decision making. Providing for human needs, such as drinking, will be second; other uses will be third."

With its refreshed membership, the zone committee will be looking to increase the momentum and establish, working in collaboration with the community, where it can make the most difference.

There are so many opportunities; priority setting and effective planning will be crucial. Community-driven catchment management plans may be a good way to advance water quality improvement via rehabilitation work such as streamside planting, wetland creation and improving fencing setbacks. The zone committee started developing ideas for sub-catchment planning and action with the Taranaki community, and will continue this in 2020.



The zone committee responsible for developing the Zone Implementation Programme: David Ashby, Claire McKay, Sandra Stewart, Judith Roper-Lindsay, Carolynne Latham, Grant Edge, Michael Blackwell, Gary Walton, Cameron Henderson.

## Zone description

The Waimakariri Zone boundaries are similar to those of the Waimakariri District Council. The zone lies north of the Waimakariri River and extends from Pegasus Bay in the east to the Puketeraki Range in the west.

Much of the land to the eastern part of the zone is naturally subject to poor drainage and occasional flooding.

The rivers, streams, lagoons and wetlands have always been important places and a food basket for Ngāi Tūāhuriri. The zone is part of the Rūnanga's takiwā.

## Zone committee membership

Michael Blackwell, Chair\*  
Community member

Cameron Henderson,  
Deputy Chair  
Community member

Carolynne Latham  
Community member

Judith Roper-Lindsay  
Community member

Erin Harvie  
Community member

Wendy Main  
Community member

David Ashby\*  
Community member

John Cooke  
Rūnanga representative  
Ngāi Tūāhuriri

Arapata Reuben  
Rūnanga representative  
Ngāi Tūāhuriri

Sandra Stewart  
Waimakariri District  
Councillor

Claire McKay  
Environment Canterbury  
Councillor

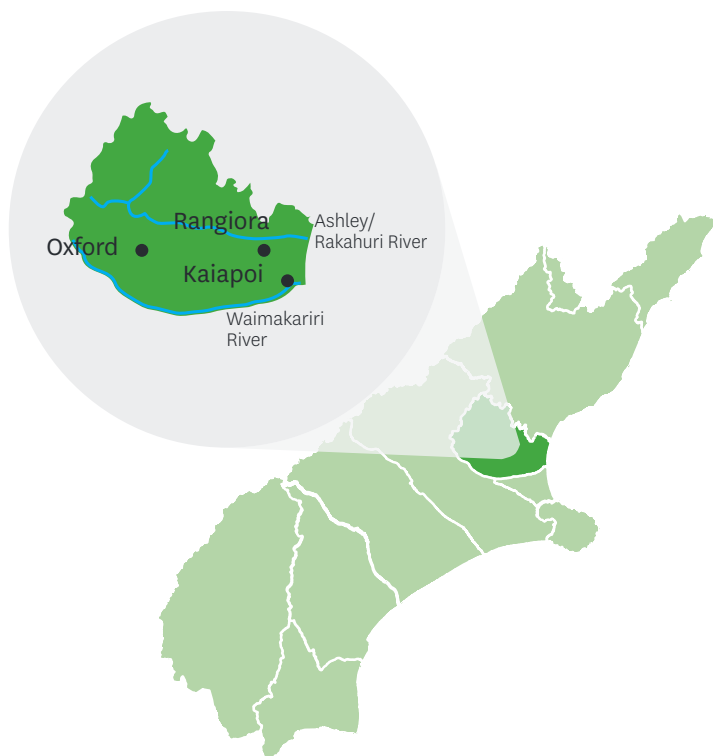
\*Michael Blackwell replaced David Ashby as Chair part way through the year

## Key Zone contacts

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**Murray Griffin** - Waimakariri Water Zone Committee Facilitator  
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**Marco Cataloni** - North Canterbury Zone Lead  
Marco.Cataloni@ecan.govt.nz | 027 241 7951



The Waimakariri Water Zone Committee is a community led committee supported by councils.

[ecan.govt.nz/water](http://ecan.govt.nz/water)

Council Meeting 2020-05-14

R20/06 E19/7749



# 2019 Annual Report

## Chair Comment



Bill Thomas,  
Ashburton Water  
Zone Committee Chair

As I look back at the minutes of this year's meetings, it certainly confirms that we have had another full and busy itinerary.

One of the most significant pieces of work has been working with the community, consent holders and Environment Canterbury to begin a review of consents that take water from the Hakatere / Ashburton River and connected water ways.

The consent review will ensure consistency across all consents and improve the water flows throughout the catchment, which will enhance habitat and water quality, as well as enabling the river mouth to stay open longer.

Good progress has also been made to develop a programme of work in relation to water quality in the Ashburton Lakes / O Tu Wharekai. It was very pleasing to see all the farmers in that catchment keen to participate and adding valuable knowledge to the programme.

The Managed Aquifer Recharge project has shown promising results and the new Hekeao Hinds Water Enhancement Trust set up to oversee the running of this significant project is a positive step.

The high court's decision in favour of Forest & Bird's request to remove the rights of zone committee members to discuss or vote on topics in which they had a pecuniary interest was unfortunate. It will change how zone committees operate and will make it challenging to have open and robust discussions.

This year also saw the retirement of original zone committee members Ben Curry and Councillor David Caygill. Their contributions have been significant and greatly appreciated by the rest of the committee. We were pleased to welcome our new community member, Gen de Spa.

In 2020 we look forward to welcoming new zone committee members, continuing our work to improve the quality and quantity of water in the Hakatere / Ashburton River, and improving biodiversity hotspots through our Immediate Steps programme.

On behalf of the zone committee I would like to thank the district and regional councils as well as all the other organisations that have presented to the committee, especially Environment Canterbury's local Zone Delivery Team.

## Key achievements 2019

- The committee recommended that Environment Canterbury progress a review of water take consents in the Hakatere / Ashburton River catchment to ensure the Canterbury Land and Water Plan minimum flows can be achieved by 2023. The consent review process is now underway.
- The Hekeao / Hinds Managed Aquifer Recharge trial completed its third year of operations and the Hekeao Hinds Water Enhancement Trust was formed to take over responsibilities from the governance group.
- The committee, through an independent third party, delivered a Management Strategy for the Hakatere / Ashburton River mouth.
- A community drinking water protection zone monitoring programme was completed.
- The committee approved \$65,000 of Immediate Steps funding for biodiversity projects in the region, including long-term projects that cover everything from weed and predator control to riparian planting.

*Environmental consultants installed an eel rope to a concrete weir in Limestone Creek, an upper tributary of the Hekeao/Hinds River, in August 2019. The weir was built by the Ashburton District Council to raise the water level for a stockwater take just upstream, but the flow over the weir was too strong for elvers (young tuna/eels) to pass. The rope is made of thickly platted mussel spat. It breaks up the water flow and creates space that the elvers can "climb" to navigate the weir upstream. The project was funded through Environment Canterbury's regional fish habitat initiative.*





# Delivering the community's vision for freshwater

The Canterbury Water Management Strategy (CWMS) puts finding solutions for freshwater management in the hands of the community, with support from councils, Ngāi Tahu, and others. The strategy sets out freshwater goals and targets to deliver the community’s vision for freshwater.











“To gain the greatest cultural, economic, environmental, recreational and social benefits from our water resources within a sustainable framework both now and for future generations.”

Each of the ten community-led water zone committees work collaboratively to develop freshwater recommendations to ensure council plans give effect to these goals and targets.

Within each target area there are several specific time-bound targets to be achieved and these are monitored and reported on to ensure progress is being made.

The target areas are shown below – read some of the stories about what is being done in the zone to achieve delivery on these on the next page.

## CWMS Targets

	Ecosystem health and biodiversity		Kaitiakitanga		Recreational and amenity opportunities		Irrigated land area		Regional and national economies
	Natural character of braided rivers		Drinking water		Water use efficiency		Energy security and efficiency		Environmental limits

## Securing the future of the Hakatere / Ashburton River

The Hakatere / Ashburton River is an important habitat for many rare birds, fish, and other species. It also provides recreational opportunities and delivers social, cultural, health and economic benefits to the region.

The Ashburton Water Zone Committee’s Zone Implementation Programme (ZIP) identifies several sustainable water management priority outcomes for the river. These include improving and protecting its natural character and mauri as well as its ecosystem health and biodiversity values, while ensuring the water supply is reliable and used efficiently.

To achieve these outcomes, the flow regime set in the Land and Water Regional Plan (LWRP) establishes minimum flows for the river’s mainstem and tributaries that must be met from 1 July 2023.

As these minimum flows do not automatically apply to existing resource consents, the zone committee agreed that a consent review was necessary to ensure the minimum flows could be achieved by 2023 in an equitable manner.

The committee recommended that Environment Canterbury progress a review of water take consents in the Hakatere / Ashburton catchment and the consent review process commenced on 18 July 2019.



Improving the quality and quantity of water in the Hakatere / Ashburton River is a priority for the Zone Committee.







## Aquifer recharge increases supply of groundwater in Hekeao / Hinds area

The Hekeao / Hinds Managed Aquifer Recharge (MAR) Project concluded its third year of operations in 2018.

During this time, the number of active recharge sites grew from one to 12, and annual recharge volume from 1.85 million m<sup>3</sup> to 6.15 million m<sup>3</sup>.

Intensive monitoring shows that MAR-influenced groundwater is being managed at low nitrate-nitrogen concentrations (1-3 parts per million) and groundwater levels remain sustainably high, even following moderate shutdown periods.

A preliminary business case was completed by the Hekeao Hinds MAR Governance Group regarding the potential long-term role for MAR in the sub-region and how future operations could be funded.

The Hekeao Hinds Water Enhancement Trust has recently been formed to take over responsibilities from the governance group. The trust has completed a business case and continues to consult with the community.



The MAR pilot site at Laghmor.



## Strategy developed to protect unique Ashburton habitat

The mouth of the Hakatere / Ashburton River is a hugely important place for the Ashburton region. It has significant cultural and historical value, provides a range of recreational opportunities, and is a vital biodiversity hotspot, especially for nesting birds.

But ongoing concerns over the compatibility between these values led to a multi-stakeholder decision to develop a management strategy for the area.

The strategy – which was produced by an independent third party – recommends the development of a wildlife sanctuary at the river mouth to recognise and protect the significant biodiversity of the area.

In response to these recommendations Environment Canterbury has developed an operational plan that will build on work undertaken over previous seasons to protect nesting bird colonies from disturbance and pests.

New work over the next two years will include the formation of a management group to oversee the implementation of priority actions; fencing, planting and track formation to manage vehicle access and routes; and new signage to help users and visitors learn about the values of the area and how they can enjoy their recreation activities without affecting the habitat.



The Hakatere / Ashburton rivermouth is an important site for indigenous biodiversity.

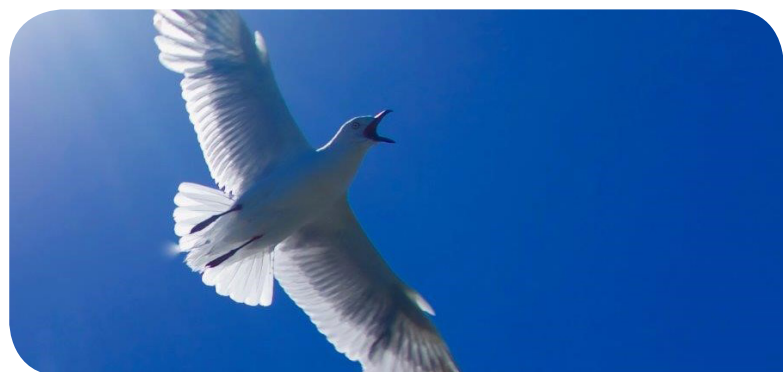


## Successful breeding season for rare gull

The summer of 2018/19 was a successful breeding season for rare tarāpuka (black-billed gulls), despite them being flooded out twice.

Just south of the SH1 bridge in central Ashburton, five separate tarāpuka colonies were observed, with 308 fledged chicks counted in February. At the Hakatere / Ashburton River mouth, 895 fledglings were counted in January from a colony of around 2,000, representing a favourable survival rate.

In late February, when the fledglings learn to fly, the tarāpuka leave their nesting sites on the stones of the riverbed, dispersing to all corners of the country to feed, before returning in August, where many have taken to congregating on the rooftops of Ashburton. Council Meeting 2020-05-14



Tarāpuka (black-billed gulls) had a successful breeding season on the Hakatere / Ashburton River.





The Ashburton Water Zone Committee in late 2019

## Future challenges and opportunities

### Ashburton Lakes

The declining trend in water quality in the Ashburton Lakes, particularly Lake Heron, is of great concern to the Zone Committee and the community. Te Rūnanga o Arowhenua, Te Taumutu Rūnanga Te Rūnanga o Ngāi Tahu, The Department of Conservation, Land Information New Zealand, Ashburton District Council, Fish & Game and Environment Canterbury are working together to investigate the issues and working with land owners to prioritise action. The Zone Committee will remain informed and involved as investigations and actions progress.

### North Ashburton

The Zone Committee recognises that North Ashburton does not have a sub-regional plan. This is due to the zone committee's principal focus on the Hakatere / Ashburton River and Hekeao / Hinds catchment. North

Ashburton has heavy industrial activity and several hotspots with historically high nitrate levels. This will likely require its own planning framework.

### Carters Creek

The committee will support a focus on improving water quality in Carters Creek, which flows through Tinwald to Lake Hood, with community groups including Hinds Lions and Kānuka Trust.

### Wakanui Stream

The Wakanui Stream hapua is a very important ecological and cultural sight. The local community, Ashburton District Council, Forest and Bird and iwi have undertaken significant restoration work but there is still a lot to be done, including investigating more reliability of water in Wakanui Stream.

## Zone description

The Ashburton Water Zone is divided by the Ashburton and Hekeao / Hinds rivers, which have their origins in the foothills.

The rivers, lakes and wetlands that once covered large areas of the zone have always been an important place and food basket for Ngāi Tahu. Three rūnanga consider the zone part of their takiwā – Arowhenua Rūnanga, Taumutu Rūnanga and Ngāi Tūāhuriri Rūnanga.

## Zone committee membership

Ian Mackenzie replaced David Caygill as the ECan representative at the end of 2019. Ben Curry left the committee in mid 2019.

William Thomas  
(Community member)  
- Chair

Chris Allen  
(Community member)  
- Deputy Chair

Ben Curry  
(Community member)

Genevieve de Spa  
(Community member)

John Waugh  
(Community member)

Angela Cushnie  
(Community Member)

Cargill Henderson  
(Community Member)

Karl Russel  
(Arowhenua Rūnanga)

Arapata Reuben  
(Tūāhuriri Rūnanga)

Les Wanhalla  
(Taumutu Rūnanga)

Stuart Wilson  
(Ashburton District  
Council representative)

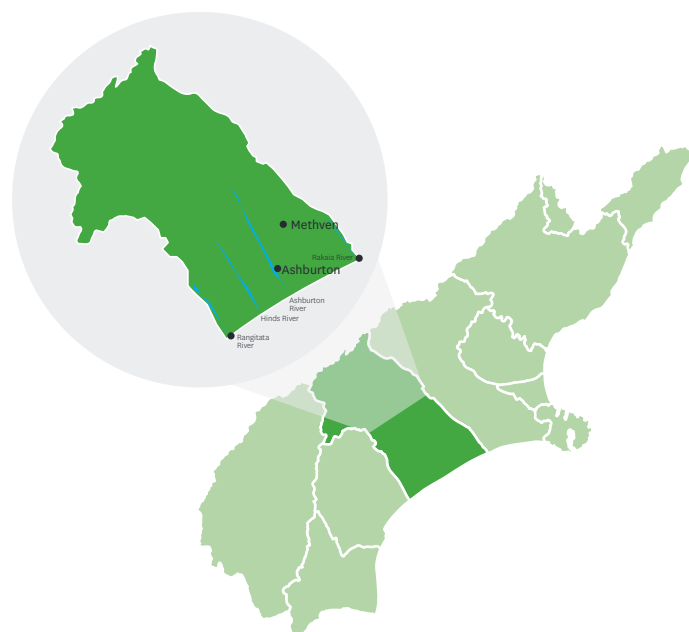
David Caygill  
(Environment  
Canterbury Councillor)

## Key Zone contacts

Janine Holland - Ashburton Water Zone Team Lead  
Janine.Holland@ecan.govt.nz | 027 205 7128

Dave Moore - Ashburton Water Zone Team Facilitator  
Dave.Moore@ecan.govt.nz | 027 604 3908

Chris Eccleston - Southern Zone Manager  
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The Ashburton Water Zone Committee is a community led committee supported by councils.

[fb.com/canterburywater](https://www.facebook.com/canterburywater)

Council Meeting 2020-05-14

R20/XX E20/7149

## 7.2. Submission on the Accessible Streets Regulatory Package

### Council report

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<b>Date of meeting</b>	14 May 2020
<b>Author</b>	Hamish Slack, Principal Strategy Advisor
<b>Responsible Director</b>	Katherine Trought, Director Strategy & Planning

### Purpose

1. This paper seeks agreement from the Council to delegate approval of the Environment Canterbury submission on Waka Kotahi NZ Transport Agency's 'Accessible Streets' regulatory package to the Chair.
2. Making a submission ensures that Environment Canterbury's perspectives are considered when Waka Kotahi is finalising the regulatory package. Delegated approval to the Chair is sought to ensure Councillors have sufficient time to comment on the submission while still allowing it to be submitted ahead of the submission closing date for this consultation on 20 May 2020.

### Recommendations

That the Council:

1. **delegates to the Chair approval of the Environment Canterbury submission on the Waka Kotahi NZ Transport Agency's 'Accessible Streets' regulatory package.**

### Background

3. Waka Kotahi NZ Transport Agency released the 'Accessible Streets' regulatory package for public consultation on 9 March 2020, with feedback invited by 20 May 2020 (note this date was extended from the original date of 22 April 2020 given the impact of COVID-19).
4. The regulatory package<sup>1</sup> will create a national framework clarifying the types of vehicles and devices that are allowed on footpaths, shared paths, cycle paths and cycle lanes, and how they can use these spaces. It includes a proposed 15km/h speed limit on the footpath and a requirement for all other footpath users to give way to pedestrians (a term which also includes wheelchairs and powered wheelchairs).

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<sup>1</sup> <https://www.nzta.govt.nz/about-us/consultations/accessible-streets>

5. The rules also clarify how road controlling authorities may regulate pedestrians, devices and spaces like the footpath; and propose changes to the priority given to a range of road users to remove barriers to walking, device use, cycling and public transport.
6. The nine broad proposals are:
  1. Change the types of devices that are used on footpaths, shared paths, cycle paths and cycle lanes.
  2. Establish a national framework for the use of footpaths.
  3. Establish a national framework for the use of shared paths and cycle paths.
  4. Enable transport devices to use cycle lanes and cycle paths.
  5. Introduce lighting and reflector requirements for transport devices at night.
  6. Remove barriers to walking, device use and cycling through rule changes.
  7. Mandate a minimum gap for motor vehicles overtaking cycles.
  8. Clarify how road controlling authorities can restrict parking on berms.
  9. Give buses priority when exiting bus stops.
7. The Environment Canterbury submission focuses on Proposals 2, 3 and 9. With respect to Proposals 2 and 3, the submission notes that the proposed speed limits in Proposals 2 and 3 are too fast and do not place enough emphasis on pedestrian safety. With respect to Proposal 9, the submission reflects the Council's full support of the proposal as an initiative that will improve the reliability and attractiveness of public transport.

## **Cost, compliance and communication**

### **Financial implications**

8. Making a submission has no financial implications for the Council.

### **Communication**

9. The submission will be published on Environment Canterbury's website once completed.

### **Next steps**

10. Staff will update the submission based on Councillor feedback and will then seek the Chair's approval to provide the submission to Waka Kotahi ahead of the submission deadline on 20 May 2020.

## **Attachments**

Nil



<b>File reference</b>	[SharePoint link for this paper]
<b>Legal review</b>	Catherine Schache, General Counsel
<b>Peer reviewers</b>	Sam Bellamy, Senior Strategy Advisor

## 7.3. Local Government Funding Agency: Amended documentation

### Council report

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<b>Date of meeting</b>	14 May 2020
<b>Author</b>	Katherine Harbrow, CFO
<b>Responsible Director</b>	Miles McConway, Director Finance and Corporate Services

### Purpose

1. The Local Government Funding Authority (LGFA) intends to amend its borrowing programme as was proposed at its November 2018 Annual General Meeting. To implement these changes, certain documentation for the borrowing programme will need to be authorised by Environment Canterbury.

### Recommendations

#### That the Council:

1. Approves ....**Councillor tbc 1 and Councillor tbc 2** .....to execute the following Local Government Funding Agency documents on behalf of Environment Canterbury:
  - 1.1. Multi-Issuer Deed;
  - 1.2. Guarantee and Indemnity; and
  - 1.3. Notes Subscription Agreement

### Background

2. The purpose of the LGFA proposed amendments are to:
  - enable approved council-controlled organisations to borrow directly through the LGFA borrowing programme (on the basis of a guarantee from and/or sufficient uncalled capital issued to the parent local authority);
  - allow a local authority to apply to LGFA to be tested at the group level rather than at the parent level for compliance with LGFA covenants;
  - as previously notified by LGFA, increase the amount of borrower notes that must be issued to a local authority when it is borrowing; and
  - make certain other minor technical improvements to the borrowing programme (including to facilitate the provision of committed standby borrowing facilities).
3. The LGFA Notice of Annual meeting 21 November 2018 is attached. Explanatory note 4 – changes to Foundation Policies explains why the documents need to be changed.

4. Amendments to the Shareholders' Agreement have also recently been approved by those local authorities that are shareholders of LGFA. Environment Canterbury is not a shareholder. It is intended that these amendments will take effect at the same time as the Deeds of Amendment.
5. This table has been provided by LGFA to confirm what documents Environment Canterbury need to sign, the instructions about where to sign and the requirement to leave the document undated.

COUNCIL	DEEDS OF AMENDMENT	DEED SIGNING INSTRUCTIONS	CHIEF EXECUTIVE CERTIFICATE	CHIEF EXECUTIVE CERTIFICATE SIGNING INSTRUCTIONS
Canterbury Regional Council	Amendment and Restatement Deed (Notes Subscription Agreement)	Two elected members to sign on page four and deed to be left undated	Guarantee certificate	Chief Executive to: <ul style="list-style-type: none"> <li>- add their name to the first line of page one of the certificate;</li> <li>- add the name of the Council to the second line of page one of the certificate;</li> <li>- sign the certificate; and</li> <li>- leave the certificate undated.</li> </ul>
	Amendment and Restatement Deed (Multi-issuer Deed)	Two elected members to sign on page five and deed to be left undated		
	Amendment and Restatement Deed (Guarantee and Indemnity)	Two elected members to sign on page four and deed to be left undated		

## Cost, compliance and communication

### Financial implications

6. There is no financial impact from the signing of these documents.
7. There would however be a financial impact if Environment Canterbury were not able to access low-cost borrowing from LGFA.

### Risk assessment and legal compliance

8. If the nominated Councillors cannot physically sign the documents before 16 May 2020 due to COVID-19 restrictions, then the following electronic execution can be undertaken:

#### Signing by elected members

In relation to signing by the two elected members, both signatures (which in this case will be electronic signatures) need to be on the same page. Therefore, the first elected member will need to attach their electronic signature and then forward that to the second elected member to attach their signature.

The Councillors that are nominated to authorise these documents therefore must be able to apply an electronic signature if COVID-19 restrictions are still in place today.

## Significance and engagement

9. The LGFA conducted engagement with all Councils in relation to these changes, as part of the LGFA November 2018 AGM. Environment Canterbury has not conducted its own engagement as the changes proposed are of a technical, background nature with no direct effect on the community.

## Consistency with council policy

10. There is no inconsistency with any Council Policy.

## Communication

11. This report is included in the Council public agenda. No further communication is required.

## Next steps

12. The CE has already signed the Guarantee certificate, as requested
13. Two elected members will sign the three documents, and these will be forwarded to Simpson Grierson (lawyers for LGFA Shareholders) and Russell McVeagh (lawyers for LGFA).

## Attachments

1. LGFA Notice of AGM 2018 [7.3.1 - 7 pages]
2. 02 Amendment & Restatement Deed ( Notes Subscription Agreement) [7.3.2 - 39 pages]
3. 03 Amendment & Restatement Deed ( Multi-issuer Deed) [7.3.3 - 114 pages]
4. 04 Amendment & Restatement Deed ( Guarantee and Indemnity) [7.3.4 - 50 pages]

<b>File reference</b>	[SharePoint link for this paper]
<b>Legal review</b>	Catherine Schache, General Counsel
<b>Peer reviewers</b>	John McClelland, Finance Operations Manager

**NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED  
NOTICE OF ANNUAL MEETING**

Notice is given that the 2018 annual meeting of shareholders of New Zealand Local Government Funding Agency Limited ("**Company**" or "**LGFA**") will be held at the **Bolton Hotel, 12 Bolton Street, Wellington** on **21 November 2018** commencing at **2:00pm**.

**BUSINESS**

1. **FINANCIAL STATEMENTS AND REPORTS:** To receive and consider the financial statements of the Company for the year ended 30 June 2018 together with the directors' and auditor's reports to shareholders.

2. **ELECTION OF DIRECTORS**

In accordance with clause 3.3 of the SHA, **John Avery** retires by rotation and, being eligible, offers himself for re-election as an Independent Director.

In accordance with clause 3.3 of the SHA, **Michael Timmer** retires by rotation and, being eligible, offers himself for re-election as a non-Independent Director.

Accordingly, to:

- (a) Re-elect **John Avery** as an Independent Director of the Company, by way of Ordinary Resolution;
- (b) Re-elect **Michael Timmer** as a non-Independent Director of the Company, by way of Ordinary Resolution.

(See Explanatory Note 2)

3. **ELECTION OF NOMINATING LOCAL AUTHORITIES**

In accordance with clause 4.6 of the SHA, **Hamilton City Council** and **Tauranga City Council** retire by rotation. **Hamilton City Council** and **Tauranga City Council** being eligible, offer themselves for re-election.

Accordingly, to:

Re-elect **Hamilton City Council**

as a Nominating Local Authority, by way of Ordinary Resolution.

Accordingly, to:

Re-elect **Tauranga City Council**

as a Nominating Local Authority, by way of Ordinary Resolution.

(See Explanatory Note 3)

4. **CHANGES TO FOUNDATION POLICIES**

In accordance with clause 5.1(c) of the SHA, to approve, by way of Ordinary Resolution, the amendments to the foundation policies of the Company ("**Foundation Policies**") as explained in Explanatory Note 4.

5. **GENERAL BUSINESS**

To consider such other business as may properly be raised at the meeting.

Please refer to the explanatory notes that accompany this notice of meeting.

By order of the board:



**Craig Stobo, Chairman**  
24 September 2018

**ORDINARY RESOLUTIONS:** *Ordinary resolutions are resolutions approved by a simple majority of more than 50% of the votes of the shareholders entitled to vote and voting at the annual meeting.*

**SHAREHOLDERS ENTITLED TO ATTEND AND VOTE:** *Pursuant to section 125 of the Companies Act 1993, for the purposes of voting at the annual meeting, those registered shareholders of the Company as at 9.00am on Wednesday 21 November 2018 shall be entitled to exercise the right to vote at the meeting.*

**CAPITALISED TERMS:** *Unless otherwise defined in this notice, capitalised terms have the meanings given to them in the SHA.*

## EXPLANATORY NOTES

### EXPLANATORY NOTE 1 - PROXY VOTE

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of the shareholder. The proxy need not be a shareholder. To be effective, a copy of the proxy form must be received by the Company at **Level 8, City Chambers, 142 Featherston Street, Wellington 6145** not later than 48 hours before the start of the meeting.

A corporation may appoint a person to attend the meeting as its representative in the same manner as that in which it could appoint a proxy.

### EXPLANATORY NOTE 2 - ELECTION OF DIRECTORS

The SHA provides that, beginning at, and including, the annual meeting for 2013, two Directors comprising one Director who is an Independent Director and one Director who is not an Independent Director shall retire from office at the annual meeting of the Company in each year. The Directors to retire shall be that Independent Director, and that director who is not an Independent Director, who have been longest in office since their last election. If two or more relevant Directors were last elected on the same day, the Directors to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director is eligible for re-election.

In this case, **John Avery** (being an Independent Director) who has been longest in office since being re-elected on 24 November 2015 (Linda Robertson having been elected on 24 November 2015, Philip Cory-Wright having been re-elected on 24 November 2016, Craig Stobo having been re-elected on 21 November 2017 and Anthony Quirk having been elected on 21 November 2017) and **Michael Timmer** (being the only Director who is not an Independent Director) shall retire by rotation at this annual meeting. **John Avery** and **Michael Timmer**, being eligible, offer themselves for re-election.

**The following biographies have been provided by the candidates;**

#### **John Avery Biography**

John is a professional director with extensive experience across a range of business and industry sectors. He is a very experienced director, chair and committee chair. He has particular experience with both Council Controlled Organisations and Co-Operative style companies. Currently along with LGFA he is a director of Strategic Pay Ltd and Fund Managers Auckland Ltd

Former directorships include; The Warehouse Group Ltd, Independent Timber Merchants Ltd (ITM), NSM Contracting Ltd (a North Shore City Council CCO), Regional Facilities Auckland, Aotea Centre Board (an Auckland City Council CCO), Office Products Depo Ltd, Americas Cup Village Ltd (an Auckland City Council CCO), The New Zealand Guardian Trust Company Ltd, The Lawlink Group Ltd and The Royal New Zealand Ballet. He is also involved with several charities including The New Zealand School of Dance. Prior to becoming a fulltime director nine years ago, John was a commercial lawyer and former Managing Partner and Chair of an Auckland based law firm.

He is a Chartered Fellow of the Institute of Directors in New Zealand, a Barrister and Solicitor of the High Court and remains an associate member of the New Zealand Law Society.

#### **Michael Timmer Biography**

Mike has over 10 years' experience in senior finance roles in Local Government having joined Wellington Regional Council as Treasurer in January 2007.

He holds a Bachelor of Agricultural Science and a Bachelor of Business Studies degree both from Massey University and is a certified Chartered Accountant and an INFNZ (cert) professional.

As Treasurer, his responsibilities include Treasury activities involving commercial paper issuance, bond placement, standby facilities, interest rate risk management, balance sheet structure, security documentation, funding and optimising subsidiary company borrowings. Other responsibilities include risk management, insurance, business assurance (internal audit), and managing Council's WRC Holdings board.

He has also been acting Chief Financial Officer for the council for around two years in total. Previous roles have involved Treasury and Accounting activities and working in the dealing room at Citibank for 5 years.

He has been active with local and sector CFO groups, has served on the initial Local Government Risk Agency establishment group and the LGFA establishment committee. Mike has been involved with the establishment of the LGFA initiating the idea and was one of the tight nine representatives setting up the LGFA documentation. He has been on the Shareholders' Council since its inception where he was vice chairman prior to taking up the LGFA directorship role.

Mike is a member of the Institute of Directors. He is Chairman of the Finance Committee of Physiotherapy New Zealand Incorporated and has been a director of the LGFA since 2015.

### EXPLANATORY NOTE 3 - ELECTION OF NOMINATING LOCAL AUTHORITIES

The SHA provides that a Principal Shareholder may be appointed or removed as a nominator to the Shareholders' Council ("**Nominating Local Authority**") at any time by an Ordinary Resolution, provided that no more than nine Nominating Local Authorities may be so appointed. Each Nominating Local Authority, and the New Zealand Government (for so long as it is a shareholder), may appoint one member of the Shareholders' Council, and remove and replace any member so appointed, in accordance with clause 4.4 of the SHA.

The SHA provides that, beginning at, and including, the annual meeting for 2013, the shareholders shall ensure that two Nominating Local Authorities retire from office at the annual meeting of the Company in each year. The Nominating Local Authorities to retire shall be those who have been longest in office since their last election, and if two or more of those Nominating Local Authorities were last elected on the same day, the Nominating Local Authority to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Nominating Local Authority is eligible for re-election.

In this case, Hamilton City Council, which was deemed to have been last elected as a Nominating Local Authority on 7 December 2011, and Tauranga City Council, having been re-elected as a Nominating Local Authority on 19 November 2013, are the Nominating Local Authorities who have been longest in office since their last election (Western Bay of Plenty District Council having been re-elected as a Nominating Local Authority on 25 November 2014, Tasman District Council having been re-elected as a Nominating Local Authority on 24 November 2015, Auckland Council having been elected as a Nominating Local Authority on 24 November 2015, Wellington City Council having been re-elected as a Nominating Local Authority on 24 November 2016, Christchurch City Council having been elected as a Nominating Local Authority on 24 November 2016 Whangarei District Council having been re-elected as a Nominating Local Authority on 21 November 2017 and Bay of Plenty Regional Council having been re-elected as a Nominating Local Authority on 21 November 2017). Accordingly, being the longest in office since their last election, **Hamilton City Council** and **Tauranga City Council** shall retire by rotation at this annual meeting.

The Shareholders Council is comprised of between five and ten members. The New Zealand Government can appoint a member and the remaining members are nominated by up to nine Nominating Local Authorities. Following the retirement of **Hamilton City Council** and **Tauranga City Council** there are currently two positions available.

**Hamilton City Council** offer themselves for re-election as a Nominating Local Authority.

**Tauranga City Council** offer themselves for re-election as a Nominating Local Authority.



## EXPLANATORY NOTE 4 – CHANGES TO FOUNDATION POLICIES

This resolution seeks shareholders' approval for amendments to the Foundation Policies of the Company.

The current Foundation Policies of the Company are set out in schedule 1 to the SHA. Clause 5.1(c) of the SHA provides that neither the Board nor any shareholder shall take or permit any action to cause any alteration to any of the Company's Foundation Policies unless it is approved by Ordinary Resolution of the Company's shareholders (or, if required by law, a Special Resolution).

There are two proposed changes to the Foundation Policies requiring shareholder approval by Ordinary Resolution.

### 1. Measurement of council compliance with LGFA covenants at the group level:

Currently LGFA tests each council borrower's compliance with either the Foundation Policy or Lending Policy covenants at the parent council level i.e. it excludes any debt, revenue or interest payments made by a subsidiary entity from the calculations. This might not reflect the most accurate representation of a council's financial position if the council delivers some of its services or activities or holds assets through a subsidiary entity.

It is proposed that a council can apply to the LGFA Board to be tested at the group level rather than at the parent level for compliance with LGFA covenants. It is important to note that:

- The Foundation Policy Covenants (if the council had an external credit rating) or Lending Policy Covenants (if no external credit rating) would still apply to the council regardless of being measured on a parent or group basis.
- The Senior Manager Credit and External Relationships would provide analysis and recommendation to the LGFA Board for consideration as to whether they should approve the request.
- To provide certainty to the council, the testing at the group level would apply for the life of the existing loans from LGFA.
- We expect that this will apply to only a small group of councils and our current expectation is that only Auckland Council would wish to have their covenants calculated at group level.

### 2. Lending to Council Controlled Organisations ("CCOs"):

Currently LGFA only lends to the parent council and not to any other related entities. This is not ideal as;

- Several councils borrow and on-lend to CCOs e.g. Christchurch City Council, New Plymouth District Council, Rotorua District Council, Marlborough District Council and Auckland Council have previously borrowed and on-lent to Christchurch City Holdings Limited, New Plymouth Airport, Rotorua Regional Airport, Marlborough District Council Holdings and Watercare respectively. The proposed changes will provide the councils with greater flexibility in structuring their borrowing and on-lending activities.
- LGFA cannot currently lend to multiple owned CCOs. While there are currently very few of these entities which have borrowings, they may become established in the future e.g. jointly owned water companies.
- Dunedin City Council ("DCC") borrows via a CCTO subsidiary company, Dunedin City Treasury Limited. This is one reason why DCC has not become a member of LGFA.

To ensure that LGFA does not bear any additional risk than that incurred with lending to a parent council, it is proposed that LGFA could lend to a CCO provided;

- The parent council (or group of shareholding councils) of the CCO must each be a guarantor of the loan in favour of LGFA.
- LGFA will only lend to a CCO if:
  - there is uncalled capital from the parent council that is at least equal to the financial obligations of the CCO; or
  - there is a guarantee from the parent council in respect of the CCO.
- LGFA will undertake credit analysis on the CCO as well as the parent council.
- The CCO would be subject to LGFA Board approval before borrowing.
- The LGFA Board would apply bespoke financial covenants to the CCO taken into consideration factors such as the ownership structure, cashflow and balance sheet quality and what activity or services the CCO is delivering on behalf of the parent council shareholder(s).

#### Why is LGFA proposing these changes to the Foundation Policies?

We are proposing these changes because of feedback from member and non-member councils. LGFA has built a successful track record of continuous improvement and evolving to meet council needs e.g. short dated lending and bespoke lending.

Auckland Council delivers a large amount of services through Watercare and Auckland Transport and is analysed on a group basis by the credit rating agencies.

There are some council members who currently borrow and on-lend to their CCO subsidiaries, so this proposal will give them the option to streamline the borrowing process and provide more flexibility in how they structure their borrowing.

#### Is there more risk for LGFA guarantors?

No as regardless of being measured on a group or parent basis the council must remain compliant with the LGFA covenants and we have recourse over rates revenue as security.

No as a CCO who borrows from LGFA will have the benefit of a parent council guarantee or uncalled capital. LGFA would negotiate lending documentation with each CCO and LGFA would undertake credit analysis of the CCO as well as the parent council or councils.

#### Why would the LGFA Board grant bespoke covenants to CCOs?

While councils are very similar to each other, there can be significant differences between CCOs. In addition, CCOs also do not have rates revenue. Therefore, the LGFA Board, following advice from LGFA management and external legal advisors, would need to negotiate bespoke covenants with the CCO. While covenants may vary between CCOs, the underlying recourse remains the uncalled capital or parent guarantee.

#### Will the credit rating agencies and investors be concerned?

We don't think these key groups will be concerned with measurement on a group basis rather than a parent basis if requested. As outlined previously, all councils must remain compliant with LGFA covenants and the underlying security remains unchanged.

We don't think they will be concerned with lending to CCOs as the guarantee retains the strength of the LGFA structure e.g. Christchurch City Council has the same credit rating as Christchurch City Holdings Limited ("CCHL") because of the uncalled capital that exists within CCHL. Lending to CCOs will also diversify the LGFA lending book and could bring in new council members to LGFA.

#### Will this facilitate the establishment of separate water entities?

No and in fact we think this would strengthen the case for keeping any possible new water entities in local government ownership as it allows lending to multiple owned CCOs. Any new water entity would also benefit from borrowing at a lower cost of funds than in their own name. The bespoke covenants for a water entity could possibly be set be higher than the current LGFA financial covenants so the multiple owned water entities could borrow more and therefore reduce pressure on parent council balance sheets.

Could a Council Controlled Trading Organisation ("CCTO") borrow from LGFA?

Currently under section 62 of the Local Government Act 2002 a council cannot give any guarantee, indemnity or security in respect of the performance of any obligation by a CCTO. For a CCTO to borrow under this proposed structure, uncalled capital could be used, or the parent council could continue to borrow from LGFA and on-lend to the CCTO.

Will the proposed changes make it easier for councils to borrow more or to avoid a covenant breach?

No as the LGFA Board approves the testing of a council at the group or parent level. The LGFA Board will consider whether a move to testing at the group level will weaken the credit profile of the council before deciding on the change. Regardless of the basis for measurement, the LGFA Board expects all council borrowers to maintain sufficient headroom under the LGFA covenants.

# Amendment and Restatement Deed (Notes Subscription Agreement)

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## **PARTIES**

New Zealand Local Government Funding Agency Limited

### **Issuer**

The Local Authorities listed in Schedule 1

### **Subscribers**

DEED dated

2020

## PARTIES

New Zealand Local Government Funding Agency Limited  
("Issuer")

The Local Authorities listed in Schedule 1  
("Subscribers" and each a "Subscriber")

## INTRODUCTION

The parties wish to amend and restate the Notes Subscription Agreement as set out in this deed.

## COVENANTS

### 1. INTERPRETATION

#### 1.1 Definitions: In this deed:

"Notes Subscription Agreement" means the notes subscription agreement dated 7 December 2011 (as amended and restated on 4 June 2015) between the Issuer and the Subscribers.

"Effective Date" means the date notified by the Issuer as the Effective Date in accordance with clause 2.1.

#### 1.2 Notes Subscription Agreement definitions: Words and expressions defined in the Notes Subscription Agreement (as amended by this deed) have, except to the extent the context requires otherwise, the same meaning in this deed.

#### 1.3 Miscellaneous:

- (a) Headings are inserted for convenience only and do not affect interpretation of this deed.
- (b) References to a person include that person's successors, permitted assigns, executors and administrators (as applicable).
- (c) Unless the context otherwise requires, the singular includes the plural and vice versa and words denoting individuals include other persons and vice versa.
- (d) A reference to any legislation includes any statutory regulations, rules, orders or instruments made or issued pursuant to that legislation and any amendment to, re-enactment of, or replacement of, that legislation.
- (e) A reference to any document includes reference to that document as amended, modified, novated, supplemented, varied or replaced from time to time.

- (f) Unless otherwise stated, reference to a clause or schedule is a reference to a clause of or schedule to this deed.
- (g) A reference to "including", "for example" or "such as", when introducing an example, does not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

## 2. CONDITIONS PRECEDENT

- 2.1 **Effective Date:** The Effective Date shall be the date the Issuer confirms to the Subscribers that it has received, and found satisfactory to it in form and substance, the documents and evidence specified in schedule 2.

## 3. AMENDMENT AND RESTATEMENT

- 3.1 **Amendment and restatement:** With effect on and from the Effective Date, the Notes Subscription Agreement shall be amended and restated in the form set out in the appendix to this deed in accordance with clause 14.1 of the Notes Subscription Agreement.
- 3.2 **Full force and effect:** Except to the extent amended by this deed, the Notes Subscription Agreement remains in full force and effect.

## 4. SUBSCRIBERS ACKNOWLEDGEMENTS AND CONFIRMATIONS

- 4.1 **Notice details:** Each Subscriber confirms that its current notice details for the purposes of clause 13 of the Notes Subscription Agreement are as set out in schedule 1.
- 4.2 **Existing Borrower Notes:** Each Subscriber and the Issuer agrees that the Notes Subscription Agreement (as amended by this deed) applies to all existing Borrower Notes issued by the Issuer to that Subscriber.

## 5. GENERAL

- 5.1 **Counterparts:** This deed may be executed in any number of counterparts, and this shall have the same effect as if the signatures on the counterparts were on a single copy of this deed.
- 5.2 **Governing law:** This deed is governed by, and construed in accordance with, New Zealand law. The parties submit to the non-exclusive jurisdiction of the courts of New Zealand.

**EXECUTED AS A DEED**

**The Subscribers**

**ASHBURTON DISTRICT COUNCIL** by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Name of elected member

**AUCKLAND COUNCIL** by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Name of elected member

**BAY OF PLENTY REGIONAL COUNCIL**  
by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Name of elected member

**BULLER DISTRICT COUNCIL** by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Name of elected member

**CANTERBURY REGIONAL COUNCIL** by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Name of elected member

**CARTERTON DISTRICT COUNCIL** by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Name of elected member

**CENTRAL HAWKE'S BAY DISTRICT COUNCIL** by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Name of elected member

**CHRISTCHURCH CITY COUNCIL** by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Name of elected member



## SCHEDULE 1

### Subscribers

Local Authority name:	Debenture Trust Deed, Agency Agreement and Registrar details:	Details for notices:
Ashburton District Council	<p>Debenture Trust Deed between Ashburton District Council and Trustees Executors Limited dated 23 April 2010.</p> <p>Registrar and Paying Agency Agreement between Ashburton District Council and Computershare Investor Services Limited dated 1 April 2004, as amended from time to time and most recently on 13 April 2013.</p> <p>Registrar: Computershare Investor Services Limited</p>	<p>Delivery Address: Ashburton District Council 5 Baring Square West Ashburton</p> <p>Postal Address: Ashburton District Council PO Box 94 Ashburton 7740</p> <p>Email: Rachel.Sparks@adc.govt.nz Attention: Finance Manager</p>
Auckland Council	<p>Debenture Trust Deed between Auckland Council and Trustees Executors Limited dated 2 December 2010, as amended from time to time and most recently on 25 May 2016.</p> <p>Registrar and Paying Agency Agreement between Auckland Council and Computershare Investor Services Limited dated 5 November 2010, as amended from time to time and most recently on 12 December 2017.</p> <p>Registrar: Computershare Investor Services Limited.</p>	<p>Delivery Address: 135 Albert Street Auckland 1010</p> <p>Postal Address: Private Bag 92300 Victoria Street West Auckland 1142</p> <p>Email: john.bishop@aucklandcouncil.govt.nz Attention: John Bishop, Group Treasurer</p>
Bay Of Plenty Regional Council	<p>Debenture Trust Deed between Bay of Plenty Regional Council and Trustees Executors Limited dated on or about 30 November 2011.</p>	<p>Delivery Address: 5 Quay Street Whakatāne</p>

	<p>Registrar and Paying Agency Agreement between Bay of Plenty Regional Council and Computershare Investor Services Limited dated 1 April 2004, as amended from time to time and most recently on 30 November 2011.</p> <p>Registrar: Computershare Investor Services Limited</p>	<p>Postal Address: P O Box 364 Whakatāne 3158</p> <p>Email: mat.taylor@boprc.govt.nz</p> <p>Attention: Mat Taylor</p>
Buller District Council	<p>Debenture Trust Deed between Buller District Council and Corporate Trust Limited (and now between the Council and Covenant Trustee Services Limited) dated 20 October 2015.</p> <p>Registry Customer Agreement between Buller District Council and Link Market Services Limited dated 20 October 2015.</p> <p>Registrar: Link Market Services Limited</p>	<p>Delivery Address: Buller District Council 6-8 Brougham Street Westport</p> <p>Attention: Wendy Thompson, Financial Accountant</p>
Canterbury Regional Council	<p>Debenture Trust Deed between Canterbury Regional Council and Trustees Executors Limited dated 21 September 2015.</p> <p>Registry Customer Agreement between Canterbury Regional Council and Link Market Services Limited dated 21 September 2015.</p> <p>Registrar: Link Market Services Limited</p>	<p>Delivery Address: 200 Tuam Street Christchurch 8140</p> <p>Attention: Chief Financial Officer</p> <p>Postal Address: PO Box 345 Christchurch</p>
Carterton District Council	<p>Debenture Trust Deed between Carterton District Council and</p>	<p>Delivery Address: Carterton District Council</p>

## SCHEDULE 2

### Conditions Precedent

1. A duly executed copy of each of the following documents:
  - (a) this deed;
  - (b) an amendment and restatement deed dated on or about the date of this deed in relation to a guarantee and indemnity deed dated 7 December 2011;
  - (c) an amendment and restatement deed dated on or about the date of this deed in relation to a multi-issuer deed dated 7 December 2011 (as amended and restated on 5 June 2015); and
  - (d) an amendment and restatement deed dated on or about the date of this deed in relation to a shareholders' agreement dated 7 December 2011 (as amended from time to time).
2. A certificate of compliance for the purposes of s118 of the Local Government Act 2002 (in a form acceptable to the Issuer) given by the Chief Executive of each Subscriber in relation to the entry into this deed and each other deed referred to in items 1(b) and (c) above.
3. A legal opinion from Russell McVeagh, solicitors to the Issuer, in relation to the enforceability of this deed and each other deed referred to in items 1(b) and (c) above.
4. A legal opinion from Simpson Grierson, solicitors to the Subscribers, in relation to each Subscriber's entry into this deed and each other deed referred to in items 1(b) and (c) above.

## **APPENDIX**

### **Amended and Restated Notes Subscription Agreement**

# Notes Subscription Agreement

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## **PARTIES**

New Zealand Local Government Funding Agency Limited

### **Issuer**

The Local Authorities Listed in Schedule 1

### **Principal Shareholders**

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**AGREEMENT** dated 7 December 2011 (as amended and restated by the deed to which this agreement is attached as an appendix)

## PARTIES

New Zealand Local Government Funding Agency Limited  
("Issuer")

The Local Authorities Listed in Schedule 1  
("Principal Shareholders")

## INTRODUCTION

- A. The Issuer and the Principal Shareholders wish to record the arrangements agreed between them in relation to the issue of Borrower Notes by the Issuer from time to time to the Principal Shareholders, and other Local Authorities or CCOs that may accede to this agreement, as Subscribers.
- B. This agreement records those arrangements.

## AGREEMENT

### 1. INTERPRETATION

- 1.1 **Definitions:** In this agreement, unless the context otherwise requires:

"**Accession Deed**" means a deed in the form, or substantially in the form, of schedule 2.

"**Amortising Security**" has the meaning given to it in the Conditions.

"**Amortised Redemption Amount**" means, in relation to an Amortising Security, as at any date, the aggregate LG Redemption Amount that the relevant Subscriber (in its capacity as issuer of that LG Security) has repaid to the Issuer in respect of that LG Security in accordance with its terms.

"**Borrowed Money Indebtedness**" means any indebtedness of the Issuer to a person (other than indebtedness owed to a Subscriber in respect of Borrower Notes) in respect of money borrowed or raised or any other financial accommodation whatsoever in the nature of, or having a similar economic effect to, borrowing or raising money, including indebtedness under or in respect of a negotiable or other financial instrument, guarantee, interest or currency exchange hedge or other arrangement of any kind (calculated on a net and marked to market basis).

"**Borrower Note**" means each note issued by the Issuer under this agreement.

"**BN Percentage**" means, in respect of a date:

- (a) from 7 December 2011 until (and excluding) the Initial BN Change Date, 1.6%; and

- (b) from (and including) the Initial BN Change Date, 2.5% or such other percentage approved by the board of the Issuer and notified (in writing) by the Issuer to all Subscribers from time to time as being applicable from (and including) the date specified in such notification.

**"BN Percentage Period"** means, in relation to a BN Percentage, the period during which that BN Percentage applies (in respect of the then current BN Percentage) or was applicable (in respect of any historic BN Percentage).

**"Business Day"** means a day (other than a Saturday, Sunday or public holiday) on which registered banks are generally open for business in Christchurch, Wellington and Auckland.

**"CCO Subscriber"** means a Subscriber that is a CCO.

**"Commercial Paper"** means in relation to a Subscriber, any securities issued by the Subscriber under the Multi-issuer Deed which have a maturity date falling no more than 364 days after the issue date of those securities.

**"Companies Act"** means the Companies Act 1993.

**"Constitution"** means the Issuer's constitution.

**"Conversion"** means the conversion of Borrower Notes into Redeemable Shares in accordance with this agreement and **"Convert"**, **"Convertible"** and **"Converted"** shall be construed accordingly.

**"Conversion Date"** means the date specified as such in a Conversion Notice, which may be a day on or following the date of the Conversion Notice.

**"Conversion Notice"** has the meaning given to it in clause 8.1.

**"Early Redemption Date"** has the meaning given to it in clause 7.1(c).

**"Extension Notice"** has the meaning given to it in clause 8.6.

**"FMC Act"** means the Financial Markets Conduct Act 2013.

**"Initial BN Change Date"** means, and includes, the date of the deed to which this agreement is attached as an appendix.

**"Issue Date"** means, in relation a Borrower Note, the date on which the Borrower Note is issued, as recorded as such in the Register. The Issue Date of a Borrower Note shall be the same as the "Issue Date" of the related LG Securities issued by the Subscriber under the Multi-issuer Deed.

**"Issue Price"** means:

- (a) in relation to Borrower Notes issued to a Subscriber on a particular date under clause 4.1, an amount equal to the aggregate Principal Amount of those Borrower Notes determined in accordance with clause 4.1(a); and
- (b) in relation to Borrower Notes issued to a Subscriber following the giving of a Top-up Notice, an amount equal to the aggregate Principal Amount of the Borrower Notes to be issued to the Subscriber as specified in the Top-up Notice.



**"Interest Rate"** means the interest rate applicable to a Borrower Note from time to time as determined by the Issuer, which interest rate shall be a percentage rate (p.a.) and shall be determined by the Issuer by reference to the applicable interest rate which is (or would be) payable by the Issuer in respect of the Borrowed Money Indebtedness it incurs to subscribe for the LG Securities to which the Borrower Note relates, and includes the Issuer's "issuance margin", being all of the Issuer's costs and expenses relating to that Borrowed Money Indebtedness (including, without limitation, dealer fees, commissions, listing fees and any Approved Issuer Levy which is or may be payable by the Issuer under the terms of that Borrowed Money Indebtedness). The interest rate determined by the Issuer must not include any additional spread to its issuance margin which it applies in determining the interest rate for the applicable LG Security.

**"LG Interest Rate"** means:

- (a) in relation to an LG Security which is a Floating Rate Security or Fixed Rate Security, the "Interest Rate" for that LG Security; and
- (b) in relation to an LG Security which is a Zero Coupon Security, the "annual yield" for the LG Security.

**"LG Issue Price"** means, in relation to a Tranche of LG Securities, the "Issue Price" as specified in the applicable Final Terms, expressed as a dollar amount.

**"LG Redemption Amount"** means, in relation to a LG Security, the "Principal Amount" as specified in the applicable Final Terms.

**"LG Securities"** means, in relation to a Subscriber, the securities issued by the Subscriber under the Multi-issuer Deed, but excluding any Commercial Paper.

**"Local Authority"** means a local authority as defined in the Local Government Act 2002.

**"Maturity Date"** means, in relation to any Borrower Notes issued to a Subscriber, the date specified as such in the Register. Subject to clause 8.6, the Maturity Date of a Borrower Note shall be the same as the "Maturity Date" of the related LG Securities issued by the Subscriber under the Multi-issuer Deed.

**"Multi-issuer Deed"** means the deed dated on or about the date of this agreement between New Zealand Local Government Funding Agency Limited and various Local Authorities entitled "Multi-issuer Deed".

**"Principal Amount"** means, for each Borrower Note, \$1.00.

**"Redeemable Share"** has the meaning given to it in the Constitution.

**"Redemption Amount"** means, in relation to a Borrower Note, an amount equal to:

- (a) the Principal Amount or, in the case of a Borrower Note that is issued in relation to a LG Security that is an Amortising Security, the amount of the Principal Amount that remains outstanding as at the Maturity Date, Early Redemption Date, Sale Redemption Date or Conversion Date (as applicable); and

- (b) the aggregate of interest accrued and unpaid on the Borrower Note from (and including) the Issue Date to (but excluding) the Maturity Date, Early Redemption Date, Sale Redemption Date or Conversion Date (as applicable).

**"Registrar"** means the Issuer or such other person appointed by the Issuer to maintain the Register on the Issuer's behalf.

**"Register"** means the register of Borrower Notes established and maintained by the Issuer in accordance with this agreement.

**"Repo Arrangement"** has the meaning given to it in clause 7.1(b).

**"RWT-Exempt Status"** has the meaning given to it in the Taxation (Annual Rates for 2017–18, Employment and Investment Income, and Remedial Matters) Act 2018.

**"Sale Redemption Date"** has the meaning given to it in clause 7.1(b).

**"Securities Act"** means the Securities Act 1978.

**"Senior Creditors"** means all creditors (present and future) of the Issuer:

- (a) whose claims are or would be admitted in the Winding-Up of the Issuer; and
- (b) who are not the holders of indebtedness, the right to payment of which by its terms is, or is expressed to be, subordinated in the event of the Winding-Up of the Issuer to the claims of all unsubordinated creditors of the Issuer.

**"Shareholders' Agreement"** has the meaning given to it in the Constitution.

**"Subscriber"** means a Local Authority set out in schedule 1 or any other Local Authority or CCO which is or becomes a Subscriber in accordance with clause 2.3 or 2A.3 (as applicable).

**"Subscription Price"** means, in relation to a Subscriber, an amount equal to the Redemption Amount of the Borrower Notes held by that Subscriber that are required to be Converted as determined under clauses 8.1 and 8.2.

**"Top-up Notice"** has the meaning given to it in clause 4.3(a).

**"Winding Up"** means any procedure, brought or instigated by any person, for the dissolution of the Issuer otherwise than for the purposes of, and followed by, an amalgamation or solvent reconstruction on terms previously approved by the Subscribers, and **"Wound Up"** shall have a corresponding meaning.

1.2 **Multi-issuer Deed:** Words and expressions defined in the Multi-issuer Deed and used in this agreement shall have the same meanings in this agreement, unless the context requires otherwise.

1.3 **References:** Except to the extent that the context otherwise requires, any reference in this agreement to:

an **"authorisation"** includes:

- (a) any consent, authorisation, registration, filing, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with a governmental agency; or
- (b) in relation to anything which will be proscribed or restricted in whole or part by law if a governmental agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of such period without such intervention or action.

a **"clause"** or **"schedule"** is a reference to a clause of, or schedule to, this agreement.

**"dollars"** and **"\$"** means the lawful currency of New Zealand.

the **"dissolution"** of any person includes the bankruptcy, winding up or liquidation of that person, and any equivalent or analogous procedure under the law of any jurisdiction in which that person is incorporated, domiciled or resident or carries on business or has assets.

**"indebtedness"** means any obligation (whether present or future, actual or contingent, secured or unsecured, as principal or surety or otherwise) for the payment or repayment of money.

#### 1.4 **Miscellaneous:**

- (a) The introduction to and headings in this agreement are inserted for convenience only and shall be ignored in construing this agreement.
- (b) Unless the context otherwise requires words denoting only the singular number shall include the plural and vice versa and words denoting any gender shall include all genders.
- (c) References to any legislation or to any provision of any legislation are deemed to be references to that legislation or provision as from time to time amended, re-enacted or substituted and, unless the context otherwise requires, shall also include any statutory instruments issued under any such legislation or provision.
- (d) References to any document (however described) shall include references to such document as modified, novated, supplemented, varied or replaced from time to time.
- (e) References to any party to this agreement or any other document shall include its successors or permitted assigns.
- (f) References to a time of day are references to New Zealand time unless otherwise stated.
- (g) Anything which may be done at any time may also be done from time to time.

## 2. **ACCESSION OF LOCAL AUTHORITY AS A SUBSCRIBER**

2.1 **Local Authority to sign Accession Deed:** A Local Authority may become a Subscriber under this agreement by:

- (a) completing and signing an Accession Deed and delivering it to the Issuer;

- (b) delivering to the Issuer a legal opinion from counsel acceptable to the Issuer in a form satisfactory to the Issuer;
- (c) providing the Issuer with evidence (in a form satisfactory to the Issuer) that all necessary regulatory and statutory authorisations, consents, approvals and licences in relation to its entry into this agreement and the Accession Deed have been obtained and are current and satisfactory; and
- (d) providing the Issuer with such evidence or documentation as the Issuer may require so as to be satisfied that the Subscriber is permitted to be a party to this agreement and subscribe for Borrower Notes in accordance with clause 15.4(a).

2.2 **Subscriber to countersign Accession Deed:** On receipt of the documents described in clause 2.1 in form and substance satisfactory to the Issuer, the Issuer shall:

- (a) countersign the counterpart of the Accession Deed;
- (b) enter the Accession Deed in a register kept by it (which shall be conclusive); and
- (c) retain one counterpart and deliver the other to the relevant Local Authority.

2.3 **Accession effective:** On an Accession Deed being countersigned by the Issuer in accordance with clause 2.2, the Local Authority shall be bound by this deed as if it were a party hereto and named herein as a Subscriber.

## 2A. ACCESSION OF CCO AS A SUBSCRIBER

2A.1 **CCO to sign Accession Deed:** A CCO may become a Subscriber under this agreement by:

- (a) completing and signing and procuring each LA shareholder to sign an Accession Deed and delivering it to the Issuer;
- (b) delivering to the Issuer a legal opinion from counsel acceptable to the Issuer in a form satisfactory to the Issuer;
- (c) providing the Issuer with evidence (in a form satisfactory to the Issuer) that all necessary regulatory and statutory authorisations, consents, approvals and licences in relation to its and each LA Shareholder's entry into this agreement and the Accession Deed have been obtained and are current and satisfactory; and
- (d) providing the Issuer with such evidence or documentation as the Issuer may require so as to be satisfied that the Subscriber is permitted to be a party to this agreement and subscribe for Borrower Notes in accordance with clause 15.4(a).

2A.2 **Subscriber to countersign Accession Deed:** On receipt of the documents described in clause 2A.1 in form and substance satisfactory to the Issuer, the Issuer shall:

- (a) countersign the counterpart of the Accession Deed;
- (b) enter the Accession Deed in a register kept by it (which shall be conclusive); and
- (c) retain one counterpart and deliver the other to the relevant CCO.

- 2A.3 **Accession effective:** On an Accession Deed being countersigned by the Issuer in accordance with clause 2A.2, the CCO shall be bound by this deed as if it were a party hereto and named herein as a Subscriber.

### 3. OBLIGATIONS SEVERAL

- 3.1 The obligations of each Subscriber under this agreement are several. No Subscriber shall be responsible for the obligations of any other Subscriber under this agreement. The failure of a Subscriber to perform its obligations under this agreement shall not release any other Subscriber from its obligations under this agreement.

### 4. ISSUE AND SUBSCRIPTION

- 4.1 **Issue and subscription relating to issue of LG Securities:** Subject to clause 15.4, on each date on which a Subscriber issues LG Securities to the Issuer under the Multi-issuer Deed:
- (a) the Issuer shall issue to the Subscriber Borrower Notes in an aggregate Principal Amount (rounded to the nearest dollar, with \$0.50 being rounded up) equal to the BN Percentage on that date of the LG Issue Price of the related LG Securities; and
  - (b) the Subscriber shall subscribe for those Borrower Notes and pay to the Issuer the Issue Price for those Borrower Notes.
- 4.2 **Set-off:** On each Issue Date, unless the Issuer and the relevant Subscriber agree otherwise, the Subscriber's obligation to pay the Issue Price to the Issuer automatically shall be set-off against the Issuer's obligation to pay the LG Issue Price to the Subscriber for the related Tranche of LG Securities.
- 4.3 **Issue and subscription following Conversion:**
- (a) If, following the Conversion of Borrower Notes in accordance with clause 8.1, in respect of each BN Percentage Period and a Subscriber:
    - (i) the aggregate Principal Amount of Borrower Notes (in respect of related LG Securities issued by the Subscriber during that BN Percentage Period) held by the Subscriber;

is less than:

    - (ii) the BN Percentage for that BN Percentage Period of the LG Issue Price of the related LG Securities (issued by the Subscriber during that BN Percentage Period) and then held by the Issuer (less, where the related LG Securities are Amortising Securities, the aggregate Amortised Redemption Amount of such Amortising Securities on the date of the Top-up Notice),

(such a BN Percentage Period a "**Relevant BN Percentage Period**") the Issuer may, by giving written notice to the Subscriber ("**Top-up Notice**") require the Subscriber on the date specified in the Top-up Notice (which must be a date not less than 3 months after the date of the Top-up Notice) to subscribe for such

number of additional Borrower Notes as are required to be issued to the Subscriber so that:

- (iii) the aggregate Principal Amount of Borrower Notes (in respect of related LG Securities issued by the Subscriber during that BN Percentage Period) held by the Subscriber;

will be equal to:

- (iv) the BN Percentage for that BN Percentage Period of the LG Issue Price of those related LG Securities (issued by the Subscriber during that BN Percentage Period) and then held by the Issuer (less, where the related LG Securities are Amortising Securities, the aggregate Amortised Redemption Amount of such Amortising Securities on the date of the Top-up Notice).

- (b) If a Subscriber receives a Top-up Notice in accordance with clause 4.3(a), on the date specified in the Top-up Notice as the date on which the additional Borrower Notes are to be issued:
  - (i) the Issuer shall, subject to the board of directors of the Issuer complying with section 49 of the Companies Act, issue to the Subscriber the amount of Borrower Notes as is specified in the Top-up Notice; and
  - (ii) the Subscriber shall subscribe for those Borrower Notes and pay to the Issuer the Issue Price for those Borrower Notes.
- (c) The Issuer shall not give a Top-up Notice to a Subscriber in accordance with clause 4.3(a) unless it gives a Top-up Notice in respect of all Relevant BN Percentage Periods of that Subscriber and at the same time to all other Subscribers who meet the criteria set out in clause (a) in respect of all Relevant BN Percentage Periods of those other Subscribers, with the intent that the requirement to subscribe for additional Borrower Notes is made to all applicable Subscribers, provided that the Issuer is not obliged to deliver a Top-up Notice to a Subscriber that does not meet the criteria set out in clause 15.4(a) as at the date of the Top-Up Notice.
- (d) For the purposes of this clause 4.3, LG Securities which have been sold by the Issuer pursuant to a Repo Arrangement shall be treated as being held by the Issuer.
- (e) Where the Issuer proposes to give Top-up Notice(s) under clause (a) it may require a Subscriber to provide evidence or documentation in accordance with clause 15.4(b).

4.4 **Creation and issue:** Borrower Notes are issued and created by the Registrar entering into the Register the particulars of the Borrower Notes.

4.5 **Warranty:** Each Subscriber warrants:

- (a) as at the date it becomes a Subscriber, that it is permitted to be a party to this agreement in accordance with clause 15.4(a); and

- (b) as at the date it subscribes for any Borrower Notes, it met the criteria set out in clause 15.4(a) as at the date the offer of the Borrower Notes was made to it by the Issuer and continues to meet the criteria as at the date it subscribes for the Borrower Notes.

## 5. LIMITED RIGHTS FOR SUBSCRIBERS

- 5.1 **No voting rights:** The Borrower Notes do not confer on a Subscriber any right to attend and/or vote at any meeting of the Issuer.
- 5.2 **Corporate events:** The Borrower Notes do not confer on any Subscriber the right to participate in any rights issue or bonus issues of the Issuer.
- 5.3 **Transfer:** The Borrower Notes are not transferrable by a Subscriber, except with the prior written approval of the Issuer or in accordance with clause 8.5(ia).

## 6. INTEREST

- 6.1 Interest shall accrue on the Principal Amount of each Borrower Note at the applicable Interest Rate. Interest shall accrue daily, shall not compound and, subject to clause 8.3, shall be paid to the relevant Subscriber on the Maturity Date.

## 7. REDEMPTION

- 7.1 **Redemption:** The Issuer shall redeem each Borrower Note (in full) on the earliest of:
  - (a) its Maturity Date;
  - (b) the date the Issuer ceases to be the holder of the related LG Security (other than pursuant to a repurchase arrangement with the Reserve Bank of New Zealand ("**Repo Arrangement**") ("**Sale Redemption Date**"); and
  - (c) the date the Subscriber redeems the related LG Security (in full), other than on the "Maturity Date" of that LG Security, in accordance with the terms and conditions applicable to that LG Security ("**Early Redemption Date**").

Such redemption is to be made in accordance with this clause 7, provided however that, clause 7.1(c) shall not apply to any Borrower Note to which clause 8.6 applies.

- 7.2 **Redemption by set-off:** Where a Borrower Note is being redeemed on its Maturity Date or Early Redemption Date, unless:
  - (a) the Issuer and the relevant Subscriber agree otherwise; or
  - (b) clause 8.6 applies to the Borrower Note,

(in which case clause 7.4 shall apply), and subject to clause 12.1, the Issuer's obligation to pay the Redemption Amount to the Subscriber automatically shall be set-off against the Subscriber's obligation to pay the LG Redemption Amount (or portion thereof) for the related LG Securities and accrued and unpaid interest thereon (if any).

7.3 **Payment in instalments:** If a Borrower Note is issued in relation to a LG Security that is an Amortising Security:

- (a) the Principal Amount of the Borrower Note shall be repayable in instalments on each of the same dates (each an "**instalment date**") that a portion of the LG Redemption Amount of the related LG Security is repayable;
- (b) the amount of the Principal Amount of the Borrower Note that is repayable on each instalment date shall be an amount that bears the same proportion to the Principal Amount as the amount of the LG Redemption Amount repayable on the instalment date bears to the LG Redemption Amount of the related LG Security; and
- (c) unless the Issuer and the relevant Subscriber agree otherwise or the Issuer has ceased to be the holder of the corresponding LG Security and subject to clause 12.1, the Issuer's obligation to repay a portion of the Principal Amount of the Borrower Note on an instalment date automatically shall be set-off against the Subscriber's obligation to repay the portion of the LG Redemption Amount of the related LG Security on the instalment date.

7.4 **Redemption other than by set-off:** Where a Borrower Note is being redeemed on its Sale Redemption Date or, if in accordance with clause 7.2, this clause 7.4 applies to the redemption of a Borrower Note, on the applicable redemption date the Issuer shall, subject to clause 12.1, redeem the Borrower Note by paying the Redemption Amount to the Subscriber.

## 8. **CONVERSION**

8.1 **Right to Convert:** If, following the Issuer having made calls for all unpaid capital of the Issuer to be paid in full, the board of directors of the Issuer has determined that there is a risk of imminent default by the Issuer under the terms of any of its Borrowed Money Indebtedness the Issuer may, by giving written notice to each Subscriber ("**Conversion Notice**") elect to Convert such number of the Borrower Notes as the Issuer determines.

8.2 **Pro rata Conversion:** If a Conversion Notice is given in accordance with clause 8.1, the Conversion shall be made proportionally across all Borrower Notes so that the proportionate holdings of Borrower Notes by each Subscriber remains unchanged (subject, in the case of a CCO Subscriber, to the transfers of Borrower Notes required to its LA Shareholders under clause 8.5) following the Conversion (unless all Borrower Notes are Converted).

8.3 **Conversion:** If a Conversion Notice is given in accordance with clause 8.1, on the Conversion Date, the number of Redeemable Shares to be issued to each Subscriber that is a Local Authority (including, in respect of a CCO Subscriber, each LA Shareholder, as contemplated by clause 8.5(ia)) on Conversion of the relevant Borrower Notes shall be determined by the Issuer in accordance with the following formula:

$$N = RA \div IP$$

Where:

N = the number of Redeemable Shares to be issued to the Subscriber (rounded to the nearest whole unit, with 0.5 being rounded up);



RA = the aggregate Redemption Amount of the Borrower Notes held by the Subscriber that are to be Converted on the Conversion Date; and

IP = \$1.00, being the issue price per Redeemable Share.

8.4 **Selection by Issuer:** The Issuer shall select the Borrower Notes held by each Subscriber that are to be Converted on a Conversion Date in accordance with clause 8.2 and, if it is not also the Registrar, shall notify the Registrar of the selection.

8.5 **Settlement:** On the relevant Conversion Date without the need for any further act or step by the Issuer, any Subscriber or any other person:

(ia) first, each Borrower Note held by a CCO Subscriber (that is to be Converted on the Conversion Date) shall be automatically and immediately transferred to each LA Shareholder in the number determined by the following formula:

$$N = \text{TBN} \times (\text{SH} / \text{TSH})$$

Where:

N = the number of Borrower Notes to be transferred to the LA Shareholder (rounded up or down to the nearest whole unit at the Issuer's discretion);

TBN = the total number of Borrower Notes held by the CCO Subscriber that are to be Converted on the Conversion Date;

SH = the number of equity securities in the CCO Subscriber held by the LA Shareholder; and

TSH = the aggregate number of equity securities in the CCO Subscriber held by the LA Shareholders.

The consideration for such transfer shall be as agreed between the CCO Subscriber and relevant LA Shareholder;

(a) second:

(i) each Borrower Note to be Converted will immediately be required to be redeemed for its Redemption Amount;

(ii) each Subscriber holding such Borrower Note that is to be Converted agrees to subscribe for the number of Redeemable Shares to be issued to it (calculated in accordance with clause 8.3);

(iii) each Subscriber agrees to pay the Subscription Price to the Issuer on the Conversion Date in consideration for the Issuer issuing Redeemable Shares to it on the Conversion Date;

(iv) the Issuer will immediately and irrevocably apply, on the Subscriber's behalf, the Redemption Amount of the Borrower Notes required to be Converted in satisfaction of the Subscription Price for the Redeemable Shares to be issued to that Subscriber (calculated in accordance with clause 8.3); and

- (v) the Issuer shall (in respect of each Subscriber) issue to that Subscriber the number of Redeemable Shares to be issued to it (calculated in accordance with clause 8.3), enter the name of that Subscriber in the share register of the Issuer as the holder of such Redeemable Shares, and issue to that Subscriber a share certificate for such Redeemable Shares; and
- (b) if requested by the Issuer, each Subscriber shall (if that Subscriber is not an existing shareholder of the Issuer) deliver a signed deed of accession to the Shareholders' Agreement. The Subscriber shall (upon entry of its name in the share register in accordance with clause (a)) be deemed to have agreed to be bound by the terms of the Shareholders' Agreement in the event it does not sign such a deed of accession.

8.6 **Exception:** If the board of directors of the Issuer determines:

- (a) having taken legal advice, that the Issuer cannot, with sufficient certainty, determine that it is able to (in compliance with all laws) Convert Borrower Notes; or
- (b) that the Issuer cannot, with sufficient certainty, determine that it is able to (in compliance with all laws) Convert Borrower Notes on or before a date it considers appropriate having regard to the risk of default referred to in clause 8.1,

then the Issuer may, in lieu of Converting Borrower Notes under clause 8.1, by giving written notice to each Subscriber ("**Extension Notice**"), elect to extend the Maturity Date (for such period as the Issuer determines) of such number of Borrower Notes as the Issuer determines. If an Extension Notice is given under this clause 8.6, the extension shall be made in respect of the Borrower Notes that would otherwise have been Converted in accordance with clause 8.2.

8.7 **Effect of Conversion:** Notwithstanding anything to the contrary in any Transaction Document:

- (a) if a Borrower Note is transferred to a LA Shareholder in accordance with clause 8.5(ia), then with effect from the Conversion Date:
  - (i) the LA Shareholder will be the holder of the Borrower Note; and
  - (ii) the Borrower Note will immediately be required to be Converted in accordance with clause 8.5(a); and
- (b) if a Borrower Note is required to be Converted in accordance with clause 8.5(a):
  - (i) all of the Issuer's obligations to pay, and the relevant Subscriber's rights to receive, interest on the Borrower Note (including any accrued but unpaid interest) are immediately and irrevocably terminated, and interest will cease to accrue on the Borrower Note; and
  - (ii) clause 7 will cease to apply to the Borrower Note.

## 9. PAYMENTS

- 9.1 **Payments:** Unless otherwise agreed in writing between the parties and subject to clauses 4.2, 7.2, 7.3(c), 8.5(a) and 9.4, all amounts payable under this agreement shall be paid in dollars in immediately available funds to the respective bank account each party may nominate from time to time.
- 9.2 **Payments to be free and clear:** All amounts payable under this agreement shall be paid:
- (a) on an irrevocable basis free and clear of any restriction or condition;
  - (b) free and clear of and (except to the extent required by law) without any deduction or withholding on account of any tax. If any such deduction or withholding is required, the Issuer shall not be required to pay any additional amounts in respect of the amounts deducted or withheld; and
  - (c) unless otherwise agreed in writing and subject to clauses 4.2, 7.2, 7.3(c), 8.5(a) and 9.4, without any deduction or withholding on account of any other amount, whether by way of set-off, counterclaim or otherwise.
- 9.3 **Resident Withholding Tax:** New Zealand resident withholding tax will be deducted from payments of interest (or payments deemed by law to be interest) to Subscribers who are tax resident unless an appropriate exemption certificate is produced to the Issuer (or, on or after 1 April 2020, the Issuer is satisfied that the relevant Subscriber has RWT-Exempt Status) on or before the date 10 days before the date of the relevant payment.
- 9.4 **No gross-up:** The Issuer will not be required to and will not make any additional payment by way of gross-up or otherwise with respect to the deduction or withholding from any payment made in respect of the Borrower Notes under clause 9.3. If, in respect of any Borrower Note, the Issuer becomes liable to make any payment of, or on account of, tax payable by any Subscriber, then the Issuer shall be indemnified by the relevant Subscriber in respect of such liability. Any moneys paid by the Issuer in respect of such liability may be recovered from the Subscriber as a debt due to the Issuer and may be withheld from any further payments to that Subscriber. Nothing in this clause will prejudice or affect any other right or remedy of the Issuer.
- 9.5 **Maximum rate:** Deductions of resident withholding tax will be made at the maximum rates from time to time applicable unless a Subscriber provides evidence to the Issuer (acceptable to it) that a lesser rate is applicable.
- 9.6 **Tax status:** The Issuer shall be entitled for the purposes of this clause 9 to rely, without further enquiry, upon any statement made by or on behalf of a Subscriber in relation to that Subscriber's tax status or tax residency.
- 9.7 **Refund of payments:** If any payment received or recovered by a Subscriber or any other person on behalf of the Subscriber is or may be avoided, whether by law or otherwise, then:
- (a) such payment shall be deemed not to have affected or discharged the liability of the Issuer under this agreement and the Subscriber shall, to the maximum extent permitted by law, be restored to the position in which it would have been if such payment had not been received or recovered; and

- (b) the Subscriber shall be entitled to exercise all rights which the Subscriber would have been entitled to exercise if such payment had not been received or recovered.

9.8 **Business Days:** Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

## 10. REGISTER

10.1 **Register:** The Issuer agrees to establish and maintain the Register in which the Issuer will record such details as it considers fit, including:

- (a) the name and address of each Subscriber;
- (b) the Issue Date and Maturity Date (and any extension made under clause 8.6) of the Borrower Notes;
- (c) the related LG Securities; and
- (d) each redemption or Conversion of the Borrower Notes.

10.2 **Register conclusive:** Each Subscriber and the Issuer is:

- (a) entitled to rely upon the entries in the Register as constituting the sole and conclusive record of each Borrower Note and as to the person entitled to the Borrower Notes; and
- (b) to have the power, in its absolute discretion, to correct (or, in the case of the Subscriber and in respect of its Borrower Notes only, require correction of) the Register if the Register is incorrect.

10.3 **Inspection:** The Issuer shall make that part of the Register that relates to a Subscriber available for inspection by a Subscriber at the Issuer's principal place of business during normal office hours upon receiving reasonable notice from the Subscriber.

10.4 **Appointment of Registrar:** The Issuer shall be entitled to appoint an appropriately qualified person to maintain the Register in accordance with clause 10.1 on its behalf.

## 11. RANKING OF NOTES

11.1 The Borrower Notes are unsecured debt securities issued by the Issuer, subordinated in accordance with clause 12, and an unsecured liability of the Issuer. The Borrower Notes rank pari passu without any preference among themselves. The Issuer may issue securities ranking equally with or in priority to the Borrower Notes.

## 12. SUBORDINATION

12.1 **Subordination:** The rights and claims of Subscribers are, in a Winding Up of the Issuer, subordinated to the claims of the Senior Creditors (with the intent that all claims of Senior

Creditors shall be paid in full before any claims of the Subscribers are paid), and prior to the commencement of a Winding Up of the Issuer:

- (a) the obligation of the Issuer to make any payment in respect of the Borrower Notes is conditional upon the Issuer being solvent at the time the relevant payment falls due; and
- (b) no payment shall be made in respect of the Borrower Notes except to the extent that the Issuer may make such payment and still be solvent immediately thereafter.

## 12.2 **Solvency:**

- (a) For the purposes of clause 12.1, the Issuer shall be considered to be solvent at any time if at that time it is able to meet the solvency test in section 4 of the Companies Act.
- (b) A certificate as to whether the Issuer is solvent signed by two authorised signatories of the Issuer shall be prima facie evidence of the information contained therein.

## 12.3 **Contingent debt:** On a Winding Up of the Issuer, the Subscribers shall only be entitled to prove for any sum payable in respect of the Borrower Notes as a debt which is subject to and contingent upon prior payment in full of the Senior Creditors. Each Subscriber agrees, and by subscribing for a Borrower Note each Subscriber of the Borrower Note will be deemed to agree, that:

- (a) in accordance with section 313(3) of the Companies Act, it is accepting a lower priority in respect of the debt represented by the Borrower Note than that which it would otherwise have under section 313; and
- (b) nothing in section 313 will prevent this agreement from having effect in accordance with its terms.

## 12.4 **No set-off:** No Subscriber shall be entitled to set-off against any amounts due in respect of the Borrower Notes held by that Subscriber any amount held by the Subscriber to the credit of the Issuer or otherwise to reduce the amount due to such Subscriber in respect of a Borrower Note by merger of accounts or lien or the exercise of any other rights of like effect, except to the extent permitted by clause 7.2 or 7.3(c). To the extent any set-off (other than a set-off permitted by clause 7.2 or 7.3(c)), merger, lien or other right is required by law to be exercised that exercise shall be subject to clause 12.5.

## 12.5 **Trust:** Any payment, whether voluntarily or in any other circumstances, received by a Subscriber from or on account of the Issuer (including by way of credit, set-off or otherwise) or from any liquidator, receiver, manager or statutory manager of the Issuer in breach of this clause 12 will be held by the relevant Subscriber in trust for and to the order of the Senior Creditors. The trust hereby created shall be for a term expiring on the earlier of the date on which all Senior Creditors have been paid in full or eighty years (or such longer period as permitted by law) from the date of this agreement. No Subscriber shall have any obligation under this clause 12 in respect of any payment received by anyone other than itself.

## 12.6 **Contract and Commercial Law Act:** For the purposes of the Contract and Commercial Law Act 2017 the provisions of this clause 12 are intended to confer a benefit upon the Senior Creditors and to be enforceable by the Senior Creditors directly, but no consent of the



Senior Creditors shall be required to any modification or amendment to this clause 12 in accordance with clause 14.

### 13. NOTICES

13.1 **Writing:** Each notice or other communication to be given or made under this agreement to any person must:

- (a) **Writing:** be given or made in writing by email or letter and be signed by the sender or an authorised officer of the sender;
- (b) **Address:** be given or made to the recipient at the address or email address, and marked for the attention of the person (if any), from time to time designated by the recipient to the other for the purposes of this agreement;
- (c) **Deemed delivery:** not be effective until received by the recipient, and any such notice or communication shall be deemed to be received:
  - (i) (if given or made by letter) when left at the address of the recipient or 5 Business Days after being put in the post, postage prepaid, and addressed to the recipient at that address; or
  - (ii) (if given or made by email) when dispatched in tangible, readable form by the sender to the email address advised by the recipient from time to time,

provided that any notice or communication received or deemed received after 5pm on a working day in the place to which it is sent, or on a day which is not a working day in that place, shall be deemed not to have been received until the next working day in that place.

13.2 **Initial address and numbers:** The initial address, email address and person (if any) designated for the purposes of this agreement, are set out below:

(a) **The Subscribers:** those details set out under the heading "Details for notices" for the relevant Subscriber in schedule 1 or otherwise provided in the relevant Accession Deed.

(b) **The Issuer:**

City Chambers  
Level 8, 142 Featherston Street  
PO Box 5704, Wellington, 6145

Email: lgfa@lgfa.co.nz  
Attention: Chief Executive

### 14. AMENDMENTS

14.1 This agreement shall not be amended except with the written agreement of the Issuer and all of the Subscribers, provided that the Issuer may, by notice to all parties to this

agreement, vary clause 15.4 to permit persons to become parties to this agreement and Subscribers to subscribe for Borrower Notes (as applicable) if they satisfy the terms of any exemption obtained by the Issuer from the requirements of the FMC Act with respect to this agreement, but any such variation shall not affect the status of any existing Subscriber as a Subscriber under this agreement.

## 15. MISCELLANEOUS

- 15.1 **Waivers and remedies:** Time shall be of the essence of this agreement but no delay in acting, or failure to act, by the Issuer is a waiver of any of the Issuer's rights. The rights provided in this agreement do not exclude any rights provided by law.
- 15.2 **Partial invalidity:** An invalid provision in this agreement shall not affect the enforceability of the remaining provisions of this agreement.
- 15.3 **Sections 40 and 49 of the Companies Act:** This agreement is subject to the board of directors of the Issuer complying with section 49 of Companies Act.
- 15.4 **Securities Act and FMC Act:**
- (a) The only persons which are permitted to become parties to this agreement and/or subscribe for Borrower Notes are:
    - (i) prior to 1 June 2015:
      - (aa) "eligible persons" for the purposes of sections 5(2CB) and 5(2CBA) of the Securities Act, as defined in section 5(2CC) of the Securities Act; and
      - (bb) persons who fall within 1 or more of the categories set out in subparagraphs (i) to (iii) of section 3(2)(a) of the Securities Act, and
    - (ii) on and from 1 June 2015, "wholesale investors" as that term is defined in clauses 3(2)(a), (c) and (d) and (in the case of a CCO Subscriber only) clause 3(3)(a) of Schedule 1 to the FMC Act, being a person who is:
      - (aa) an "investment business";
      - (bb) "large";
      - (cc) a "government agency"; or
      - (dd) an "eligible investor" (in the case of a CCO Subscriber only),
 in each case as defined in Schedule 1 to the FMC Act (each a **"wholesale investor"**), or an entity controlled by a wholesale investor where "control" has the meaning given in clause 48 of Schedule 1.
  - (b) Prior to the Issuer offering to issue Borrower Notes to a Subscriber and/or a Subscriber subscribing for any Borrower Notes in each case in accordance with clauses 4.1 or 4.3, the Subscriber must promptly (if requested by the Issuer) provide the Issuer with evidence or documentation (in a form satisfactory to the

Issuer) which satisfies the Issuer that the Subscriber meets the criteria set out in sub-clauses (a)(i) or (a)(ii) as at the date of the offer by the Issuer and subscription by the Subscriber.

- 15.5 **Counterparts:** This agreement may be signed in any number of counterparts, all of which together constitute one and the same instrument, and any of the parties may execute this agreement by signing any such counterpart.

## 16. GOVERNING LAW

- 16.1 This agreement shall be governed by New Zealand law.

## 17. NO CROWN GUARANTEE

- 17.1 The parties acknowledge that the obligations and liabilities of the Issuer under this agreement are not guaranteed by the Crown.

**SIGNATURES**

**[ORIGINAL EXECUTION BLOCKS INTENTIONALLY DELETED]**

## SCHEDULE 1 - PRINCIPAL SHAREHOLDERS

**Local Authority name:**

**Details for notices:**

Auckland Council	<p>Delivery Address: 135 Albert Street Auckland 1010</p> <p>Postal Address: Private Bag 92300 Victoria Street West Auckland 1142</p> <p>Email: john.bishop@aucklandcouncil.govt.nz</p> <p>Attention: John Bishop, Group Treasurer</p>
Bay Of Plenty Regional Council	<p>Delivery Address: 5 Quay Street Whakatāne</p> <p>Postal Address: P O Box 364 Whakatāne 3158</p> <p>Email: mat.taylor@boprc.govt.nz</p> <p>Attention: Mat Taylor</p>
Christchurch City Council	<p>Delivery Address: Civic Offices 53 Hereford Street Christchurch</p> <p>Postal Address: P O Box 73016 Christchurch 8154</p> <p>Email: Treasury@ccc.govt.nz</p> <p>Attention: Andrew Jefferies</p>
Hamilton City Council	<p>Delivery Address: 260 Anglesea Street Council Building Garden Place Hamilton 3240</p> <p>Postal Address: Private Bag 3010 Hamilton 3240</p> <p>Email: david.bryant@hcc.govt.nz</p>



	Attention: David Bryant
Hastings District Council	<p>Delivery Address: 207 Lyndon Road East Hastings 4122</p> <p>Postal Address: Private Bag 9002 Hastings 4156</p> <p>Email: brucea@hdc.govt.nz</p> <p>Attention: Bruce Allan</p>
Masterton District Council	<p>Delivery Address: 27 Lincoln Road Masterton 5810</p> <p>Postal Address: PO Box 444 Masterton 5840</p> <p>Email: davidp@mstn.govt.nz</p> <p>Attention: Manager Finance</p>
New Plymouth District Council	<p>Delivery Address: Liardet St New Plymouth</p> <p>Postal Address: Private Bag 2025 New Plymouth 4342</p> <p>Email: alison.trustrumrainey@npdc.govt.nz / carla.freeman@npdc.govt.nz</p> <p>Attention: Alison TrustrumRainey / Carla Freeman</p>
Ōtorohanga District Council	<p>Delivery Address: 17 Maniapoto Street Ōtorohanga 3940</p> <p>Postal Address PO Box 11 Ōtorohanga 3940</p> <p>Email: grahamb@otodc.govt.nz</p> <p>Attention: Graham Bunn</p>
Selwyn District Council	<p>Delivery Address: 2 Norman Kirk Drive Rolleston</p> <p>Postal Address: P O Box 90 Rolleston 7643</p>

	<p>Email: Treasury.management@selwyn.govt.nz</p> <p>Attention: Greg Bell</p>
South Taranaki District Council	<p>Delivery Address: 105-111 Albion Street Hawera 4610</p> <p>Postal Address: Private Bag 902 Hawera 4640</p> <p>Email: Vipul.mehta@stdc.govt.nz</p> <p>Attention: Vipul Mehta</p>
Tasman District Council	<p>Delivery Address: 189 Queen Street, Richmond, Nelson 7050</p> <p>Postal Address Private Bag 4 Richmond, Nelson 7050</p> <p>Email: treasury@tasman.govt.nz</p> <p>Attention: Corporate Services Manager</p>
Taupo District Council	<p>Delivery Address: 72 Lake Terrace Taupo 3330</p> <p>Postal Address: Private Bag 2005 Taupo 3352</p> <p>Email: nward@taupo.govt.nz</p> <p>Attention: Neil Ward</p>
Tauranga City Council	<p>Delivery Address: 91 Willow Street Tauranga 3143</p> <p>Postal Address: Private Bag 12022 Tauranga 3143</p> <p>Email: treasury.settlements@tauranga.govt.nz</p> <p>Attention: Mohan De Mel</p>
Waipa District Council	<p>Delivery Address: 101 Bank Street Te Awamutu</p> <p>Postal Address:</p>

	<p>Private Bag 2402 Te Awamutu 3800</p> <p>Email: Farrah.Templeton@waipadc.govt.nz Sarah.Davies@waipadc.govt.nz Ken.Morris@waipadc.govt.nz</p> <p>Attention: Ken Morris</p>
Wellington City Council	<p>Delivery Address: Wellington City Council 113 The Terrace Wellington</p> <p>Postal Address: PO Box 2199 Wellington 6140</p> <p>Email: martin.read@wcc.govt.nz</p> <p>Attention: Martin Read</p>
Wellington Regional Council	<p>Delivery Address: Shed 39, 2 Fryatt Quay, Pipitea Wellington 6011</p> <p>Postal Address: P O Box 11646 Manners Street Wellington 6142</p> <p>Email: mike.timmer@gw.govt.nz matthias.zuschlag@gw.govt.nz</p> <p>Attention: Mike Timmer</p>
Western Bay Of Plenty District Council	<p>Delivery Address: Barkes Corner Greerton Tauranga</p> <p>Postal Address: Private Bag 12803 Tauranga 3143</p> <p>Email: kumaren.perumal@westernbay.govt.nz</p> <p>Attention: Kumaren Perumal</p>
Whangarei District Council	<p>Delivery Address: Forum North Rust Avenue Whangarei</p> <p>Postal Address: Private Bag 9023</p>

	<p>Whangarei 0148</p> <p>Email: alan.adcock@wdc.govt.nz</p> <p>Attention: Alan Adcock</p>
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## SCHEDULE 2 - FORM OF ACCESSION DEED

DEED dated [●].

### PARTIES

[●]

("Acceding Party")

New Zealand Local Government Funding Agency Limited

("Issuer")

pursuant to the Notes Subscription Agreement defined below.

### INTRODUCTION

- A. The Issuer has agreed that the Acceding Party may accede to the Notes Subscription Agreement as a "Subscriber".
- B. This deed records the accession.

### AGREEMENT:

#### 1. INTERPRETATION

- 1.1 **Interpretation:** In this deed:

"Local Authority" means has the meaning given to it in the Local Government Act 2002.

"Notes Subscription Agreement" means the notes subscription agreement dated 7 December 2011 (as amended from time to time) between the Issuer and various Local Authorities.

- 1.2 **Notes Subscription Agreement:** Terms defined in the Notes Subscription Agreement have the same meaning in this deed unless the context requires otherwise.

#### 2. ACCESSION

- 2.1 **Accession:** The Acceding Party hereby agrees with the Issuer that with effect on and from the date this deed is counter-signed by the Issuer, it will be bound by the Notes Subscription Agreement as a Subscriber as if it had been an original party thereto and named therein as a Subscriber, and agrees to be bound by the terms of, and perform its obligations under, the Notes Subscription Agreement.
- 2.2 **Acknowledgement:** The Issuer acknowledges and agrees to the accession made under this deed.
- 2.3 **Implied provisions:** For the purposes of section 14 of the Property Law Act 2007, the Acceding Party acknowledges that this deed is, and for all purposes and at all times shall be construed as being, supplemental to the Notes Subscription Agreement.



### 3. NOTICE

The details for notices for the Acceding Party for the purposes of the Notes Subscription Agreement are: *[specify]*

### 4. GOVERNING LAW

This deed shall be governed by the laws of New Zealand.

### 5. NO CROWN GUARANTEE

The obligations and liabilities of the *[Acceding Party and]* Issuer under this deed and the Notes Subscription Agreement are not guaranteed by the Crown. *[Note: Delete reference to Acceding Party if CCO is acceding as no equivalent to section 122 of the Act for CCO.]*

### 6. COUNTERPARTS

This deed may be signed in any number of counterparts, all of which together constitute one and the same instrument, and any of the parties may execute this deed by signing any such counterpart.

**EXECUTED AS A DEED**

**Acceding Party**

**[Local Authority/CCO] by:**

\_\_\_\_\_  
Signature of [Elected Member/Director]

\_\_\_\_\_  
Signature of [Elected Member/Director]

\_\_\_\_\_  
Name of [Elected Member/Director]

\_\_\_\_\_  
Name of [Elected Member/Director]

**Issuer**

**NEW ZEALAND Local Government Funding**

**AGENCY LIMITED by:**

\_\_\_\_\_  
Signature of Director

\_\_\_\_\_  
Signature of Director

\_\_\_\_\_  
Name of Director

\_\_\_\_\_  
Name of Director

By signing the acknowledgement below, each entity identified in the annexure to this deed as a "LA Shareholder":

- (a) acknowledges the terms of this deed and the Notes Subscription Agreement; and
- (b) agrees to the automatic and immediate transfer to it of any Borrower Notes held by the Acceding Party in the manner contemplated by clause 8 of the Notes Subscription Agreement.

**ACKNOWLEDGED BY:**

**[LA SHAREHOLDER] by:**

\_\_\_\_\_  
Signature of Elected Member

\_\_\_\_\_  
Signature of Elected Member

\_\_\_\_\_  
Name of Elected Member

\_\_\_\_\_  
Name of Elected Member

## ANNEX TO THE ACCESSION DEED

1. **LA Shareholder:** As at the date of this deed, for the purposes of the Notes Subscription Agreement, the LA Shareholder[s] in respect of the Acceding Party is: *[specify]*.

# Amendment and Restatement Deed (Multi- issuer Deed)

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## **PARTIES**

The Local Authorities listed in Schedule 1

Issuers

New Zealand Local Government Funding Agency Limited

Subscriber

DEED dated

2020

## PARTIES

The Local Authorities listed in Schedule 1

("Issuers")

New Zealand Local Government Funding Agency Limited

("Subscriber")

## INTRODUCTION

The parties wish to amend and restate the Multi-issuer Deed as set out in this deed.

## COVENANTS

### 1. INTERPRETATION

#### 1.1 Definitions: In this deed:

"**Effective Date**" means the date notified by the Subscriber as the Effective Date in accordance with clause 2.1.

"**Multi-issuer Deed**" means the multi-issuer deed dated 7 December 2011 (as amended and restated on 5 June 2015) between the Issuers and the Subscriber.

#### 1.2 **Multi-issuer Deed definitions:** Words and expressions defined in the Multi-issuer Deed (as amended by this deed) have, except to the extent the context requires otherwise, the same meaning in this deed.

#### 1.3 **Miscellaneous:**

- (a) Headings are inserted for convenience only and do not affect interpretation of this deed.
- (b) References to a person include that person's successors, permitted assigns, executors and administrators (as applicable).
- (c) Unless the context otherwise requires, the singular includes the plural and vice versa and words denoting individuals include other persons and vice versa.



- (d) A reference to any legislation includes any statutory regulations, rules, orders or instruments made or issued pursuant to that legislation and any amendment to, re-enactment of, or replacement of, that legislation.
- (e) A reference to any document includes reference to that document as amended, modified, novated, supplemented, varied or replaced from time to time.
- (f) Unless otherwise stated, reference to a clause or schedule is a reference to a clause of or schedule to this deed.
- (g) A reference to "including", "for example" or "such as", when introducing an example, does not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

## 2. CONDITIONS PRECEDENT

- 2.1 **Effective Date:** The Effective Date shall be the date the Subscriber confirms to the Issuers that it has received, and found satisfactory to it in form and substance, the documents and evidence specified in schedule 2.

## 3. AMENDMENT AND RESTATEMENT

- 3.1 **Amendment and restatement:** With effect on and from the Effective Date, the Multi-issuer Deed shall be amended and restated in the form set out in the appendix to this deed, in accordance with clause 12.1 of the Multi-issuer Deed.
- 3.2 **Full force and effect:** Except to the extent amended by this deed, the Multi-issuer Deed remains in full force and effect.

## 4. ISSUER ACKNOWLEDGEMENTS AND CONFIRMATIONS

- 4.1 **Debenture Trust Deed:** Each Issuer acknowledges and agrees that nothing in this deed shall prejudice the rights of the Subscriber under the Debenture Trust Deed and confirms and agrees that its liabilities and obligations under the Debenture Trust Deed, all Security Stock issued, and all Security Stock Certificates delivered, to the Subscriber continue in full force and effect.
- 4.2 **Conditions:** Each Issuer and the Subscriber agrees that the Conditions (as amended by this deed) apply to each existing Series of Securities issued by that Issuer. This is an agreement for the purposes of clause 11.1 of the Conditions and a written Extraordinary

Resolution of the sole Holder of all existing Securities in accordance with clause 17.1 of the Schedule to the Conditions for the purposes of clause 11.3 of the Conditions.

- 4.3 **Notice details:** Each Issuer confirms that its current notice details for the purposes of clause 11 of the Multi-issuer Deed and clause 12 of the Conditions are as set out in schedule 1.
- 4.4 **Agency Agreement and Registrar:** Each Issuer confirms that its Agency Agreement and Registrar for the purposes of the definitions of those terms in the Conditions are as set out in schedule 1.

## 5. GENERAL

- 5.1 **Counterparts:** This deed may be executed in any number of counterparts, and this shall have the same effect as if the signatures on the counterparts were on a single copy of this deed.
- 5.2 **Governing law:** This deed is governed by, and construed in accordance with, New Zealand law. The parties submit to the non-exclusive jurisdiction of the courts of New Zealand.

## EXECUTED AS A DEED

### The Issuers

#### ASHBURTON DISTRICT COUNCIL by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Name of elected member

#### AUCKLAND COUNCIL by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Name of elected member

#### BAY OF PLENTY REGIONAL COUNCIL

by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Name of elected member

#### BULLER DISTRICT COUNCIL by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Name of elected member

**CANTERBURY REGIONAL COUNCIL** by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Name of elected member

**CARTERTON DISTRICT COUNCIL** by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Name of elected member

**CENTRAL HAWKE'S BAY DISTRICT  
COUNCIL** by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Name of elected member

**CHRISTCHURCH CITY COUNCIL** by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Name of elected member

## SCHEDULE 1

### Issuers

Local Authority name:	Debenture Trust Deed, Agency Agreement and Registrar details:	Details for notices:
Ashburton District Council	<p>Debenture Trust Deed between Ashburton District Council and Trustees Executors Limited dated 23 April 2010.</p> <p>Registrar and Paying Agency Agreement between Ashburton District Council and Computershare Investor Services Limited dated 1 April 2004, as amended from time to time and most recently on 13 April 2013.</p> <p>Registrar: Computershare Investor Services Limited</p>	<p>Delivery Address: Ashburton District Council 5 Baring Square West Ashburton</p> <p>Postal Address: Ashburton District Council PO Box 94 Ashburton 7740</p> <p>Email: Rachel.Sparks@adc.govt.nz Attention: Finance Manager</p>
Auckland Council	<p>Debenture Trust Deed between Auckland Council and Trustees Executors Limited dated 2 December 2010, as amended from time to time and most recently on 25 May 2016.</p> <p>Registrar and Paying Agency Agreement between Auckland Council and Computershare Investor Services Limited dated 5 November 2010, as amended from time to time and most recently on 12 December 2017.</p> <p>Registrar: Computershare Investor Services Limited.</p>	<p>Delivery Address: 135 Albert Street Auckland 1010</p> <p>Postal Address: Private Bag 92300 Victoria Street West Auckland 1142</p> <p>Email: john.bishop@aucklandcouncil.govt.nz Attention: John Bishop, Group Treasurer</p>
Bay Of Plenty Regional Council	<p>Debenture Trust Deed between Bay of Plenty Regional Council and</p>	<p>Delivery Address: 5 Quay Street Whakatāne</p>

	<p>Trustees Executors Limited dated on or about 30 November 2011.</p> <p>Registrar and Paying Agency Agreement between Bay of Plenty Regional Council and Computershare Investor Services Limited dated 1 April 2004, as amended from time to time and most recently on 30 November 2011.</p> <p>Registrar: Computershare Investor Services Limited</p>	<p>Postal Address: P O Box 364 Whakatāne 3158</p> <p>Email: mat.taylor@boprc.govt.nz</p> <p>Attention: Mat Taylor</p>
Buller District Council	<p>Debenture Trust Deed between Buller District Council and Corporate Trust Limited (and now between the Council and Covenant Trustee Services Limited) dated 20 October 2015.</p> <p>Registry Customer Agreement between Buller District Council and Link Market Services Limited dated 20 October 2015.</p> <p>Registrar: Link Market Services Limited</p>	<p>Delivery Address:  Buller District Council 6-8 Brougham Street Westport</p> <p>Attention: Wendy Thompson, Financial Accountant</p>
Canterbury Regional Council	<p>Debenture Trust Deed between Canterbury Regional Council and Trustees Executors Limited dated 21 September 2015.</p> <p>Registry Customer Agreement between Canterbury Regional Council and Link Market Services Limited dated 21 September 2015.</p> <p>Registrar: Link Market Services Limited</p>	<p>Delivery Address:  200 Tuam Street Christchurch 8140</p> <p>Attention:  Chief Financial Officer</p> <p>Postal Address:  PO Box 345 Christchurch</p>



## SCHEDULE 2

### Conditions Precedent

1. A duly executed copy of each of the following documents:
  - (a) this deed;
  - (b) an amendment and restatement deed dated on or about the date of this deed in relation to a guarantee and indemnity dated 7 December 2011;
  - (c) an amendment and restatement deed dated on or about the date of this deed in relation to a notes subscription agreement dated 7 December 2011 (as amended and restated on 5 June 2015); and
  - (d) an amendment and restatement deed dated on or about the date of this deed in relation to a shareholders' agreement dated 7 December 2011 (as amended from time to time).
2. A certificate of compliance for the purposes of s118 of the Local Government Act 2002 (in a form acceptable to the Subscriber) given by the Chief Executive of each Issuer in relation to the entry into this deed and each other deed referred to in items 1(b) and (c) above.
3. A legal opinion from Russell McVeagh, solicitors to the Subscriber, in relation to the enforceability of this deed and each other deed referred to in items 1(b) and (c) above.
4. A legal opinion from Simpson Grierson, solicitors to the Issuers, in relation to each Issuer's entry into this deed and each other deed referred to in items 1(b) and (c) above.

## APPENDIX

### Amended and Restated Multi-issuer Deed

# Multi-issuer Deed

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## **PARTIES**

The Local Authorities Listed in Schedule 1

### **Principal Shareholders**

New Zealand Local Government Funding Agency Limited

### **Subscriber**

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**DEED** dated 7 December 2011 (as amended and restated by the deed to which this deed is attached as an appendix)

## **PARTIES**

The Local Authorities Listed in Schedule 1

("Principal Shareholders")

New Zealand Local Government Funding Agency Limited

("Subscriber")

## **INTRODUCTION**

- A. The Principal Shareholders and the Subscriber wish to record the arrangements agreed between them in relation to the issue of Securities to the Subscriber from time to time by the Principal Shareholders, and other Local Authorities or CCOs that may accede to this deed, as Issuers.
- B. This deed records those arrangements.
- C. None of the obligations under this deed of the Subscriber nor any Issuer that is a Local Authority are guaranteed by the Crown.

## **COVENANTS**

### **1. INTERPRETATION**

- 1.1 **Definitions:** In this deed, unless the context otherwise requires:

**"Accession Deed"** means a deed in the form, or substantially in the form, of schedule 4.

**"Agency Agreement"** means, in relation to an Issuer, the issue and paying agency agreement between the Issuer and an agent or agents in relation to the issue of Securities by the Issuer.

**"Annual Rates Income"** means, in relation to an Issuer that is a Local Authority and for a financial year, an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by that Issuer from other Local Authorities for services provided by that Issuer for which those other Local Authorities rate and in each case as shown in the Financial Statements of that Issuer

for that financial year, provided that if such Financial Statements are with respect to a period of less than 12 months, then such amount shall be annualised (so as to reflect a period of 12 months), and the annualised amount shall be the Annual Rates Income.

**"Authorised Signatory"** means, in relation to an Issuer, a person nominated as the Issuer's authorised signatory for the purposes of this deed and notified as such to the Subscriber from time to time.

**"Available Financial Accommodation"** means, in relation to an Issuer on any Test Date, the aggregate as at that date of:

- (a) External Indebtedness;
- (b) committed but undrawn financial accommodation that is available to the Issuer, to the extent there is no legal, contractual or other restriction on the Issuer's ability to draw upon that financial accommodation; and
- (c) Liquid Investments of the Issuer (and not its Consolidated Group).

**"Borrowed Money Indebtedness"** means any indebtedness of the Subscriber to a person (other than indebtedness owed to an Issuer in respect of Borrower Notes) in respect of money borrowed or raised or any other financial accommodation whatsoever in the nature of, or having a similar economic effect to, borrowing or raising money, including indebtedness under or in respect of a negotiable or other financial instrument, guarantee, interest or currency exchange hedge or other arrangement of any kind (calculated on a net and marked to market basis).

**"Borrower Notes"** has the meaning given to it in the Notes Subscription Agreement.

**"Cash"** means, in relation to an Issuer:

- (a) any credit balance on any deposit, savings, current or other account with a registered bank which has outstanding debt securities rated as referred to in paragraph (c) of the definition of "Liquid Investments" and which is freely withdrawable on demand by the Issuer;
- (b) any credit balance of any term deposit with a maturity of less than 180 days with a registered bank which has outstanding debt securities rated as referred to in paragraph (c) of the definition of "Liquid Investments"; and
- (c) any cash in hand.

**"CCO Credit Support"** means, in relation to a CCO Issuer, any combination of the following:



- (a) a CCO Security;
- (b) a CCO Negative Pledge and Covenant;
- (c) a CCO Guarantee;
- (d) where a LA Shareholder provides a CCO Guarantee, the Security Stock issued by the LA Shareholder in respect of its obligations under the CCO Guarantee; and/or
- (e) any other security arrangements,

as specified in the relevant Accession Deed or as otherwise subsequently specified (in writing) by the Subscriber.

**"CCO Negative Pledge and Covenant"** means the undertakings given by a CCO Issuer in favour of the Subscriber and the Holder and, set out in the relevant Accession Deed, relating to:

- (a) for so long as any Series issued by the Issuer is outstanding, the restrictions on the creation or subsistence of any security interest over the whole or any part of its assets, other than a permitted security interest (as specified in the relevant Accession Deed);
- (b) for so long as any Series issued by the Issuer is outstanding, the amount of its indebtedness relative to the aggregate amount uncalled and unpaid in respect of equity securities in the Issuer owned legally and beneficially by the CCO Shareholders; and
- (c) if applicable, calling up and/or demanding payment of, the whole or part (as specified in the request from the Subscriber or Holder) of the amount uncalled and/or unpaid in respect of the equity securities referred to in paragraph (b) on written request from the Subscriber or a Holder, provided that such request may only be made following the occurrence of an Event of Default that is continuing.

**"CCO Support Document"** means, in relation to a CCO Issuer, any document in relation to CCO Credit Support, as specified in the relevant Accession Deed.

**"Compliance Certificate"** means:

- (a) in the case of an Issuer that is a Local Authority, a certificate in the form, or substantially in the form, set out in schedule 7; and
- (b) in the case of a CCO Issuer, a certificate in the form specified by the Subscriber for that Issuer.

**"Conditions"** means the terms and conditions contained in schedule 2.

**"Confirmation Email"** means, in relation to an Issuer and Securities, an email (or other communication which is satisfactory to the Subscriber) from the Issuer to the Subscriber confirming that the Issuer is offering to issue a Series or Tranche of Securities on the terms set out in the applicable Indicative Terms Email. The Confirmation Email must specify:

- (a) the Principal Amount and Maturity Date of the Securities the Issuer is offering to issue; and
- (b) whether the Securities it is offering to issue are Fixed Rate Securities, Floating Rate Securities, Amortising Securities, Zero Coupon Securities or any other type of Security set out in the Indicative Terms Email.

**"Consolidated Group"** means, in relation to an Issuer, the group of persons (including the Issuer) against which the financial covenants in clause 7.5(a) may be tested (as required in accordance with clause 7.5(a)), such group must be agreed in writing by the Subscriber and that Issuer.

**"Demand"** has the meaning given in the Guarantee.

**"Disclosure Information"** has the meaning given to it in clause 7.4(a)(i).

**"Distribution"** means:

- (a) any dividend, charge, fee, payment, other distribution (whether cash or assets), redemption, repurchase, defeasance, retirement or repayment on or in respect of any equity securities or ownership interest of a CCO Issuer;
- (b) any interest payment, any repayment or prepayment of any amount of principal or any other payment in respect of any liability of a CCO Issuer to a CCO Shareholder; and

without limiting the above, a "distribution" as defined in the Companies Act.

**"EC Securities"** means Securities the proceeds of which are to be applied by the relevant Issuer in paying the Exercise Price for Commitment Shares to be subscribed by the Issuer on the Issue Date.

**"Equity Commitment Deed"** means the deed dated on or about the date of this deed between various Local Authorities and the Subscriber entitled "Equity Commitment Deed".

**"Event of Review"** means, in relation to:

- (a) an Issuer that is a Local Authority, a breach of any of the financial covenants in clause 7.5; and
- (b) a CCO Issuer, a breach of any of the financial covenants in the Accession Deed.

**"External Indebtedness"** means, in relation to an Issuer on any Test Date, the aggregate amount of indebtedness of the Issuer to any person in respect of money borrowed or raised or any other financial accommodation whatsoever in the nature of, or having a similar economic effect to, borrowing or raising money, including indebtedness under or in respect of a negotiable or other financial instrument, as shown in the Financial Statements of the Issuer for the financial year ending on that Test Date, but excluding:

- (a) indebtedness that is classed as "internal indebtedness" of the Issuer in the Issuer's Financial Statements for the financial year ending on that Test Date;
- (b) indebtedness that is classified as a contingent liability of the Issuer in the Issuer's Financial Statements for the financial year ending on that Test Date; and
- (c) any indebtedness of the Issuer which is an unrealised loss on hedging instruments as shown in the Issuer's Financial Statements for the financial year ending on that Test Date.

**"Financial Statements"** means:

- (a) in relation to a CCO Issuer, the audited financial statements the Issuer is required to produce pursuant to sections 67 to 69 of the Act; and
- (b) in relation to an Issuer that is a Local Authority, the audited financial statements the Issuer is required to produce pursuant to sections 98 and 99 of the Act.

**"Final Terms"** means:

- (a) in relation to a Series or Tranche of EC Securities, final terms in the form, or substantially in the form, of schedule 3; and
- (b) in relation to a Series or Tranche of any other Securities, a term sheet in the form, or substantially in the form, of schedule 5.

**"Further Principal Debt Release Request"** has the meaning given to it in the Guarantee.

**"GAAP"** means "generally accepted accounting practice" as defined in the Act.

**"Guarantee"** means the deed of guarantee and indemnity made by various Local Authorities in respect of the indebtedness of the Subscriber.

**"Guarantor"** means a guarantor under the Guarantee.

**"Indicative Terms Email"** means an email from the Subscriber to an Issuer setting out the indicative terms of Securities (other than pricing) that the Issuer may offer to issue to the Subscriber.

**"Insolvency Event"** means, in relation to a CCO Issuer or CCO Shareholder, any "Insolvency Event" specified in the relevant Accession Deed in relation to such person.

**"Issuer"** means a Local Authority set out in schedule 1 or any other Local Authority or CCO which is or becomes an Issuer in accordance with clauses 2.4 or 2A.4 (including a Local Authority that becomes an Issuer because it is a LA Shareholder (if applicable)).

**"Liquid Investments"** means, in relation to an Issuer on any Test Date:

- (a) Cash;
- (b) securities issued or fully guaranteed or fully insured by the New Zealand Government;
- (c) commercial paper or other debt securities which have a long-term rating of at least A- or a short-term rating of at least A-1 by Standard & Poor's Rating Group or an equivalent rating from either Moody's Investors Service Inc. or Fitch Ratings Limited (or their respective related companies); and
- (d) certificates of deposit of any registered bank which has outstanding debt securities rated as referred to in paragraph (c) above,

in each case legally and beneficially held by the Issuer and/or the Consolidated Group (as required in accordance with clause 7.5(a)), not subject to any security interest, and denominated and payable in NZ Dollars and as shown in the Financial Statements of the Issuer for the financial year ending on that Test Date.

**"Maximum Additional Spread"** means:

- (a) in relation to an issue of Floating Rate Securities which are not EC Securities, the maximum additional spread (expressed as a percentage (p.a.)) the Subscriber will (on the date the Final Terms are delivered pursuant to clause 4.1(a)(iii)) add to its own issuance margin in order to determine the Margin for the relevant Tranche or Series;
- (b) in relation to an issue of Fixed Rate Securities, the maximum additional spread (expressed as a percentage (p.a.)) the Subscriber will (on the date the Final Terms

are delivered pursuant to clause 4.1(a)(iii)) add to its own issuance margin in order to determine the "margin" component of the Interest Rate for the relevant Tranche or Series; and

- (c) in relation to an issue of Zero Coupon Securities, the maximum additional spread (expressed as a percentage (p.a.)) the Subscriber will (on the date the Final Terms are delivered pursuant to clause 4.1(a)(iii)) add to its own issuance margin in order to determine the annual yield for the relevant Tranche or Series,

in each case calculated in accordance with the methodology notified by the Subscriber to the Issuer on or prior to the date of the Indicative Terms Email which relates to that issue of Securities. In this definition, "**issuance margin**" has the meaning given to it in clause 4.6.

**"Net Debt"** means, in relation to an Issuer and any Test Date, the aggregate of all financing liabilities of the Issuer and/or the Consolidated Group (as required in accordance with clause 7.5(a)) as at that Test Date as shown in the Financial Statements of the Issuer for the financial year ending on that Test Date less Liquid Investments as at that Test Date.

**"Net Interest"** means, in relation to an Issuer for a financial year, an amount equal to all interest and financing costs incurred by the Issuer and/or the Consolidated Group (as required in accordance with clause 7.5(a)) for that financial year as shown in Financial Statements of the Issuer less:

- (a) interest income of the Issuer and/or the Consolidated Group (as required in accordance with clause 7.5(a)) for that financial year as shown in Financial Statements of the Issuer for that financial year; and
- (b) any interest paid by the Issuer during that financial year as shown in the Financial Statements of the Issuer for that financial year on EC Securities held by the Subscriber.

**"Notes Subscription Agreement"** means the agreement dated on or about the date of this deed between the Subscriber and various Local Authorities entitled "Notes Subscription Agreement".

**"Notice of Commitment"** means:

- (a) in relation to a Series or Tranche of EC Securities, a notice in the form, or substantially in the form, of schedule 6; and
- (b) in relation to a Series or Tranche of any other Securities, a Confirmation Email.

**"Offering Document"** means, on any date, each prospectus, investment statement, product disclosure statement, information memorandum or other offer document (howsoever described) prepared by, or on behalf and with the approval of, the Subscriber under which the Subscriber is offering or is able to offer debt instruments.

**"Policies"** has the meaning given to it in the Shareholders' Agreement.

**"Potential Event of Default"** means any event which, with the passing of time, or the giving of notice, or both, would constitute an Event of Default.

**"Redemption Notice"** has the meaning given to it in clause 7.6, 7.7, 7.8 or 7.9, as applicable.

**"Security Trustee"** has the meaning given in the Guarantee.

**"Shareholders' Agreement"** means the agreement dated on or about the date of this deed between the Principal Shareholders in relation to the Subscriber entitled "Shareholders' Agreement".

**"Shareholder Transaction Documents"** means, in relation to an Issuer that is a LA Shareholder:

- (a) the Guarantee;
- (b) the Equity Commitment Deed;
- (c) the accession deeds (if applicable) executed by the Issuer for the purposes of the Guarantee and the Equity Commitment Deed;
- (d) each Security Stock Certificate issued by it in respect of its obligations in respect of the Guarantee and the Equity Commitment Deed;
- (e) this deed, solely in its capacity as a LA Shareholder; and
- (f) each CCO Support Document.

**"Test Date"** means 30 June of each year or, in the case of a CCO Issuer, the date specified in the relevant Accession Deed.

**"Total Revenue"** means, in relation to an Issuer that is a Local Authority and for a financial year, the total cash operating revenue of the Issuer and/or the Consolidated Group (as required in accordance with clause 7.5(a)) for that financial year as shown in Financial Statements of the Issuer for that financial year including cash earnings from rates, Government grants and subsidiaries, user charges, interest, dividends and financial and

other revenue but not including non-Government capital contributions (such as developer contributions and vested assets).

**"Transaction Documents"** means:

- (a) in relation to an Issuer that is a Local Authority:
  - (i) this deed;
  - (ii) the Notes Subscription Agreement;
  - (iii) each Security Stock Certificate issued by it in respect of its obligations in respect of the Securities and under this deed and each of the Guarantee (if applicable), and the Equity Commitment Deed (if applicable);
  - (iv) if the Issuer is a Guarantor, or is required by the Subscriber in accordance with this deed, the Policies and/or required by the Shareholders' Agreement to become a Guarantor, each of the Guarantee and Equity Commitment Deed;
  - (v) the Accession Deed (if applicable);
  - (vi) any accession deed executed by the Issuer for the purposes of the Notes Subscription Agreement, the Guarantee (if applicable) and/or the Equity Commitment Deed (if applicable); and
  - (vii) any other document agreed by the Subscriber and the Issuer to be a Transaction Document; and
- (b) in relation to a CCO Issuer:
  - (i) this deed;
  - (ii) the Notes Subscription Agreement;
  - (iii) the Guarantee;
  - (iv) the Equity Commitment Deed;
  - (v) each Security Stock Certificate issued by a LA Shareholder in respect of its obligations in respect of each of the Guarantee, the Equity Commitment Deed and any CCO Support Document;
  - (vi) the Accession Deed;



- (vii) any accession deed executed by the CCO Issuer for the purposes of the Notes Subscription Agreement (if applicable);
- (viii) accession deeds (if applicable) to Guarantee and Equity Commitment Deed;
- (ix) each CCO Support Document; and
- (x) any other document agreed by the Subscriber and the CCO Issuer to be a Transaction Document.

**"Verified Statements"** has the meaning given to it in clause 7.4(a)(ii).

1.2 **Conditions:** Words and expressions defined in the Conditions and used in this deed shall have the same meanings in this deed, unless the context requires otherwise.

1.3 **Equity Commitment Deed:** Except to the extent the context requires otherwise, "Commitment Shares", "Exercise Notice", "Exercise Price" and "Settlement Date" have the meanings given to them in the Equity Commitment Deed.

1.4 **References:** Except to the extent that the context otherwise requires, any reference in this deed to:

an **"authorisation"** includes:

- (a) any consent, authorisation, registration, filing, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with a governmental agency; or
- (b) in relation to anything which will be proscribed or restricted in whole or part by law if a governmental agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of such period without such intervention or action.

a **"clause"** or **"schedule"** is a reference to a clause of, or schedule to, this deed.

something having a **"material adverse effect"** on a person is a reference to it having a material adverse effect on the financial condition or operations of that person which materially adversely affects the ability of that person to perform or comply with its obligations under any Transaction Document or any Security.

something being **"remedied"** means it is remedied to the satisfaction of the Subscriber.

1.5 **Miscellaneous:**

- (a) The introduction to and headings in this deed are inserted for convenience only and shall be ignored in construing this deed.
- (b) Unless the context otherwise requires words denoting only the singular number shall include the plural and vice versa and words denoting any gender shall include all genders.
- (c) References to any legislation or to any provision of any legislation are deemed to be references to that legislation or provision as from time to time amended, re-enacted or substituted and, unless the context otherwise requires, shall also include any statutory instruments issued under any such legislation or provision.
- (d) References to any document (however described) shall include references to such document as modified, novated, supplemented, varied or replaced from time to time.
- (e) References to any party to this deed or any other document shall include its successors or permitted assigns.
- (f) References to a time of day are references to New Zealand time unless otherwise stated.
- (g) Anything which may be done at any time may also be done from time to time.

## **2. ACCESSION OF LOCAL AUTHORITY AS AN ISSUER**

**2.1 Local Authority to sign Accession Deed:** Subject to clause 2.2, a Local Authority which is not a Principal Shareholder may become an Issuer under this deed by completing and signing an Accession Deed and delivering it to the Subscriber.

**2.2 Conditions precedent to accession and issue of Securities:** A Local Authority shall not be entitled to sign and deliver an Accession Deed or to issue Securities under this deed unless and until the following conditions have been, to the satisfaction of the Subscriber, met:

- (a) the Local Authority is a party to or has acceded to the Notes Subscription Agreement;
- (b) if required by the Subscriber in accordance with the Policies and/or required by the Shareholders' Agreement, the Local Authority has become a Guarantor and is a party to or has acceded to the Equity Commitment Deed;

- (c) the Subscriber has confirmed that the Agency Agreement to be used by the Local Authority in relation to the Securities issued by it pursuant to this deed, and the identity of the paying agent, calculation agent and registrar appointed pursuant to that agreement, are acceptable to it;
- (d) the Local Authority has delivered to the Subscriber a certificate of compliance for the purposes of section 118 of the Act in relation to its entry into this deed, the Accession Deed (if applicable), the Notes Subscription Agreement, the Agency Agreement, the Guarantee (if applicable), the Equity Commitment Deed (if applicable) and the Security Stock Certificates and Security Stock issued in respect of this deed, the Guarantee (if applicable) and the Equity Commitment Deed (if applicable);
- (e) evidence that all necessary regulatory and statutory authorisations, consents, approvals and licences in relation to its entry into this deed, the Accession Deed (if applicable), the Notes Subscription Agreement, the issuance of the Security Stock Certificates and Security Stock issued in respect of this deed and the Securities (if applicable) and the issuance of the Securities from time to time (if applicable) have been obtained and are current and satisfactory;
- (f) the Subscriber has received a first ranking Security Stock Certificate evidencing that the Issuer's obligations under this deed are secured pursuant to the Debenture Trust Deed;
- (g) any additional eligibility criteria required by the Subscriber in accordance with the Policies have been satisfied;
- (h) in respect of the first issuance by an Issuer, it has notified the Subscriber of the amount of its Annual Rates Income for its immediately preceding financial year and a breakdown of the components included in its calculation of that amount, provided that this clause 2.2(h) shall not apply where an Issuer has previously delivered Financial Statements to the Subscriber in accordance with clause 7.3 which comply with clause 7.5(c);
- (i) the Subscriber has received a legal opinion from counsel acceptable to the Subscriber and in a form acceptable to the Subscriber relating to the Issuer's entry into this deed, the Accession Deed (if applicable), the Notes Subscription Agreement, the Guarantee (if applicable) and the Equity Commitment Deed (if applicable) and the issuance of the first ranking Security Stock and the first ranking Security Stock Certificate described at clause 2.2(f); and

- (j) any additional conditions specified by the Subscriber in the Accession Deed or separately notified in writing to the Issuer have been satisfied.

2.3 **Subscriber to countersign Accession Deed:** Subject to clause 2.2, on receipt of the document described in clause 2.1 in form and substance satisfactory to the Subscriber, the Subscriber shall:

- (a) countersign the counterpart of the Accession Deed;
- (b) enter the Accession Deed in a register kept by it (which shall be conclusive); and
- (c) retain one counterpart and deliver the other to the relevant Local Authority.

2.4 **Accession effective:** On an Accession Deed being countersigned by the Subscriber in accordance with clause 2.3, the Local Authority shall be bound by this deed as if it were a party hereto and named herein as an Issuer.

## **2A. ACCESSION OF CCO AS AN ISSUER**

2A.1 **CCO to sign Accession Deed:** Subject to clause 2A.2, a CCO may become an Issuer under this deed by:

- (a) completing and signing; and
- (b) procuring each CCO Shareholder to sign,

an Accession Deed (in form and substance satisfactory to the Subscriber) and delivering it to the Subscriber.

2A.2 **Conditions precedent to accession and issue of Securities:** A CCO shall not be entitled to sign and deliver an Accession Deed or to issue Securities under this deed unless and until the following conditions have been, to the satisfaction of the Subscriber, met:

- (a) the CCO has acceded to the Notes Subscription Agreement;
- (b) each LA Shareholder is a party to or has acceded to this deed as an Issuer (in the manner contemplated by clauses 2.2 to 2.4 of this deed) and the Notes Subscription Agreement as a subscriber;
- (c) each LA Shareholder is or has become a Guarantor and is a party to or has acceded to the Equity Commitment Deed as a guarantor;
- (d) the Subscriber has confirmed that the Agency Agreement to be used by the CCO in relation to the Securities issued by it pursuant to this deed, and the identity of the

paying agent, calculation agent and registrar appointed pursuant to that agreement, are acceptable to it;

- (e) the CCO has delivered to the Subscriber a director's certificate in relation to its entry into this deed, the Accession Deed, the Notes Subscription Agreement, the Agency Agreement, the CCO Credit Support and the CCO Support Documents;
- (f) evidence that all necessary regulatory and statutory authorisations, consents, approvals and licences in relation to the CCO's entry into this deed, the Accession Deed, the Notes Subscription Agreement, the Agency Agreement, the CCO Credit Support and the CCO Support Documents and the issuance of Securities from time to time (if applicable) have been obtained and are current and satisfactory;
- (g) each CCO Shareholder has delivered to the Subscriber a director's certificate, or in the case of a LA Shareholder, a certificate of compliance for the purposes of section 118 of the Act, in relation to its entry into the Accession Deed, the CCO Credit Support and the CCO Support Documents;
- (h) in the case of a LA Shareholder, evidence that all necessary regulatory and statutory authorisations, consents, approvals and licences in relation to its entry into the CCO Credit Support and the CCO Support Documents have been obtained and are current and satisfactory;
- (i) any additional eligibility criteria required by the Subscriber in accordance with the Policies have been satisfied;
- (j) in respect of the first issuance by an Issuer, each LA Shareholder has notified the Subscriber of the amount of its Annual Rates Income for its immediately preceding financial year and a breakdown of the components included in its calculation of that amount, provided that this clause 2A.2(j) shall not apply where the LA Shareholder (as an Issuer) has previously delivered Financial Statements to the Subscriber in accordance with clause 7.3 which comply with clause 7.5(c);
- (k) the Subscriber has received a legal opinion from counsel acceptable to the Subscriber and in a form acceptable to the Subscriber relating to the CCO's entry into this deed, the Accession Deed, the Notes Subscription Agreement, the Agency Agreement, and any CCO Support Document (if applicable);
- (l) the Subscriber has received both the CCO Support Documents and the benefit of CCO Credit Support, in each case, in a form and substance satisfactory to the Subscriber (in its sole discretion);

- (m) the Subscriber has received a legal opinion from counsel acceptable to the Subscriber and in a form acceptable to the Subscriber relating to each CCO Shareholder's entry into each relevant CCO Support Document (if applicable);
- (n) each LA Shareholder is in compliance with each of the financial covenants in, or referred to in, clause 7.5; and
- (o) any additional conditions specified by the Subscriber in the Accession Deed or separately notified in writing to the Issuer have been satisfied.

2A.3 **Subscriber to countersign Accession Deed:** Subject to clause 2A.2, on receipt of the document described in clause 2A.1 in form and substance satisfactory to the Subscriber, the Subscriber shall:

- (a) countersign the counterpart of the Accession Deed;
- (b) enter the Accession Deed in a register kept by it (which shall be conclusive); and
- (c) retain one counterpart and deliver the other to the relevant CCO.

2A.4 **Accession effective:** On an Accession Deed being countersigned by the Subscriber in accordance with clause 2A.3, the CCO shall be bound by this deed as if it were a party hereto and named herein as an Issuer.

### 3. OFFERS AND SALES OF SECURITIES

3.1 **Agreement to issue:** Subject to the terms and conditions of this deed, each Issuer may from time to time agree with the Subscriber to issue, and the Subscriber may agree to subscribe for, Securities. If the relevant Issuer and the Subscriber agree on the terms upon which such Securities should be issued and subscribed then the relevant Issuer shall be obliged to issue and the Subscriber shall be obliged to subscribe the relevant Securities issued by the Issuer on the relevant Issue Date, on the basis of, and in reliance upon, the representations, warranties, undertakings and indemnities made or given or provided to be made or given pursuant to the terms of this deed, and otherwise on the terms so agreed.

3.2 **Offer and acceptance:** For the purposes of this deed (without limiting anything else in this deed), the issue of Securities under this deed shall (without more) be taken to be the result of an offer by the relevant Issuer to issue the Securities to the Subscriber, and an acceptance of that offer by the Subscriber.

- 3.3 **Several obligations:** The obligations of each Issuer under this deed are several. No Issuer shall be responsible for the obligations of any other Issuer under this deed. The rights of each Issuer under this deed are several.

#### 4. ISSUANCE PROCESS

##### 4.1 General procedure:

- (a) Except in the case of EC Securities or if the Subscriber and the relevant Issuer otherwise agree, an Issuer may not issue Securities pursuant to this deed unless:
  - (i) at least eight Business Days before the proposed Issue Date (or such later date as the Issuer and the Subscriber may agree), the Subscriber provides an Indicative Terms Email to the Issuer and, in the case of a CCO Issuer, with a copy to each LA Shareholder;
  - (ii) at least six Business Days before the proposed Issue Date (or such later date as the Issuer and the Subscriber may agree), the Issuer provides a Notice of Commitment to the Subscriber; and
  - (iii) at least three Business Days before the proposed Issue Date (or such later date as the Issuer and the Subscriber may agree), the Subscriber has agreed to subscribe for the Securities by signing and delivering the Final Terms for the Securities to the Issuer.
- (b) The Issuer shall counter-sign and deliver to the Subscriber a copy of the Final Terms no later than the proposed Issue Date, but failure to do so shall not affect the Issuer's obligation to issue the Securities on the proposed Issue Date and the terms set out in the Final Terms shall apply to the relevant Securities.

##### 4.2 Procedure for EC Securities: An Issuer may not issue EC Securities under this deed unless:

- (a) the Issuer has received an offer to subscribe for the EC Securities under clause 3.1 of the Equity Commitment Deed; and
- (b) not less than six Business Days before the Settlement Date for the related Commitment Shares, the Issuer provides a Notice of Commitment to the Subscriber,

whereupon the Subscriber promptly (and in any case not less than four Business Days before the proposed Issue Date) shall agree to subscribe for the EC Securities specified in



the Notice of Commitment by counter-signing and delivering to the Issuer a copy of the Notice of Commitment.

4.3 **[Not used]**

4.4 **Notice of Commitment:** A Notice of Commitment constitutes a binding, unconditional and irrevocable offer by the relevant Issuer to issue the Securities specified therein. Each Notice of Commitment in respect of EC Securities shall be accompanied by preliminary Final Terms for the proposed issuance of EC Securities, completed in all respects other than for pricing, and such Final Terms to be the same as the preliminary Final Terms that were sent to the Issuer by the Subscriber under clause 3.1 of the Equity Commitment Deed except that the Issuer may specify a lower aggregate Principal Amount and shorter Maturity Date.

4.5 **Acceptance by Subscriber:** Subject to clause 4.2, the Subscriber is not under any obligation whatsoever to accept an offer by an Issuer contained in a Notice of Commitment. The Subscriber signing and delivering the Final Terms to the relevant Issuer (in the case of Securities which are not EC Securities) or counter-signing and delivering to the relevant Issuer a copy of a Notice of Commitment (in the case of EC Securities) shall constitute a binding and irrevocable acceptance of the offer contained in the Notice of Commitment, subject only to the following conditions:

- (a) the Subscriber having received in a form and substance satisfactory to it:
  - (i) where the Issuer is a Local Authority, a first ranking Security Stock Certificate evidencing that the Issuer's obligations in relation to the proposed Tranche or Series are secured pursuant to the relevant Debenture Trust Deed (which may, at the Subscriber's absolute discretion, be a Security Stock Certificate evidencing that the Issuer's obligations in relation to all Securities issued by it under this deed are secured pursuant to the relevant Debenture Trust Deed); and
  - (ii) where the Issuer is a Local Authority, a certificate of compliance for the purposes of section 118 of the Act in relation to the proposed Tranche or Series and the issue of the relevant Security Stock and related Security Stock Certificate (if applicable);
  - (iii) where the Issuer is a CCO Issuer, a certificate from an Authorised Signatory of the CCO addressing (among other things) the issue of the proposed Tranche or Series;
- (b) there is no impediment to the issue to the Issuer of the related Borrower Notes (if applicable) under the Notes Subscription Agreement (including, without limitation,

due to the requirements of section 49 of the Companies Act 1993 and/or clause 15.4 of the Notes Subscription Agreement not being satisfied);

- (c) the Issuer has complied with the conditions specified in clause 2.2 or 2A.2 (as applicable) and any additional eligibility criteria required by the Subscriber in accordance with the Policies;
- (d) the representations and warranties set out in clause 6.1 (in the case of an Issuer that is a Local Authority) or 6.1A (in the case of a CCO Issuer) (as applicable) being true, accurate and correct in all material respects as of the Issue Date by reference to the facts and circumstances existing on that date;
- (e) no Event of Default, Potential Event of Default or Event of Review has occurred and is continuing in relation to the Issuer and no such event would occur on or after the Issue Date as a result of the Issuer issuing the Securities;
- (f) the Issuer, and (in the case of a CCO Issuer) each CCO Shareholder, is in compliance with this deed, the Notes Subscription Agreement, the Guarantee (if applicable), the Equity Commitment Deed (if applicable) and any CCO Support Document (if applicable); and
- (g) the Local Government Borrowing Act 2011 has not been amended or repealed other than to the satisfaction of the Subscriber.

#### 4.6 **Pricing:**

- (a) The Subscriber shall determine the pricing for each Tranche or Series of:
  - (i) EC Securities, on the Issue Date and shall notify the relevant Issuer of the pricing for the Tranche or Series on the Issue Date, following which the Final Terms for the Tranche or Series shall be updated to include the pricing information notified pursuant to this clause and each of the Issuer and the Subscriber shall sign the updated Final Terms; and
  - (ii) Securities which are not EC Securities, on the date the Final Terms are delivered pursuant to clause 4.1(a)(iii) and such pricing shall be set out in the Final Terms for that Tranche or Series.

The pricing decisions of the Subscriber shall be final and binding on the relevant Issuer.

- (b) When determining the pricing for each Tranche or Series of Securities for the purposes of clause 4.6(a), the Subscriber must not, unless the relevant Issuer

agrees otherwise, add an additional spread to its own issuance margin which exceeds:

- (i) in the case of EC Securities, the maximum additional spread notified in accordance with clause 3.1 of the Equity Commitment Deed; and
- (ii) in the case of Securities which are not EC Securities, the Maximum Additional Spread.

In this clause 4.6, "**issuance margin**" means the percentage rate (p.a.) (as determined by the Subscriber) over the applicable reference rate which is payable by the Subscriber in respect of the Borrowed Money Indebtedness it incurs to subscribe for the relevant Securities and includes all of the Subscriber's costs and expenses relating to that Borrowed Money Indebtedness (including, without limitation, dealer fees, commissions, listing fees and any Approved Issuer Levy which is or may be payable by the Subscriber under the terms of that Borrowed Money Indebtedness). In this clause 4.6, "**Approved Issuer Levy**" has the meaning given to it in the Conditions as if references to the "Issuer" were to the "Subscriber" and "any Security" were to the Subscriber's "Borrowed Money Indebtedness". Without limiting the Subscriber's right to make a determination as to the "issuance margin", the Subscriber may for the purposes of determining the Approved Issuer Levy component of the issuance margin estimate its likely costs in respect of any Approved Issuer Levy.

4.7 **Notices of Commitment after release:** Where an Issuer is (or was previously) a Guarantor and it has delivered a valid Further Principal Debt Release Request in accordance with clause 15 of the Guarantee:

- (a) it must immediately provide a copy of the Further Principal Debt Release Request to the Subscriber; and
- (b) neither it nor any CCO Issuer for which that Issuer is a LA Shareholder may, on and from the date of such Further Principal Debt Release Request, provide any Notice of Commitment under this deed.

4.8 **Settlement delay:** Other than where the conditions set out in clause 4.5 are not satisfied, in the event that the Subscriber pays the Issue Price for the Securities other than on the Issue Date ("**settlement delay**"):

- (a) unless the Subscriber agrees otherwise (in writing), each of the Issuer and the Subscriber shall issue the Securities and the Borrower Notes (if applicable) respectively on the Issue Date; and

- (b) the maximum amount payable by the Subscriber to the Issuer in respect of such settlement delay will be interest on the unpaid Issue Price of the Securities, such interest to accrue on a daily basis from the Issue Date until the unpaid Issue Price is paid at a rate per annum equal to the Reserve Bank of New Zealand official cash rate on the Issue Date. Accrued interest shall not be compounded and shall be paid by the Subscriber on the date the unpaid Issue Price is paid in full and final settlement of such settlement delay.

## 5. ISSUE AND CREATION

- 5.1 Securities are issued and created by the relevant Registrar entering in the Register the particulars of the Securities.

## 6. REPRESENTATIONS AND WARRANTIES

- 6.1 **Representations and warranties (in relation to Issuers that are Local Authorities):** Each Issuer that is a Local Authority represents and warrants to the Subscriber in relation to itself (as an Issuer) that:

- (a) **Status:** it is either a territorial authority or regional council named as a local authority in Schedule 2 to the Act;
- (b) **Power:** it has the power generally to enter into, exercise its rights and perform and comply with its obligations under this deed and the other Transaction Documents and to issue the Securities;
- (c) **Authorisations:** it has taken all necessary action required on its part to authorise the entry into, execution and delivery of this deed and the other Transaction Documents and the issue of Securities and the performance of all obligations expressed to be binding on it;
- (d) **Obligations legally binding:** its obligations under this deed, the other Transaction Documents and the Debenture Trust Deed and the Securities (when issued) constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to laws affecting creditors' rights generally and (as to enforceability) to equitable principles of general application);
- (e) **No conflict:** neither the entry by it into, nor the performance by it of this deed and the other Transaction Documents or the issue of the Securities by it will:

- (i) conflict with or result in a breach of, any agreement, document, arrangement, obligation or duty to which it is a party or by which it or any of its assets may be bound; or
  - (ii) violate or contravene any law to which it is subject;
- (f) **Accounts:** its accounts have been prepared in accordance with the Act and any other applicable legislation or guidelines and are audited in accordance with any statutory requirements;
- (g) **No default:** except to the extent it has notified the Subscriber otherwise in writing, no Event of Default or Event of Review in relation to it has occurred and remains unremedied;
- (h) **Certificate of exemption:** it holds a valid certificate of exemption from resident withholding tax issued pursuant to section RE 27 of the Income Tax Act 2007 and sections 32E to 32I of the Tax Administration Act 1994 (or, on or after 1 April 2020, it has RWT-Exempt Status);
- (i) **Protected transaction:** for the purposes of section 117 of the Act, the entry by the Issuer into, and the performance by the Issuer of, this deed and the other Transaction Documents and the issue of Securities:
  - (i) is in compliance with the Act;
  - (ii) is not contrary to any provision of the Act;
  - (iii) is within the capacity, rights and powers of the Issuer; and
  - (iv) is for a purpose authorised by either the Act or another Act;
- (j) **Ranking of obligations:** its obligations under this deed and in respect of the Securities are secured by the Debenture Trust Deed and rank, and will at all times rank, rateably and at least equally in right and priority of payment with all other first ranking secured money under the Debenture Trust Deed;
- (k) **Offering material:** except to the extent it has advised the Subscriber otherwise in writing, all information it has provided to the Subscriber for the purposes of or, it has approved (in writing) for the inclusion in, any Offering Document is true, accurate and complete in all material respects and not misleading (including by omission) in any material respect; and

- (l) **Notes Subscription Agreement:** the warranties given by it at clause 4.5 of the Notes Subscription Agreement are true and accurate.

6.1A **Representations and warranties (in relation to CCO Issuers):** Except to the extent that the Subscriber and the relevant CCO Issuer agree otherwise in the relevant Accession Deed:

- (a) **CCO Issuer:** each CCO Issuer represents and warrants to the Subscriber in relation to itself (as a CCO Issuer) that:
- (i) **Status:**
    - (aa) it is a company duly incorporated and validly existing under the laws of New Zealand; and
    - (bb) it has the power to own its assets and carry on its business as it is being conducted;
  - (ii) **Power:** it has the power to enter into, exercise its rights and perform and comply with its obligations under this deed and the other Transaction Documents and to issue the Securities;
  - (iii) **Authorisations:** it has taken all necessary action required on its part:
    - (aa) to authorise the entry into, execution, delivery and performance of this deed and the other Transaction Documents, the transactions contemplated by those documents, the issue of Securities and the performance of all obligations expressed to be binding on it; and
    - (bb) for the validity and enforceability of the Transaction Documents and the effectiveness or priority of any security interest under any Transaction Document;
  - (iv) **Obligations legally binding:** its obligations under this deed, the other Transaction Documents and the Securities (when issued) constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to laws affecting creditors' rights generally and (as to enforceability) to equitable principles of general application);
  - (v) **No conflict:** neither the entry by it into, nor the performance by it of this deed and the other Transaction Documents or the issue of the Securities by it will:

- (aa) conflict with or result in a breach of:
  - (A) any agreement, document, arrangement, obligation or duty to which it is a party or by which it or any of its assets may be bound; or
  - (B) its constitutional documents; or
- (bb) violate or contravene any law to which it is subject;
- (vi) **Accounts:** its accounts have been prepared in accordance with the Act and any other applicable legislation or guidelines and are audited in accordance with any statutory requirements;
- (vii) **No default:** except to the extent it has notified the Subscriber otherwise in writing, no Event of Default or Event of Review in relation to it or each relevant LA Shareholder has occurred and remains unremedied;
- (viii) **Certificate of exemption:** it holds a valid certificate of exemption from resident withholding tax issued pursuant to section RE 27 of the Income Tax Act 2007 and sections 32E to 32I of the Tax Administration Act 1994 (or, on or after 1 April 2020, it has RWT-Exempt Status);
- (ix) **Offering material:** except to the extent it has advised the Subscriber otherwise in writing, all information it has provided to the Subscriber for the purposes of or, it has approved (in writing) for the inclusion in, any Offering Document is true, accurate and complete in all material respects and not misleading (including by omission) in any material respect;
- (x) **Notes Subscription Agreement:** the warranties given by it at clause 4.5 of the Notes Subscription Agreement are true and accurate;
- (xi) **Solvency:** no Insolvency Event has occurred in relation to it or any CCO Shareholder;
- (xii) **No proceedings pending or threatened:** no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a material adverse effect has or have (to the best of its knowledge and belief) been started or threatened against it;



- (xiii) **Immunity from suit:** it does not have, nor do any of its assets have, immunity from suit;
- (xiv) **Good title to assets:** it is the sole legal and beneficial owner of the property subject to the security interests created by any CCO Security, free from security interests other than a permitted security interest (as specified in the relevant Accession Deed);
- (xv) **Ranking of Security:** each CCO Security (if applicable) creates the security which it is expressed to create over the property to which it is expressed to apply, subject only to a permitted security interest (as specified in the relevant Accession Deed);
- (xvi) **Trustee:** it does not enter into any Transaction Document or hold any property as trustee;
- (xvii) **No misleading information:** to the best of its information, knowledge, and belief after having made due inquiry (but subject to the qualifications made when the relevant information is made available):
  - (aa) any factual information provided by or on behalf of it in writing in connection with the Transaction Documents and the transactions they contemplate was true and accurate in all material respects and not misleading in any material respect as at the date it was provided or as at the date (if any) at which it is stated;
  - (bb) any financial projections provided by it or on its behalf have been prepared on the basis of recent historical information and on the basis of reasonable assumptions; and
  - (cc) all copies of documents (including its latest Financial Statements and all authorisations) given by it or on its behalf to the Subscriber are true and complete copies as at the date they were given unless expressly specified otherwise; and
- (xviii) **Additional representations:** it makes any additional representations specified in the Accession Deed;
- (b) **LA Shareholders:** each LA Shareholder represents and warrants to the Subscriber that:
  - (i) **Status:** it is either a territorial authority or regional council named as a local authority in Schedule 2 to the Act;

- (ii) **Power:** it has the power generally to enter into, exercise its rights and perform and comply with its obligations under the Shareholder Transaction Documents;
- (iii) **Authorisations:** it has taken all necessary action required on its part:
  - (aa) to authorise the entry into, execution, delivery and performance of the Shareholder Transaction Documents, the transactions contemplated by those documents and the performance of all obligations expressed to be binding on it under those documents; and
  - (bb) for the validity and enforceability of the Shareholder Transaction Documents and the effectiveness or priority of any security interest under any Shareholder Transaction Document;
- (iv) **Protected transaction:** for the purposes of section 117 of the Act, the entry by the LA Shareholder into, and the performance by the LA Shareholder of, the Shareholder Transaction Documents:
  - (aa) is in compliance with the Act;
  - (bb) is not contrary to any provision of the Act;
  - (cc) is within the capacity, rights and powers of the LA Shareholder; and
  - (dd) is for a purpose authorised by either the Act or another Act;

provided that the Subscriber acknowledges that section 117 of the Act does not apply to any CCO Guarantee given by a LA Shareholder in respect of a CCO Issuer;
- (v) **Ranking of obligations:** its obligations in respect of any CCO Guarantee it has given in relation to the CCO Issuer are secured by the Debenture Trust Deed and rank, and will at all times rank, rateably and at least equally in right and priority of payment with all other first ranking secured money under the Debenture Trust Deed;
- (vi) **Obligations legally binding:** its obligations under the Shareholder Transaction Documents and the Debenture Trust Deed constitute its legal, valid and binding obligations, enforceable in accordance with their

respective terms (subject to laws affecting creditors' rights generally and (as to enforceability) to equitable principles of general application);

(vii) **No conflict:** neither the entry by it into, nor the performance by it of the Shareholder Transaction Documents will:

(aa) conflict with or result in a breach of any agreement, document, arrangement, obligation or duty to which it is a party or by which it or any of its assets may be bound; or

(bb) violate or contravene any law to which it is subject; and

(viii) **Additional representations:** it makes any additional representations in relation to an LA Shareholder specified in the Accession Deed.

6.2 **Repetition:** The representations and warranties contained in clauses 6.1 and 6.1A shall be deemed to be repeated by each Issuer and, where the Issuer is a CCO Issuer, each relevant LA Shareholder for the benefit of the Subscriber on each Issue Date in respect of each Series or Tranche issued by the Issuer.

## 7. UNDERTAKINGS

7.1 **General undertakings in respect of Local Authority Issuers:** Each Issuer that is a Local Authority undertakes to the Subscriber that it will, for so long as any Series issued by it is outstanding:

(a) **Notify the Subscriber:** after having actual notice, promptly notify the Subscriber of:

(i) the occurrence of any Event of Default, Potential Event of Default or Event of Review in relation to it and, upon receipt of a request to that effect, shall confirm in writing signed by an Authorised Signatory that except as previously notified to the Subscriber no Event of Default, Potential Event of Default or Event of Review has occurred in relation to it;

(ii) each change in its Authorised Signatories, giving specimen signatures and evidence satisfactory to the Subscriber of the authority of each new Authorised Signatory;

- (iii) each actual or potential invalidity or unenforceability of this deed, the other Transaction Documents or the Debenture Trust Deed, or any provision hereof or thereof;
  - (iv) subject to the Act and the Local Government Official Information and Meetings Act 1987:
    - (aa) any event or series of events, whether related or not, or any circumstances arise or exist, which may have a material adverse effect on the Issuer or its ability to perform its obligations under this deed, the other Transaction Documents, the Debenture Trust Deed or the Securities; and
    - (bb) any change to the Act which may adversely affect the rights of a party lending to the Issuer or any receiver appointed by that party;
- (b) **Register:** cause the Registrar for that Series to keep the Register for the Series pursuant to the Agency Agreement;
- (c) **Agency Agreement:** comply with and perform all obligations under the Agency Agreement and not:
  - (i) terminate or enter into a new Agency Agreement;
  - (ii) modify any terms within an Agency Agreement; or
  - (iii) appoint, terminate or replace or consent to any replacement of a registrar, calculation agent or paying agent under an Agency Agreement,

without the Subscriber's prior written consent (such consent to not be unreasonably withheld or delayed);
- (d) **Validity:** take all steps required under any applicable law to enable it to perform and comply fully with its obligations under this deed, the other Transaction Documents, the Debenture Trust Deed or the Securities or required on its part for the validity or enforceability of this deed, the other Transaction Documents, the Debenture Trust Deed and the Securities;
- (e) **Compliance with law:** duly comply with all laws except to the extent that, in its reasonable opinion, it determines that non-compliance is not material to the business or financial condition of the Issuer;

- (f) **Information on request:** subject to the Act and the Local Government Official Information and Meetings Act 1987, on request by the Subscriber, promptly provide the Subscriber any information which the Subscriber reasonably requires with respect to matters relating to the Financial Statements, other records of the Issuer and the financial position of the Issuer;
- (g) **Other information:** provide the Subscriber with copies of all information provided to the Trustee under the reporting covenants provisions in the Debenture Trust Deed;
- (h) **Ranking of obligations:** ensure that its obligations under this deed and in respect of the Securities are secured by the Debenture Trust Deed and rank, and will at all times rank, rateably and at least equally in right and priority of payment with all other first ranking secured money under the Debenture Trust Deed;
- (i) **New Security Stock Certificates:** where the Subscriber has sold some or all of the Securities held by it, at the Subscriber's request and subject to the Subscriber delivering to the Issuer for cancellation the existing Security Stock Certificate for the relevant Securities, issue and deliver to each of the Subscriber and the new Holder (as applicable) a new first ranking Security Stock Certificate (in a form acceptable to the Subscriber or the Holder (as applicable) acting reasonably) evidencing that the Issuer's obligations in relation to the Securities held by each of the Subscriber and Holder (as applicable) are secured pursuant to its Debenture Trust Deed. In the case of Securities lodged in NZClear, the references in this clause 7.1(i) to "Holder" shall be deemed to be the new holder of the beneficial interest in the Security (as shown in the records of NZClear). Where the Issuer delivers any such new Security Stock Certificate it shall also deliver a certificate of compliance for the purposes of section 118 of the Act in relation to each new Security Stock Certificate. Subject to the relevant Debenture Trust Deed, where the Subscriber is holding a Security Stock Certificate evidencing that the Issuer's obligations in relation to all Securities issued by it under this deed are secured pursuant to the relevant Debenture Trust Deed, the Issuer's obligation under this clause 7.1(i) to deliver a new first ranking Security Stock Certificate to the new Holder shall not be subject to the Subscriber delivering that Security Stock Certificate to the Issuer for cancellation; and
- (j) **Debenture Trust Deed:** not terminate or enter into a new Debenture Trust Deed, or modify any terms within the Debenture Trust Deed, without the Subscriber's prior written consent (such consent to not be unreasonably withheld or delayed);

7.1A **General undertakings in respect of CCO Issuers:** Except to the extent that the Subscriber and the relevant Issuer agree otherwise in the relevant Accession Deed:

(a) **CCO Issuers:** each CCO Issuer undertakes to the Subscriber that it will, for so long as any Series issued by it is outstanding:

(i) **Notify the Subscriber:** after having actual notice, promptly notify the Subscriber of:

- (aa) the occurrence of any Event of Default, Potential Event of Default or Event of Review in relation to it or its LA Shareholder and, upon receipt of a request to that effect, shall confirm in writing signed by an Authorised Signatory that except as previously notified to the Subscriber no Event of Default, Potential Event of Default or Event of Review has occurred in relation to it or its LA Shareholder;
- (bb) each change in its Authorised Signatories, giving specimen signatures and evidence satisfactory to the Subscriber of the authority of each new Authorised Signatory;
- (cc) each actual or potential invalidity or unenforceability of this deed, the other Transaction Documents, or any provision hereof or thereof;
- (dd) any event or series of events, whether related or not, or any circumstances arise or exist, which may have a material adverse effect on the Issuer or any CCO Shareholder or its or any CCO Shareholder's ability to perform its obligations under this deed, the other Transaction Documents, the Debenture Trust Deed or the Securities;
- (ee) any change to the Act, its constitution or any applicable law which may adversely affect the rights of a party lending to the Issuer or any receiver appointed by that party;
- (ff) any proposed change to a CCO Shareholder;
- (gg) any change or potential change to whether the Issuer is a CCO or a council-controlled trading organisation (as defined in the Act);

(ii) **Register:** cause the Registrar for that Series to keep the Register for the Series pursuant to the Agency Agreement;

(iii) **Agency Agreement:** comply with and perform all obligations under the Agency Agreement and not:

(aa) terminate or enter into a new Agency Agreement;

(bb) modify any terms within an Agency Agreement; or

(cc) appoint, terminate or replace or consent to any replacement of a registrar, calculation agent or paying agent under an Agency Agreement,

without the Subscriber's prior written consent (such consent to not be unreasonably withheld or delayed);

(iv) **Validity:** take all steps required under any applicable law to enable it to perform and comply fully with its obligations under this deed, the other Transaction Documents or the Securities or required on its part for the validity or enforceability of this deed, the other Transaction Documents and the Securities;

(v) **Compliance with law:** duly comply with all laws except to the extent that non-compliance is not material to the business or financial condition of the Issuer;

(vi) **Information on request:** on request by the Subscriber, promptly provide the Subscriber any information which the Subscriber reasonably requires with respect to matters relating to the Financial Statements, other records of the Issuer and the financial position of the Issuer;

(vii) **Authorisations:** promptly:

(aa) obtain, comply with and do all that is necessary to maintain in full force and effect; and

(bb) supply certified copies to the Subscriber of,

any authorisation required to perform its obligations under the Transaction Documents and to ensure the legality, validity, enforceability or admissibility in evidence of any Transaction Document and any material authorisation required for it to carry on its business;

- (viii) **Disposals:** not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset other than a permitted disposal (as specified in the relevant Accession Deed);
- (ix) **Merger:** not enter into any amalgamation, demerger, merger or corporate reconstruction other than a permitted merger (as specified in the relevant Accession Deed) or as permitted by the exceptions in clause 10.1A(h) of the Conditions;
- (x) **Change of business:** procure that no material change is made to the general nature of its business from that carried on when it acceded to this deed;
- (xi) **Insurance:** take out and maintain insurances with a reputable insurer in the manner and to the extent which is in accordance with prudent business practice having regard to the nature of its business and its assets (including all insurance required by applicable law), and ensure that the security interest created under any CCO Security is noted and maintained on each such policy (in accordance with usual market practice and excluding policies relating to employer's liability, workers compensation, public liability, product liability, directors and officers insurance, or any other insurance policy taken out for the benefit of a third party payee);
- (xii) **Restrictions on Distributions and other transactions:** not:
  - (aa) pay or make any Distribution, other than a permitted Distribution (as specified in the relevant Accession Deed);
  - (bb) reduce or pass a resolution to reduce its capital;
  - (cc) acquire any of its own equity securities (unless it is required to do so by law);
  - (dd) redeem any of its own equity securities which are redeemable at its option (whether or not they are also redeemable at the option of their holder);
  - (ee) alter or allow to be altered any term attaching to any of its own equity securities, in a manner which would cancel or reduce the



- liability of any shareholder in relation to an equity security held prior to that alteration;
- (ff) amend its constitutional documents or allow them to be amended in any manner which would be likely to have a prejudicial effect on the Subscriber; or
  - (gg) move any of its property outside New Zealand other than in the ordinary course of ordinary business;
- (xiii) **Financial accommodation:** not provide financial accommodation, give a guarantee or indemnity or incur or permit to remain outstanding obligations to support any third party except permitted financial accommodation (as specified in the relevant Accession Deed);
  - (xiv) **Pay taxes:** file all tax returns as required by law, and pay and discharge all taxes, assessments and governmental charges payable by it or on its assets prior to the date upon which penalties become payable, except only to the extent that those taxes, assessments or governmental charges are being contested in good faith by appropriate proceedings and adequate reserves and/or credit lines are set aside for their payment;
  - (xv) **Acquisitions:** not:
    - (aa) acquire any assets or make any other investment other than in the ordinary course of business; or
    - (bb) acquire any equity securities or business,
 other than a permitted acquisition (as specified in the relevant Accession Deed);
  - (xvi) **Corporate existence:** maintain its corporate existence (except as permitted by the exceptions in clause 10.1A(h) of the Conditions);
  - (xvii) **Maintenance of assets:** maintain the property subject to any CCO Security in the manner that would be expected by a prudent person carrying on the Issuer's business;
  - (xviii) **Arm's length dealings:** not enter into any transaction of any nature with, or for the benefit of, any person except on arm's length commercial terms;

(xix) **Access:** if an Event of Default is continuing, permit the Subscriber and/or accountants or other professional advisers and contractors of the Subscriber free access at all reasonable times and on reasonable notice at the risk and cost of the Issuer to (i) its premises, assets, books, accounts and records and/or (ii) meet and discuss matters with its senior management for the purposes of monitoring compliance with the Transaction Documents;

(xx) **Amendments to CCO Support Documents:** where the Subscriber intends to sell or has sold some or all of the Securities held by it, at the Subscriber's request:

(aa) agree to and execute amendments (and procure the agreement and execution of any other party) to any CCO Support Document such that the Subscriber and the new Holder (as applicable) both receive the benefit of the CCO Support Documents and the CCO Credit Support as received by the Subscriber under clause 2A; and

(bb) deliver a legal opinion from counsel acceptable to the Subscriber and in a form acceptable to the Subscriber relating to the Issuer and each CCO Shareholder's entry into each relevant CCO Support Document (including as amended pursuant to clauses 7.1A(a)(xx) or 7.1A(b)(ii)).

In the case of Securities lodged in NZClear, the references in this clause 7.1(a)(xx) to "Holder" shall be deemed to be the new holder of the beneficial interest in the Security (as shown in the records of NZClear); and

(xxi) **Accession Deed:** comply with any other undertakings given by it set out in the relevant Accession Deed; and

(b) **LA Shareholder:** each LA Shareholder undertakes to the Subscriber that it will, for so long as any Series issued by a relevant CCO Issuer is outstanding:

(i) **Ranking of obligations:** ensure that its obligations under any CCO Guarantee it has given in relation to a CCO Issuer are secured by the relevant Debenture Trust Deed and rank, and will at all times rank, rateably and at least equally in right and priority of payment with all other first ranking secured money under that Debenture Trust Deed;

- (ii) **Amendments to CCO Support Documents:** where the Subscriber intends to sell or has sold some or all of the Securities issued by the relevant CCO Issuer held by the Subscriber, at the Subscriber's request, agree to and execute amendments to any CCO Support Documents such that the Subscriber and the new Holder (as applicable) both receive the benefit of the CCO Support Documents and the CCO Credit Support as received by the Subscriber under clause 2A. In the case of Securities issued by the relevant CCO Issuer and lodged in NZClear, the references in this clause 7.1A(b)(ii) to "Holder" shall be deemed to be the new holder of the beneficial interest in the Security (as shown in the records of NZClear);
  
- (iii) **Notify the Subscriber:** after having actual notice, promptly notify the Subscriber of:
  - (aa) the occurrence of any Event of Default, Potential Event of Default or Event of Review in relation to a relevant CCO Issuer and, upon receipt of a request to that effect, shall confirm in writing signed by an Authorised Signatory that, except as previously notified to the Subscriber, no Event of Default, Potential Event of Default or Event of Review has occurred in relation to a relevant CCO Issuer;
  
  - (bb) each actual or potential invalidity or unenforceability of the Shareholder Transaction Documents, the Debenture Trust Deed or any provision thereof;
  
  - (cc) subject to the Act and the Local Government Official Information and Meetings Act 1987:
    - (A) any event or series of events, whether related or not, or any circumstances arise or exist, which may have a material adverse effect on the LA Shareholder or its ability to perform its obligations under the Shareholder Transaction Documents or the Debenture Trust Deed;
  
    - (B) any change to the Act which may adversely affect the rights of a party lending to the relevant CCO Issuer or any receiver appointed by that party; and

- (C) any event or series of events, whether related or not, or any circumstances arise or exist, which may have a material adverse effect on the relevant CCO Issuer or its ability to perform its obligations under this deed, the other Transaction Documents (in relation to that CCO Issuer) or the Securities (issued by that CCO Issuer);
- (dd) any change or potential change to whether a CCO Issuer is a CCO or a council-controlled trading organisation (as defined in the Act);
- (iv) **Validity:** take all steps required under any applicable law to enable it to perform and comply fully with its obligations under the Shareholder Transaction Documents or required on its part for the validity or enforceability of the Shareholder Transaction Documents;
- (v) **Compliance with law:** duly comply with all laws except to the extent that, in its reasonable opinion, it determines that non-compliance is not material to its business or financial condition;
- (vi) **Information on request:** subject to the Act and the Local Government Official Information and Meetings Act 1987, on request by the Subscriber, promptly provide the Subscriber any information which the Subscriber reasonably requires with respect to matters relating to records of the relevant CCO Issuer and the financial position of the relevant CCO Issuer;
- (vii) **Other information:** provide the Subscriber with copies of all information provided to the Trustee under the reporting covenants provisions in the Debenture Trust Deed;
- (viii) **Debenture Trust Deed:** not terminate or enter into a new Debenture Trust Deed, or modify any terms within the Debenture Trust Deed, without the Subscriber's prior written consent (such consent to not be unreasonably withheld or delayed); and
- (ix) **Accession Deed:**
- (aa) comply with all undertakings given by it in the relevant Accession Deed; and

- (bb) use its reasonable endeavours to procure each relevant CCO Issuer complies with all undertakings given by it under this deed and the relevant Accession Deed.

7.2 **Financial records:** Each Issuer undertakes to the Subscriber to keep proper books of account as required pursuant to the Act and to have such accounts audited, in each case in accordance with all applicable legislation, and (subject to the Act and the Local Government Official Information and Meetings Act 1987 (if applicable)) permit the Subscriber to have access to such accounts (and any other information relating to the financial position of the Issuer) on the provision of reasonable prior notice.

7.3 **Financial Statements:** Each Issuer undertakes to the Subscriber that it will deliver to the Subscriber:

- (a) not later than five months after the end of each of its financial years a copy of the latest Financial Statements for the preceding financial year; and
- (b) if it produces financial statements for a financial half-year, not later than three months after the end of each of its financial half-years, a copy of the latest financial statements for the preceding half-year, such financial statements not required to be audited.

7.4 **Offer documents:** Each Issuer undertakes to the Subscriber that:

- (a) it will promptly:
  - (i) and in any event within 15 Business Days following receipt of a request from the Subscriber, provide the Subscriber with all information in relation to itself which the Subscriber reasonably requests for the purposes of preparing an offering document. The information provided by the Issuer under this clause 7.4(a)(i) and clause 7.4(b) being, "**Disclosure Information**"; and
  - (ii) in any event within 10 Business Days following receipt of a draft offering document from the Subscriber, (acting reasonably and in writing) approve, or provide suggested amendments to, statements in the draft offering document relating to the Issuer, as identified in writing by the Subscriber when providing the draft offering document to the Issuer ("**Verified Statements**"). Nothing in this clause 7.4 entitles the Issuer to suggest amendments to any statement in a draft offering document other than those which relate to itself; and

(b) if it becomes aware of any event having occurred as a result of which any Verified Statement or Disclosure Information would:

- (i) be false or misleading, or likely to mislead;
- (ii) not be true and accurate in all material respects; or
- (iii) omit any fact in relation to the Issuer the omission of which would make misleading in any material respect any Verified Statement or Disclosure Information,

it will promptly notify the Subscriber and provide the Subscriber with any information required by the Subscriber in order to amend or supplement the relevant Offering Document within 10 Business Days of receipt of a request from the Subscriber. The provisions of clause 7.4(a)(ii) shall apply to any draft amendment or supplement to any Offering Document as if such document was a "draft offering document", provided that the timeframe in clause 7.4(a)(ii) shall be deemed to be 5 Business Days.

**7.5 Financial Covenants:** Each Issuer shall:

(a) in the case of an Issuer that is a Local Authority, procure that as at each Test Date for the financial year ending on that Test Date:

- (i) the ratio that Net Debt bears to Total Revenue expressed as a percentage does not exceed 175%;
- (ii) the ratio that Net Interest bears to Total Revenue expressed as a percentage does not exceed 20%;
- (iii) the ratio that Net Interest bears to Annual Rates Income expressed as a percentage does not exceed 25%; and
- (iv) the ratio that Available Financial Accommodation bears to External Indebtedness expressed as a percentage is not less than 110%,

or such other percentages applicable to the Issuer (including percentages contemplated by the foundation policies of the Subscriber) as agreed in writing by the Issuer and the Subscriber from time to time. The financial covenants in this clause 7.5(a) must be tested on the Issuer only, provided that:

- (A) where the Issuer is also a LA Shareholder, the financial covenants must be tested on both the Issuer and Consolidated

Group basis, however in such circumstance there is no consequence to the Issuer for any breach of the financial covenants when tested on a Consolidated Group basis; and

(B) subject to clause 7.5(a)(iv), where agreed in writing by the Subscriber and the Issuer, the financial covenants must be tested on a Consolidated Group basis only;

(ab) in the case of a CCO Issuer, comply with the financial covenants (if any) specified in the relevant Accession Deed as at each Test Date for the financial year ending on that Test Date or such other covenants applicable to the Issuer as agreed in writing by the Issuer and the Subscriber from time to time;

(b) on the same date as it delivers its Financial Statements to the Subscriber pursuant to clause 7.3(a) deliver to the Subscriber a completed Compliance Certificate signed by an Authorised Signatory of the Issuer in respect of the relevant Test Date. Each such Compliance Certificate shall certify as to the Issuer's compliance with the financial covenants in, or referred to in, this clause 7.5 as at the relevant Test Date and contain reasonably detailed calculations detailing compliance with the financial covenants. Where the Subscriber and the Issuer agree alternative percentages in accordance with clause 7.5(a) or 7.5(ab), they may also agree alternative and/or additional reporting requirements from those provided for by this clause 7.5(b); and

(c) in the case of an Issuer that is a Local Authority, include within its Financial Statements (which may include the notes thereto) its Annual Rates Income as a separate identifiable amount.

**7.6 Redemption following breach of Financial Covenants:** If an Issuer breaches any of the financial covenants in, or referred to in, clause 7.5, the Subscriber may by notice to the Issuer require that the Subscriber and the Issuer enter into negotiations in good faith with a view to agreeing terms on which the Subscriber is prepared to continue to subscribe for, or hold, Securities issued by the Issuer under this deed. If after 30 days from the date of the notice the Subscriber and the Issuer have not agreed upon such terms, the Subscriber may, by giving written notice ("**Redemption Notice**") to the Issuer, require the Issuer to redeem all Securities issued by the Issuer that are at that time held by the Subscriber in full together with accrued and unpaid interest thereon on the date specified in the Redemption Notice (such date to be not less than 5 Business Days after the date of the notice). A failure to comply with the Redemption Notice shall constitute an Event of Default in respect of that Issuer, in which case the Subscriber shall be entitled to exercise its rights as a Holder under clause 10.2 of the Conditions applicable to that Issuer's Securities.

- 7.7 **Redemption of EC Securities:** If the board of directors of the Subscriber determines there is a risk of imminent default by the Subscriber under the terms of any of its Borrowed Money Indebtedness, the Subscriber may, by giving written notice to each Issuer with outstanding EC Securities ("**Redemption Notice**"), require each Issuer to redeem such number of EC Securities (as is determined by the Subscriber) issued by that Issuer that are at that time held by the Subscriber in full together with accrued and unpaid interest thereon on the date specified in the Redemption Notice (such date to be not less than 10 Business Days after the date of the notice). If a Redemption Notice is given in accordance with this clause 7.7, the redemption shall be required proportionately across all EC Securities so that the proportionate amount of EC Securities held by the Subscriber from each Issuer remains unchanged following the redemption (unless all EC Securities are redeemed). A failure by an Issuer to comply with the Redemption Notice shall constitute an Event of Default in respect of such Issuer, in which case the Subscriber shall be entitled to exercise its rights as a Holder under clause 10.2 of the Conditions.
- 7.8 **Redemption in relation to CCO Issuer:** Except to the extent that the Subscriber and the relevant CCO Issuer agree otherwise in the relevant Accession Deed, if, whether or not within the control of the CCO Issuer, any one or more of the following occurs:
- (a) **Change of control:** in the opinion of the Subscriber, due to a change in law or otherwise (including a change in CCO Shareholder) the creditworthiness of a party to a CCO Support Document (including any CCO Shareholder) is materially weaker immediately after such change; or
  - (b) **Breach of representation:** any representation or warranty made or deemed to be made by the Issuer or a CCO Shareholder in or pursuant to any Transaction Document or Shareholder Transaction Document or in any notice, certificate, statement or other document contemplated by or made or delivered pursuant to any Transaction Document or Shareholder Transaction Document is or was untrue or incorrect in any material respect when made, deemed to be repeated or delivered, and if capable of being remedied in the opinion of the Subscriber, has not been remedied within 30 days after receipt by the Issuer of a notice in writing from the Subscriber specifying the relevant representation or warranty and requiring it to be remedied; or
  - (c) **Breach of undertakings:** the Issuer or CCO Shareholder commits any breach of, or omits to observe, any of its undertakings or obligations under any Transaction Document or a Shareholder Transaction Document (but in each case excluding any CCO Support Document, which is addressed at clause 10.1A(b) of the Conditions) and, in respect of any such breach or omission which is capable of being remedied, such breach or omission is not remedied within 30 days after



receipt by the Issuer of a notice in writing from the Subscriber specifying the breach or omission and requiring it to be remedied; or

- (d) **Additional termination event:** an additional termination event specified by the Subscriber in a relevant Accession Deed occurs in respect of that Issuer or the relevant LA Shareholder,

then the Subscriber may, by giving written notice ("**Redemption Notice**") to the Issuer, require the Issuer to redeem all Securities issued by the Issuer that are at that time held by the Subscriber in full together with accrued and unpaid interest thereon on the date specified in the Redemption Notice (such date to be not less than 5 Business Days after the date of the notice). A failure to comply with the Redemption Notice shall constitute an Event of Default in respect of that Issuer, in which case the Subscriber shall be entitled to exercise its rights as a Holder under clause 10.2 of the Conditions applicable to that Issuer's Securities.

- 7.9 **Redemption in relation to cross-default:** Except to the extent that the Subscriber and the relevant CCO Issuer agree otherwise in the relevant Accession Deed or as otherwise agreed in writing with the Subscriber, if, whether or not within the control of the Issuer, any one or more of the following occurs:

- (a) any financial indebtedness of the Issuer owed to the Subscriber is not paid when due nor within any originally applicable grace period; or
- (b) any financial indebtedness of the Issuer owed to the Subscriber is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an enforcement event, event of default or review event (however described),

then the Subscriber may, by giving written notice ("**Redemption Notice**") to the Issuer, require the Issuer to redeem all Securities issued by the Issuer that are at that time held by the Subscriber in full together with accrued and unpaid interest thereon on the date specified in the Redemption Notice (such date to be not less than 5 Business Days after the date of the notice). A failure to comply with the Redemption Notice shall constitute an Event of Default in respect of that Issuer, in which case the Subscriber shall be entitled to exercise its rights as a Holder under clause 10.2 of the Conditions applicable to that Issuer's Securities.

## 8. PAYMENT FOR EC SECURITIES

- 8.1 On the Issue Date for each Tranche of EC Securities, unless the Subscriber and the relevant Issuer agree otherwise, the Subscriber's obligation to pay the aggregate Issue Price for the Tranche of EC Securities automatically shall be set-off against the Issuer's obligation to pay the Exercise Price for the related Commitment Shares under the Equity Commitment Deed.

## **9. REBATES**

- 9.1 The Subscriber may, at its discretion, in accordance with the rebate policy (if any) contained in the Policies, rebate to an Issuer all or part of the interest received by the Subscriber from the Issuer in relation to Securities issued by the Issuer under this deed. The Subscriber shall be under no obligation whatsoever to make any such rebate.

## **10. ISSUER INDEMNITY**

- 10.1 **Indemnities:** Each Issuer indemnifies the Subscriber against any expense, damage, liability or loss arising from, and any costs incurred (as to which a certificate of the Subscriber shall in the absence of manifest or proven error be conclusive) in connection with (including any loss incurred by the Subscriber in terminating arrangements it has made with others to fund (or maintain its funding of) its subscription of the Securities):

- (a) the Issuer failing to issue Securities by reason of non-fulfilment of any of the conditions in clause 4.5; or
- (b) any amount payable by the Issuer under this deed not being paid when due; or
- (c) the occurrence or continuance of any other Event of Default in respect of the Issuer; or
- (d) the receipt or recovery by the Subscriber of all or any part of any amount payable by the Issuer hereunder (by prepayment or acceleration or otherwise) otherwise than on the due date relating to such amount; or
- (e) any actual or alleged breach by the Issuer of any representation, warranty or undertaking set out in this deed.

- 10.2 **Payment of indemnity:** Each Issuer agrees to pay all amounts due under this indemnity on demand from the Subscriber.

- 10.3 **Separate Obligations:** The indemnities in this clause 10 shall respectively:

- (a) constitute obligations separate and independent from each other and the other obligations under this deed;
- (b) give rise to separate and independent causes of action; and
- (c) continue in full force and effect despite any judgment, order, claim or proof for any liquidated amount under this deed or any judgment or order.

10.4 **No prejudice:** Save as expressly agreed by the Subscriber, no release, delay, forbearance, compromise or any other indulgence given by the Subscriber to the Issuer or any amendment, alteration or other variation of any provisions of this deed shall discharge, release, prejudice or affect the liability of the Issuer under this clause 10.

10.5 **Irrevocability:** This clause 10 is unconditional and irrevocable and, save as expressly agreed in writing by the Subscriber, is not to be discharged or impaired by any act, omission, matter or thing that might discharge or impair it, but for this clause.

## 11. NOTICES

11.1 **Writing:** Each notice or other communication to be given or made under this deed to any person must:

- (a) **Writing:** be given or made in writing by email or letter and be signed by the sender or an authorised officer or signatory of the sender;
- (b) **Address:** be given or made to the recipient at the address or email address, and marked for the attention of the person (if any), from time to time designated by the recipient to the other for the purposes of this deed;
- (c) **Deemed delivery:** not be effective until received by the recipient, and any such notice or communication shall be deemed to be received:
  - (i) (if given or made by letter) when left at the address of the recipient or 5 Business Days after being put in the post, postage prepaid, and addressed to the recipient at that address; or
  - (ii) (if given or made by email) when dispatched in tangible, readable form by the sender to the email address advised by the recipient from time to time,

provided that any notice or communication received or deemed received after 5pm on a working day in the place to which it is sent, or on a day which is not a working day in that place, shall be deemed not to have been received until the next working day in that place.

11.2 **Initial address and numbers:** The initial address, email address and person (if any) designated for the purposes of this deed, are set out below:

(a) **The Issuers:** those details set out under the heading "Details for notices" for the relevant Issuer in schedule 1 or otherwise provided in the relevant Accession Deed.

(b) **The Subscriber:**  
City Chambers  
Level 8  
142 Featherston Street  
PO Box 5704  
Wellington 6145

Email: lgfa@lgfa.co.nz

Attention: Chief Executive

## 12. AMENDMENTS

12.1 This deed shall not be amended except with the written agreement of the Subscriber and all of the Issuers.

## 13. MISCELLANEOUS

13.1 **Waivers and remedies:** Time shall be of the essence in this deed but no delay in acting, or failure to act, by the Subscriber or the Issuer is a waiver of any of the Subscriber's or the Issuer's rights. The rights provided in this deed do not exclude any rights provided by law.

13.2 **Partial invalidity:** An invalid provision in this deed shall not affect the enforceability of the remaining provisions of this deed.

13.3 **Survival:** The indemnities given in this deed will survive the repayment of all the Securities and the termination of this deed.

13.4 **Counterparts:** This deed may be signed in any number of counterparts, all of which together constitute one and the same instrument, and any of the parties may execute this deed by signing any such counterpart.

13.5 **Debenture Trust Deed Notifications:** The Subscriber shall:

(a) within one Business Day of receipt of a written request from an Issuer that is a Local Authority or that Issuer's Trustee, notify that Issuer and that Issuer's Trustee (in writing) of the "nominal amount" of the Security Stock:

- (i) held by the Subscriber in respect of that Issuer's obligations under each of this deed, the Securities and, where that Issuer is a Guarantor, the Equity Commitment Deed; and
- (ii) where that Issuer is a Guarantor, held by the Security Trustee in respect of that Issuer's obligations under the Guarantee,

in each case as at the date of the Subscriber's notification;

- (b) to the extent known by the Subscriber, notify each Issuer (in writing) of any Event of Default affecting any other Issuer as soon as practicable after its occurrence and of the steps taken or proposed to be taken by the Subscriber in relation to such Event of Default, provided that:

- (i) the Subscriber's obligation under this clause 13.5(b) only applies in respect of Securities of which it is the Holder; and
- (ii) the Subscriber shall not be liable for:
  - (aa) any failure to provide such notification to an Issuer; and
  - (bb) any inaccuracy or incomplete information given in a notification, provided the notification is given by the Subscriber in good faith; and

- (c) promptly notify each Issuer (in writing) if the board of directors of the Subscriber determines that there is a risk of imminent default by the Subscriber under the terms of any of its Borrowed Money Indebtedness.

13.6 **Consent to notification:** Each Issuer consents to the Subscriber providing each other Issuer the information set out in clause 13.5.

## 14. GOVERNING LAW

14.1 This deed shall be governed by New Zealand law.

## 15. NO CROWN GUARANTEE

15.1 The parties acknowledge that the obligations and liabilities of the Subscriber and any Issuer that is a Local Authority under this deed are not guaranteed by the Crown.

## SIGNED AS A DEED

**[Original execution blocks intentionally deleted]**

## SCHEDULE 1

### Principal Shareholders

<b>Local Authority name:</b>	<b>Debenture Trust Deed details:</b>	<b>Details for notices:</b>
Auckland Council	Debenture Trust Deed between Auckland Council and Trustees Executors Limited dated 2 December 2010, as amended from time to time and most recently on 25 May 2016.	<p>Delivery Address: 135 Albert Street Auckland 1010</p> <p>Postal Address: Private Bag 92300 Victoria Street West Auckland 1142</p> <p>Email: <a href="mailto:john.bishop@aucklandcouncil.govt.nz">john.bishop@aucklandcouncil.govt.nz</a></p> <p>Attention: John Bishop, Group Treasurer</p>
Bay Of Plenty Regional Council	Debenture Trust Deed between Bay of Plenty Regional Council and Trustees Executors Limited dated on or about 30 November 2011.	<p>Delivery Address: 5 Quay Street Whakatāne</p> <p>Postal Address: P O Box 364 Whakatāne 3158</p> <p>Email: <a href="mailto:mat.taylor@boprc.govt.nz">mat.taylor@boprc.govt.nz</a></p> <p>Attention: Mat Taylor</p>
Christchurch City Council	Debenture Trust Deed between Christchurch City Council and Trustees Executors Limited dated 26 March 2007, as amended from time to	<p>Delivery Address: Civic Offices 53 Hereford Street Christchurch</p> <p>Postal Address: P O Box 73016 Christchurch 8154</p>

	time and most recently on 30 November 2011.	Email: Treasury@ccc.govt.nz
		Attention: Andrew Jefferies
Hamilton City Council	Debenture Trust Deed between Hamilton City Council and Trustees Executors Limited dated 19 June 2001, as amended from time to time and most recently on 30 November 2011.	Delivery Address: 260 Anglesea Street Council Building Garden Place Hamilton 3240  Postal Address: Private Bag 3010 Hamilton 3240  Email: david.bryant@hcc.govt.nz  Attention: David Bryant
Hastings District Council	Debenture Trust Deed between Hastings District Council and Perpetual Trust Limited (and now between the Council and Covenant Trustee Services Limited) dated 16 March 2007, as amended from time to time and most recently on 30 November 2011.	Delivery Address: 207 Lyndon Road East Hastings 4122  Postal Address: Private Bag 9002 Hastings 4156  Email: brucea@hdc.govt.nz  Attention: Bruce Allan
Masterton District Council	Debenture Trust Deed between Masterton District Council and Trustees Executors Limited dated 26 June 2007, as amended from time to time and most	Delivery Address: 27 Lincoln Road Masterton 5810  Postal Address: PO Box 444 Masterton 5840



	recently on 30 November 2011.	Email: davidp@mstn.govt.nz  Attention: Manager Finance
New Plymouth District Council	Debenture Trust Deed between New Plymouth District Council and Perpetual Trust Limited (and now between the Council and Covenant Trustee Services Limited) dated 21 May 2009, as amended from time to time and most recently on 30 November 2011.	Delivery Address: Liardet St New Plymouth  Postal Address: Private Bag 2025 New Plymouth 4342  Email: alison.trustrumrainey@npdc.govt.nz / carla.freeman@npdc.govt.nz  Attention: Alison TrustrumRainey / Carla Freeman
Ōtorohanga District Council	Debenture Trust Deed between Ōtorohanga District Council and Perpetual Trust Limited (and now between the Council and Covenant Trustee Services Limited) dated 30 November 2011.	Delivery Address: 17 Maniapoto Street Ōtorohanga 3940  Postal Address PO Box 11 Ōtorohanga 3940  Email: grahamb@otodc.govt.nz  Attention: Graham Bunn
Selwyn District Council	Debenture Trust Deed between Selwyn District Council and Trustees Executors Limited dated 17 July 2009, as amended from time to time and most recently on 30 November 2011.	Delivery Address: 2 Norman Kirk Drive Rolleston  Postal Address: P O Box 90 Rolleston 7643  Email: Treasury.management@selwyn.govt.nz

Attention: Greg Bell

South Taranaki District Council	Debenture Trust Deed between South Taranaki District Council and Trustees Executors Limited dated 21 December 2007, as amended from time to time and most recently on 30 November 2011.	Delivery Address: 105-111 Albion Street Hawera 4610  Postal Address: Private Bag 902 Hawera 4640  Email: vipul.mehta@stdc.govt.nz
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Attention: Vipul Mehta

Tasman District Council	Debenture Trust Deed between Tasman District Council and Perpetual Trust Limited (and now between the Council and Covenant Trustee Services Limited) dated 7 July 2010, as amended from time to time and most recently on 30 November 2011.	Delivery Address: 189 Queen Street, Richmond, Nelson 7050  Postal Address Private Bag 4 Richmond, Nelson 7050  Email: treasury@tasman.govt.nz  Attention: Corporate Services Manager
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Taupo District Council	<p>Debenture Trust Deed between Taupo District Council and Trustees Executors Limited dated 19 October 2009, as amended from time to time and most recently on 30 November 2011.</p>	<p>Delivery Address: 72 Lake Terrace Taupo 3330</p> <p>Postal Address: Private Bag 2005 Taupo 3352</p> <p>Email: <a href="mailto:nward@taupo.govt.nz">nward@taupo.govt.nz</a></p> <p>Attention: Neil Ward</p>
Tauranga City Council	<p>Debenture Trust Deed between Tauranga District Council and Perpetual Trust Limited (and now between the Council and Covenant Trustee Services Limited) dated 11 August 1998, as amended from time to time and most recently on 7 September 2012.</p>	<p>Delivery Address: 91 Willow Street Tauranga 3143</p> <p>Postal Address: Private Bag 12022 Tauranga 3143</p> <p>Email: <a href="mailto:treasury.settlements@tauranga.govt.nz">treasury.settlements@tauranga.govt.nz</a></p> <p>Attention: Mohan De Mel</p>

Waipa District Council	<p>Debenture Trust Deed between Waipa District Council and Trustees Executors Limited dated 16 May 2007, as amended from time to time and most recently on 30 November 2011.</p>	<p>Delivery Address: 101 Bank Street Te Awamutu</p> <p>Postal Address: Private Bag 2402 Te Awamutu 3800</p> <p>Email: Farrah.Templeton@waipadc.govt.nz Sarah.Davies@waipadc.govt.nz Ken.Morris@waipadc.govt.nz</p> <p>Attention: Ken Morris</p>
Wellington City Council	<p>Debenture Trust Deed between Wellington City Council and Trustees Executors Limited dated 11 May 2005, as amended from time to time and most recently on 5 December 2011.</p>	<p>Delivery Address: Wellington City Council 113 The Terrace Wellington</p> <p>Postal Address: PO Box 2199 Wellington 6140</p> <p>Email: martin.read@wcc.govt.nz</p> <p>Attention: Martin Read</p>
Wellington Regional Council	<p>Debenture Trust Deed between Wellington Regional Council and Trustees Executors Limited dated 23 November 2011.</p>	<p>Delivery Address: Shed 39, 2 Fryatt Quay, Pipitea Wellington 6011</p> <p>Postal Address: P O Box 11646 Manners Street Wellington 6142</p> <p>Email: mike.timmer@gw.govt.nz matthias.zuschlag@gw.govt.nz</p>

Western Bay Of Plenty District Council	Debenture Trust Deed between Western Bay of Plenty District Council and Trustees Executors Limited dated 8 October 1999, as amended from time to time and most recently on 30 November 2011.	<p>Attention: Mike Timmer</p> <p>Delivery Address: Barkes Corner Greerton Tauranga</p> <p>Postal Address: Private Bag 12803 Tauranga 3143</p> <p>Email: kumaren@perumal@westernbay.govt.nz</p>
Whangarei District Council	Debenture Trust Deed between Whangarei District Council and Trustees Executors Limited (formerly Tower Trust Limited) dated 10 June 2002, as amended from time to time and most recently on 30 November 2011.	<p>Attention: Kumaren Perumal</p> <p>Delivery Address: Forum North Rust Avenue Whangarei</p> <p>Postal Address: Private Bag 9023 Whangarei 0148</p> <p>Email: alan.adcock@wdc.govt.nz</p> <p>Attention: Alan Adcock</p>

## SCHEDULE 2

### Conditions

The following are the Conditions which will apply to each Tranche issued by an Issuer under the Multi-issuer Deed. The applicable Final Terms in relation to a Tranche may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify the Conditions applicable to the Tranche. References in these Conditions to the "Issuer" means the Issuer specified in the applicable Final Terms.

#### 1. INTERPRETATION

1.1 **Definitions:** In these Conditions, unless the context otherwise requires:

**"Act"** means the Local Government Act 2002.

**"Agency Agreement"** means, in relation to the Issuer and a Series, the agency agreement between the Issuer and the person appointed as Registrar for the Series, as specified in the applicable Final Terms.

**"Amortisation Date"** means, in respect of an Amortising Security, each date (other than the Maturity Date) for the repayment of part of the Principal Amount of that Amortising Security, being the dates specified as such in the applicable Final Terms.

**"Amortising Security"** means a Security (whether a Fixed Rate Security or a Floating Rate Security) the Principal Amount or part of the Principal Amount of which is repayable on the scheduled Amortisation Dates for that Security.

**"Approved Issuer Levy"** means, in relation to any payment of interest (as defined in section 86F of the Stamp and Cheque Duties Act 1971) under any Security, the levy payable by the Issuer in accordance with section 86J of the Stamp and Cheque Duties Act 1971.

**"Base Rate"** means, in relation to an Interest Period:

(a) **Bill rate:**

- (i) if the Interest Period is 1, 2, 3, 4, 5, or 6 months, the mid rate (rounded upwards, if necessary, to the nearest four decimal places) as displayed at or about 10.45am on the first day of that Interest Period on the Reuters Monitor Screen page BKBM (or its successor page) ("**Reuters Monitor Screen**") for bank bills having a term approximately equal to that Interest Period; or

- (ii) if the Interest Period is longer than 1 month but shorter than 6 months, and not 2, 3, 4, or 5 months, the rate resulting from straight line interpolation (rounded upwards, if necessary, to the nearest four decimal places) between the mid rates as displayed at or about 10.45am on the first day of that Interest Period on the Reuters Monitor Screen for bank bills having a term:
    - (aa) shorter than, but closest to, that Interest Period; and
    - (bb) longer than, but closest to, that Interest Period; or
  - (iii) (in either case) if there are no such rates displayed for bank bills having the relevant term, then the average (rounded upwards if necessary to the nearest four decimal places) of the rates quoted to the Registrar for the relevant Series by each of the Reference Banks (or such one or more of them as are quoting) as being its buy rate for bank bills at or about that time on that date; or
  - (iv) if the rate cannot be determined pursuant to paragraphs (i) to (iii) above, the rate determined by the Registrar (following consultation with the Holder).
- (b) **Swap Rate:** a rate equal to the floating rate that would be determined by the Registrar or other person specified in the applicable Final Terms under an interest rate swap transaction if the Registrar or that other person were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the Securities and under which:
  - (i) the floating rate option is as specified in the applicable Final Terms;
  - (ii) the designated maturity is the period specified in the applicable Final Terms; and
  - (iii) unless otherwise stated in the applicable Final Terms, the relevant reset date is the first day of that Interest Period.
- (c) **Other specified rate:** any other reference rate as may be specified in the Final Terms for a Tranche,

in each case as set out in the applicable Final Terms.

**"Business Day"** means a day (other than a Saturday, Sunday or public holiday) on which registered banks are generally open for business in Christchurch, Wellington and Auckland.

**"CCO"** means a "council-controlled organisation" as defined in the Act, but excludes:

- (a) a council-controlled organisation that is not a company; and
- (b) a council-controlled organisation in which the equity securities held or controlled, directly or indirectly, by one or more Local Authorities carry less than (in aggregate) 51% of the voting rights at a meeting of the shareholders of that council-controlled organisation.

**"CCO Credit Support"** means, in relation to a CCO Issuer, any combination of the following:

- (a) a CCO Security;
- (b) a CCO Negative Pledge and Covenant;
- (c) a CCO Guarantee;
- (d) where a LA Shareholder provides a CCO Guarantee, the Security Stock issued by the LA Shareholder in respect of its obligations under the CCO Guarantee; and/or
- (e) any other security arrangements,

as specified in the applicable Final Terms.

**"CCO Guarantee"** means, in relation to a CCO Issuer, a guarantee and indemnity made by one or more CCO Shareholders (subject to any applicable laws) in favour of (amongst others) the Holder in respect of the indebtedness of that CCO Issuer.

**"CCO Issuer"** means an Issuer that is a CCO.

**"CCO Negative Pledge and Covenant"** means the undertakings given by a CCO Issuer in favour of the Holder and, set out in the applicable Final Terms, relating to:

- (a) for so long as any Series issued by the Issuer is outstanding, the restrictions on the creation or subsistence of any security interest over the whole or any part of its assets, other than a permitted security interest (as specified in the applicable Final Terms);
- (b) for so long as any Series issued by the Issuer is outstanding, the amount of its indebtedness relative to the aggregate amount uncalled and unpaid in respect of



equity securities in the Issuer owned legally and beneficially by the CCO Shareholders; and

- (c) if applicable, calling up and/or demanding payment of, the whole or part (as specified in the request from the Holder) of the amount uncalled and/or unpaid in respect of the equity securities referred to in paragraph (b) on written request from a Holder, provided that such request may only be made following the occurrence of an Event of Default that is continuing.

**"CCO Security"** means, in relation to a CCO Issuer, a first ranking security interest in all of the CCO Issuer's property (including any rights of the CCO in respect of any amounts uncalled and/or unpaid in respect of equity securities owned legally and/or beneficially by the CCO Shareholders).

**"CCO Shareholder"** means a LA Shareholder or an Other Shareholder.

**"CCO Support Document"** means, in relation to a CCO Issuer, any document in relation to CCO Credit Support, as specified in the applicable Final Terms.

**"Class"** means a category of Securities which in the reasonable opinion of the Issuer at any particular time, for any particular purpose, constitutes a separate class of Securities and

**"Class of Holders"** means the Holders of those Securities.

**"Companies Act"** means the Companies Act 1993.

**"Debenture Trust Deed"** means, in relation to a Local Authority, the debenture trust deed made by that Local Authority, under which certain of the Local Authority's indebtedness may, from time to time, be secured by the issuing of Security Stock.

**"Default Interest"** has the meaning given in clause 6.6.

**"Enforcement Event"** has the meaning given to it in the Debenture Trust Deed.

**"Event of Default"** means any of the events specified in clause 10.1 or 10.1A (as applicable).

**"Extraordinary Resolution"** has the meaning set out in the schedule to these Conditions.

**"Final Terms"** means:

- (a) in relation to a Series or Tranche of EC Securities (as defined in the Multi-issuer Deed), the document entitled **"Final Terms"** signed by the Issuer and the original subscriber; and

- (b) in relation to a Series or Tranche of any other Securities, the document entitled "**NZ Local Government Funding Agency Term Sheet**" signed by an authorised signatory of the original subscriber,

in either case, that supplements these Conditions and may specify other terms and conditions which shall, to the extent inconsistent with these Conditions, replace or modify these Conditions with respect to the Tranche.

**"Fixed Rate Security"** means a Security bearing a fixed rate of interest.

**"Floating Rate Security"** means a Security bearing interest at a margin over the Base Rate.

**"FMC Act"** means the Financial Markets Conduct Act 2013.

**"Holder"** means, in relation to the Issuer at any time, the person whose name is recorded in the Register as the holder of a Security issued by the Issuer at that time.

**"Insolvency Event"** means, in relation to a CCO Issuer or any CCO Shareholder, any "Insolvency Event" specified in the applicable Final Terms.

**"Interest Payment Date"** means:

- (a) in relation to a Floating Rate Security, the last day of each Interest Period for that Floating Rate Security; and
- (b) in relation to a Fixed Rate Security, the quarterly, semi-annual or annual dates fixed at the time of issue of that Security for the payment of interest in respect of that Security as specified in the Final Terms and recorded as such in the Register.

**"Interest Period"** means, in relation to a Floating Rate Security, a period determined in accordance with clause 7.1(a) in respect of that Security.

**"Interest Rate"** means, in relation to a Security, the rate of interest (if any) payable in respect of that Security (which may be a fixed rate or a margin over the Base Rate) specified in the applicable Final Terms and recorded as such in the Register.

**"Issue Date"** means, in relation to a Security, the date on which that Security is issued, being the date specified as such in the applicable Final Terms and recorded as such in the Register.

**"Issue Price"** means, in relation to a Tranche, the Issue Price specified in the applicable Final Terms.

**"LA Shareholder"** means, in relation to a CCO Issuer, each Local Authority that holds or controls (directly or indirectly) any equity securities of that CCO Issuer.

**"Local Authority"** means a local authority as defined in the Act.

**"Margin"** means, in relation to a Floating Rate Security, the margin specified in the applicable Final Terms and recorded as such in the Register.

**"Maturity Date"** means, in relation to a Security, the date for the repayment of the Security, being the date specified in the applicable Final Terms and recorded as such in the Register.

**"Minimum Subscription Amount"** means, in relation to a Tranche, the minimum subscription amount of the Tranche, being the amount specified as such in the applicable Final Terms and recorded as such in the Register.

**"Multi-issuer Deed"** means the deed dated on or about 7 December 2011 (as amended and restated from time to time) between New Zealand Local Government Funding Agency Limited and various Local Authorities entitled **"Multi-issuer Deed"**.

**"NZClear"** means the securities clearing and settlement facility known as the NZClear New Zealand System or any other securities clearing and/or settlement facility which replaces or supersedes it from time to time.

**"NZ Dollars"** or **"\$"** means the lawful currency of New Zealand.

**"Other Shareholder"** means, in relation to a CCO Issuer, a person that is not a Local Authority that holds or controls (directly or indirectly) any equity securities of that CCO Issuer.

**"Principal Amount"** means, in relation to a Security, the amount (other than interest) payable on redemption or repayment of the Security, being the amount specified as such in the applicable Final Terms and recorded as such in the Register or, as the context may require, in relation to an Amortising Security, the principal amount thereof for the time being outstanding, as reduced in accordance with clause 6.3 of these Conditions.

**"Record Date"** means, in relation to a payment due on a Security, 5.00pm on the tenth day before the due date for that payment or, if that day is not a Business Day, the preceding Business Day.

**"Reference Banks"** means ANZ Bank New Zealand Limited, Bank of New Zealand, ASB Bank Limited and Westpac New Zealand Limited.

**"Register"** means, in relation to a Series issued by the Issuer, the register of Securities maintained by the Registrar for the Series in accordance with these Conditions and the Agency Agreement.

**"Registrar"** means, in relation to a Series issued by the Issuer, the person named in the Agency Agreement and specified in the applicable Final Terms as the registrar, calculation agent and paying agent for the Series, or any successor agent appointed under the Agency Agreement in relation to the Series.

**"RWT-Exempt Status"** means "RWT-exempt status" as defined in the Taxation (Annual Rates for 2017–18, Employment and Investment Income, and Remedial Matters) Act 2018.

**"Security"** means a security issued under the Multi-issuer Deed and constituted by, and subject to the terms and conditions set out in, these Conditions, and includes an Amortising Security, a Fixed Rate Security, a Floating Rate Security, a Zero Coupon Security or any other type of security agreed from time to time by the Issuer and the initial subscriber for the security.

**"Security Stock"** means Security Stock as defined in the Debenture Trust Deed.

**"Security Stock Certificate"** means a Security Stock Certificate as defined in the Debenture Trust Deed.

**"Series"** means a Tranche of Securities together with any further Tranche or Tranches of Securities which are (i) expressed to be consolidated and form a single series; and (ii) identical in all respects except for their respective Issue Dates, first Interest Payment Dates and/or Issue Prices.

**"Stock"** has the meaning given to it in the Debenture Trust Deed.

**"Tranche"** means Securities of the same Series in respect of which all terms are identical.

**"Trustee"** means the trustee or supervisor as defined in the relevant Debenture Trust Deed.

**"Zero Coupon Security"** means a Security in respect of which no interest is payable, issued or to be issued by the Issuer at a discount to its Principal Amount.

1.2 **References:** Except to the extent that the context otherwise requires, any reference in these Conditions to:

a **"clause"** or **"schedule"** is a reference to a clause of, or schedule to, these Conditions.

any **"governmental agency"** includes any government or any governmental, semi-governmental or judicial entity or authority, or legislative body, or any person or body

charged with the administration of any law. It also includes any self-regulatory organisation established under statute or any stock exchange.

**"indebtedness"** includes an obligation (whether present or future, actual or contingent, secured or unsecured, as principal or surety or otherwise) for the payment or repayment of money.

a **"law"** includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, statute or other legislative measure, in each case of any jurisdiction whatever and **"lawful"** shall be construed accordingly.

something having a **"material adverse effect"** on a person is a reference to it having a material adverse effect on the financial condition or operations of that person which materially adversely affects the ability of that person to perform or comply with its payment obligations under these Conditions, any Security or any CCO Credit Support or CCO Support Documents (if applicable).

**"non-tax resident"** means a Holder that is not a tax resident.

**"outstanding"** means, in relation to Securities, all Securities other than those which have been:

- (a) redeemed or repaid in full in accordance with these Conditions; or
- (b) purchased and cancelled in accordance with these Conditions.

**"payment"** includes satisfaction of a monetary obligation.

**"person"** includes an individual, firm, company, corporation or unincorporated body of persons, organisation or trust, and any state, government or governmental agency, in each case whether or not having a separate legal personality.

**"registered bank"** has the meaning in section 2 of the Reserve Bank of New Zealand Act 1989.

something being **"remedied"** means it is remedied to the satisfaction of the Holder.

a **"security interest"** includes a security interest (as construed and defined in the Personal Property Securities Act 1999), mortgage, lien, pledge, any interest in land of a security nature, any other security arrangement creating in effect security for the payment of a monetary obligation or the observance of any other obligation, and any other arrangement having like economic effect over any property, assets or revenues, and **"unsecured"** means not subject to a security interest.

**"tax"** includes any present or future tax, levy, impost, duty, rate, charge, fee, deduction or withholding of any nature and whatever called (including, for the avoidance of doubt, Approved Issuer Levy), imposed or levied by any governmental agency, together with any interest, penalty, charge, fee or other amount imposed or made on or in respect of any of the foregoing.

**"tax resident"** means a Holder that:

- (a) is resident in New Zealand for tax purposes; or
- (b) carries on business in New Zealand through a fixed establishment and either:
  - (i) is a registered bank and is not associated with the Issuer; or
  - (ii) holds the Security for the purposes of the business it carries on in New Zealand through that fixed establishment,

provided that for the purposes of this definition, the terms "associated", "fixed establishment" and "registered bank" shall have the meanings given in the Income Tax Act 2007.

**"written"** and **"in writing"** includes all means of reproducing words in a tangible and permanently visible form.

### 1.3 **Miscellaneous:**

- (a) The headings in the Conditions are inserted for convenience only and shall be ignored in construing these Conditions.
- (b) Unless the context otherwise requires words denoting only the singular number shall include the plural and vice versa and words denoting any gender shall include all genders.
- (c) References to any legislation or to any provision of any legislation are deemed to be references to that legislation or provision as from time to time amended, re-enacted or substituted and, unless the context otherwise requires, shall also include any statutory instruments issued under any such legislation or provision.
- (d) References to any document (however described) shall include references to such document as modified, novated, supplemented, varied or replaced from time to time.
- (e) References to any party to these Conditions or any other document or any Holder shall include its successors or permitted assigns.

(f) References to a time of day are references to New Zealand time unless otherwise stated.

(g) Anything which may be done at any time may also be done from time to time.

## **2. ISSUE AND FORM OF SECURITIES**

2.1 **Form of Securities:** Securities may be issued on terms such that the Principal Amount is a fixed amount or a reducing amount and/or that interest (if the Security is interest-bearing) will be calculated by reference to a specific interest rate (which may be a fixed rate or a margin over the Base Rate) or as otherwise specified in the applicable Final Terms. Each Security shall:

(a) be in uncertificated book entry form;

(b) be denominated in NZ Dollars; and

(c) have a Minimum Subscription Amount for holdings of the Security of at least \$750,000 and also may have a minimum multiple of that amount for such holdings, in each case as specified in the applicable Final Terms.

2.2 **Final Terms:** Securities shall be constituted and issued in Tranches. Each Tranche shall be subject to the terms and conditions set out in the Final Terms for the Tranche and (as modified by those Final Terms) these Conditions. To the extent that the Final Terms for a Tranche modifies these Conditions, or in the event of any conflict between the provisions of the Final Terms and those of these Conditions, the Final Terms shall prevail over these Conditions in relation to the Tranche.

## **3. STATUS OF SECURITIES**

3.1 **Status of Securities:**

(a) The Securities are and will at all times be direct, secured and unconditional indebtedness of the Issuer.

(b) Securities issued by the Issuer rank and will at all times rank equally without any preference or priority among themselves.

3.2 **Security (Local Authority):** All Securities issued by an Issuer that is a Local Authority shall have the benefit of the security interest given, and shall be subject to any security arrangements provided for, in the Debenture Trust Deed.

3.2A **Security (CCO):** All Securities issued by a CCO Issuer shall have the benefit of any security interest given, and shall be subject to any security arrangements provided for, in the CCO Support Documents.

3.3 **Provisions applicable to Securities:** Each Tranche shall be issued and held with the benefit of and subject to these Conditions and the applicable Final Terms, all of which are binding upon the Issuer and the Holders. The Holders shall be deemed to have notice of these Conditions and the applicable Final Terms.

3.4 **Enforcement of Holders' rights:** Holders may enforce any of their rights or remedies under these Conditions and the applicable Final Terms directly against the Issuer.

#### 4. TITLE AND TRANSFER

4.1 **Certificates:** At the request of a Holder, or otherwise as required by the FMC Act or any other applicable law, the Issuer shall procure the Registrar to issue to the Holder a certificate or notice of registration in relation to the Securities held by the Holder, such certificate or notice to be in the form agreed between the Issuer and the Registrar. A certificate or notice of registration issued in respect of a Security will not constitute a document of title. Subject to clause 4.6, entitlement will be determined solely by entry in the Register and, in the case of the beneficial interest in Securities lodged in NZClear, the records of NZClear.

4.2 **Transfer:** Title to a Security may be transferred by a transfer in any commonly used form signed by the transferor and the transferee and produced to the Registrar.

4.3 **Partial transfers:** A Holder may transfer part only of its interest in a Security. However, no transfer of any part of its interest may be effected if such transfer would result in the transferor or the transferee holding or continuing to hold Securities with an aggregate Principal Amount of less than the applicable Minimum Subscription Amount (or minimum multiple thereof).

4.4 **Fees:** The Issuer and the Registrar shall make no service charge to the Holders for:

- (a) the registration of any holding of Securities; or
- (b) the transfer of registered title to any Securities.

The Issuer and the Registrar may, however, require the payment of any taxes and other governmental charges payable as a result of any transfer.

4.5 **Selling restrictions:**



- (a) Each Holder shall only offer for sale or sell, directly or indirectly, or transfer any Security in conformity with all applicable laws in any jurisdiction in which it is offered, sold or delivered.
- (b) Without limitation to the generality of clause 4.5(a), Securities shall not be offered, sold or delivered, nor may any information memorandum, advertisement or other offering materials in relation to any offer of such Securities be distributed in New Zealand other than to "wholesale investors" as that term is defined in clauses 3(2)(a), (c) and (d) of Schedule 1 to the FMC Act, being a person who is:
  - (i) an "investment business";
  - (ii) "large"; or
  - (iii) a "government agency",
 in each case as defined in Schedule 1 to the FMC Act. For the avoidance of doubt, such Securities may not be offered or transferred to, among others, "eligible investors" (as defined in the FMC Act).
- (c) No information memorandum or any advertisement, prospectus or other offering material in respect of any Security may be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws.

**4.6 Debenture Trust Deed:** In the case of any Security lodged in NZClear and:

- (a) issued by a Local Authority, for the purposes of the Debenture Trust Deed and any Security Stock issued under that Debenture Trust Deed for that Security and evidenced by a Security Stock Certificate; or
  - (b) issued by a CCO, for the purposes of any CCO Support Document (if applicable),
- all amounts payable (present or future, actual or contingent) under these Conditions in respect of that Security shall be deemed to be owed to the holder of the beneficial interest in the Security (as shown in the records of NZClear). This clause applies notwithstanding anything to the contrary in these Conditions.

## **5. REGISTER**

- 5.1 Register:** The Issuer shall at all times while any Series is outstanding cause the Registrar for each Series to maintain the Register, which must record in respect of each Security the information specified in the applicable Final Terms plus the following information:

- (a) the name, address and (where known) tax residency of the Holder;
- (b) details of the account to which payments in respect of the Securities are to be made;
- (c) transfers of the Security;
- (d) details of any resident withholding tax exemption certificates held by the Holder;  
and
- (e) any other information required by law.

5.2 **Disclosure and Inspection:** The Registrar of the relevant Series must disclose to a Holder who so requests, any information held on the Register which relates to the Security(s) registered in the name of the Holder. The Holders may at any time during normal office hours upon reasonable notice to the Registrar inspect and take extracts from each Register without payment of any fee.

5.3 **Register conclusive:** Except as ordered by a court of competent jurisdiction and subject to clause 4.6, the Issuer and the Registrar are each entitled to recognise the Holder of a Security as the absolute owner of the Security and shall not be bound by any actual or constructive notice of any trust (express, implied or constructive), encumbrance, security or other adverse interest to which any Security may be subject. No recognition of any trust (express, implied or constructive), encumbrance, security or other adverse interest shall be entered on the Register. In the event of any conflict between any certificate or notice of registration issued in respect of a Security and the Register, the Register shall prevail.

5.4 **Correction of errors:** Each Registrar may, on such evidence as appears to it to be sufficient, correct errors and remedy omissions in the Register.

5.5 **Co-ownership Securities:**

- (a) Where two or more persons are registered as Holders of the same Security(s) by virtue of any application for Securities, memorandum of transfer or other instrument, then, unless the contrary is expressed in the application, memorandum, or other instrument, the persons will be deemed to hold the Security(s) as joint tenants with right of survivorship.
- (b) If two or more persons apply by memorandum of transfer, to be registered as Holders as tenants in common, the Registrar for the relevant Series may, after notifying the persons of its intention to do so, divide the Securities into parcels which represent each such person's share. If the Securities cannot be divided into shares which would enable each such person to hold Securities with an aggregate

Principal Amount of at least the applicable Minimum Subscription Amounts (and any minimum multiples thereof), the Registrar of the relevant Series may refuse to accept the memorandum of transfer.

5.6 **Acquisition of Securities by operation of law:** When the right to a Security is acquired by any person in any manner other than by way of a transfer under these Conditions (whether on the dissolution, death or bankruptcy of the relevant Holder, or under a writ of execution, or otherwise) the Registrar of the relevant Series, on application by or on behalf of that person and on being satisfied that such person is legally entitled to be registered as the Holder of the Security, will enter that person's name in the Register as the Holder of the Security accordingly.

5.7 **Notification by Holders:** Any change of name or address of any Holder or any change in any other information required to be inserted in the Register in respect of any Holder shall immediately be notified to the Registrar of the relevant Series in writing by the Holder, or if a joint holding by all the joint Holders.

5.8 **Compliance with law:** The Issuer shall comply with, and shall use its best endeavours to ensure that each Registrar complies with, all statutory requirements and the requirements of these Conditions relating to the keeping of the Register and the details entered in the Register.

## 6. PAYMENT OF PRINCIPAL AMOUNT AND INTEREST

6.1 **Determination of Principal Amount:** The Principal Amount of each Security shall be the amount recorded as such in the Register in respect of the Security, which may be the par or face value.

6.2 **Principal Amount of Securities:** The Issuer shall, on the Maturity Date of each Security, unconditionally pay or cause to be paid to, or to the order of, the relevant Holder the Principal Amount of the Security. Unless the applicable Final Terms provide otherwise, and except to the extent provided in these Conditions, a Security shall not be redeemed prior to its Maturity Date.

6.3 **Principal Amount of Amortising Securities:** The Issuer shall, on each Amortisation Date of each Amortising Security, unconditionally pay, or cause to be paid to, or to the order of, the relevant Holder, the portion of the Principal Amount of the Amortising Security as set out in respect of the Amortisation Date in the applicable Final Terms and recorded in the Register.

6.4 **Interest:** The Issuer shall pay interest on each Interest Payment Date:

- (a) on each Floating Rate Security for each Interest Period, at the rate per annum equal to the aggregate of the Base Rate for the Interest Period (as determined by the Registrar for the relevant Series) and the Margin for the Floating Rate Security; and
- (b) on each Fixed Rate Security, at the Interest Rate for the Fixed Rate Security.

6.5 **Non-payment:** Each Security will cease to bear interest from its Maturity Date unless payment of the Principal Amount is improperly withheld or refused. In such event, interest will continue to accrue (after, as well as before, any judgment) up to but excluding the date on which payment in full of the Principal Amount is made.

6.6 **Default interest:** If any amount payable by the Issuer in respect of a Security or any other amount due to any person from the Issuer under these Conditions is not paid on its due date, interest ("**Default Interest**") shall accrue on the unpaid amount (net of any interim or progress payments made) (after, as well as before, any judgment) at the rate determined by the Registrar for the relevant Series to be the aggregate of 2% and the Base Rate which on the due date would apply to an interest period of one month, shall be determined at monthly intervals thereafter until the unpaid amount (net of any interim or progress payments) is paid and shall be compounded monthly until paid. For the avoidance of doubt, this clause 6.6 shall not apply in respect of payments suspended in accordance with these Conditions.

## 7. CALCULATION OF INTEREST

### 7.1 Floating Rate Securities:

- (a) **Interest Periods:** Each Interest Period in relation to a Floating Rate Security shall be a period of one, two, three, four, five or six months' duration (as specified in the applicable Final Terms) and:
  - (i) the first Interest Period will commence on (and include) the Issue Date and end on (but exclude) the first Interest Payment Date (as specified in the applicable Final Terms) and each subsequent Interest Period will commence on (and include) the Interest Payment Date of the previous Interest Period and end on (but exclude) the next Interest Payment Date;
  - (ii) if an Interest Period would otherwise end on a day which is not a Business Day, it will be extended to the next Business Day; and
  - (iii) if the final Interest Period would otherwise extend beyond the Maturity Date, it will end on the Maturity Date.

- (b) **Basis for calculation:** Interest shall be calculated on the Principal Amount of the Floating Rate Security, on the basis of the number of days in the relevant Interest Period and a year of 365 days. Interest shall accrue from day to day and shall be paid to the Holder in arrear on the Interest Payment Date for the Interest Period.

- 7.2 **Fixed Rate Securities:** Interest shall be calculated on the Principal Amount of each Fixed Rate Security and shall be payable in arrear in equal quarterly, semi-annual or annual instalments (as specified in the applicable Final Terms) on each Interest Payment Date for the Fixed Rate Security.

## 8. PAYMENTS

- 8.1 **Payment to Holder:** Payment of the Principal Amount of, and interest (if any) on, a Security (less any amount required to be deducted in accordance with clause 9) shall be made to the person whose name appears in the Register as the Holder of the Security on the Record Date in respect of the relevant payment. If more than one person is so named in the Register, payment will be made to the first person so named.
- 8.2 **Method of payment:** A Holder may, by notice to the Registrar for the Series, request the Registrar to make payments in respect of any Security held by it to a specified bank account and may at any time cancel or amend any notice so given. No such notice, or cancellation or amendment of a notice, will have effect in respect of any payment unless received by the Registrar on or before the Record Date for the payment. In the absence of any such notice, payments in respect of each Security will be made by posting a cheque to the address of the relevant Holder appearing in the Register. Any notice given under this clause will be deemed to be automatically cancelled upon transfer of all or part of a Security. A notice from one of several Holders of the same Securities shall be deemed to be given by all such Holders.
- 8.3 **Business Day:** If any Interest Payment Date or the Maturity Date of a Security is not a Business Day, the due date for the payment to be made on that date will be the next following Business Day and all other provisions of these Conditions and the Agency Agreement will be read and construed accordingly.
- 8.4 **Unclaimed payments:** In respect of any Securities, if any payment made by the Issuer to any Holder at its address last entered in the Register is returned unclaimed the amount concerned must (unless the Registrar or the Issuer has in the meantime received notice of a change of address to be entered in the Register) be returned to the Issuer. The Issuer shall be entitled to retain for its own benefit, and will have no liability in respect of, the amount concerned if it remains unclaimed six years after the original date of payment.

- 8.5 **Reinstatement:** If any payment made to a Holder by, or on behalf of, the Issuer is subsequently rescinded, avoided or otherwise restored to the Issuer, that payment will be deemed not to have discharged or affected the liability of the Issuer in respect of which that payment was made. In that event the relevant Holder and the Issuer will be restored to the position in which each would have been, and be entitled to exercise all the rights which each would have had, if such payment had not been made.

## 9. TAXES

- 9.1 **Deductions or withholdings:** All sums payable under a Security or under these Conditions must be paid:

- (a) free of any restriction or condition;
- (b) free and clear of, and (except to the extent required by law or as provided in this clause 9) without any deduction or withholding on account of, any taxes; and
- (c) without deduction or withholding on account of any other amount whether by way of set-off or otherwise (except as provided in clauses 9.2 and 9.3).

- 9.2 **Non-resident Withholding Tax:** New Zealand non-resident withholding tax will be deducted from payments of interest (or payments deemed by law to be interest) to non-tax resident Holders. Unless the relevant non-tax resident Holder notifies the Issuer that it elects that non-resident withholding tax be deducted from payments to it instead of Approved Issuer Levy, if the Issuer is lawfully able to register for and pay Approved Issuer Levy in respect of any payment of interest (or deemed interest) to non-tax resident Holders, the Issuer shall register itself as an approved issuer and shall register the Series as registered securities, and the Issuer, or the Registrar for the relevant Series on its behalf, shall pay the Approved Issuer Levy to the appropriate authority and shall deduct the amount paid from the interest (or deemed interest) payable to those Holders in lieu of deducting New Zealand non-resident withholding tax from that payment at the rate otherwise applicable.

- 9.3 **Resident Withholding Tax:** New Zealand resident withholding tax will be deducted from payments of interest (or payments deemed by law to be interest) to Holders who are tax resident unless an appropriate exemption certificate (or, on or after 1 April 2020, confirmation of RWT-Exempt Status) is produced to the Registrar for the Series on or before the Record Date for the relevant payment.

- 9.4 **No gross-up:** The Issuer will not be required to and will not make any additional payment by way of gross-up or otherwise with respect to the deduction or withholding from any payment made in respect of the Securities under clause 9.2 or 9.3. If, in respect of any Security, the Registrar for the Series or the Issuer becomes liable to make any payment of,

or on account of, tax payable by any Holder, then the Registrar for the relevant Series and the Issuer shall be indemnified by the relevant Holder in respect of such liability. Any moneys paid by the Registrar for the relevant Series or the Issuer in respect of such liability may be recovered from the Holder as a debt due to the Registrar for the relevant Series or the Issuer and may be withheld from any further payments to that Holder. Nothing in this clause will prejudice or affect any other right or remedy of the Registrar for the relevant Series or the Issuer.

9.5 **Maximum rate:** Deductions of non-resident or resident withholding tax will be made at the maximum rates from time to time applicable unless a Holder provides evidence to the Issuer or the Registrar for the relevant Series (acceptable to it) that a lesser rate is applicable.

9.6 **Tax status:** The Issuer and the Registrar for the relevant Series shall be entitled for the purposes of this clause 9 to rely, without further enquiry, upon any statement made by or on behalf of a Holder in relation to that Holder's tax status or tax residency.

## 10. DEFAULT

10.1 **Events of Default (Local Authority):** Any one or more of the following, whether or not within the control of the Issuer, constitutes an Event of Default for an Issuer that is a Local Authority:

(a) **Non-payment:** payment of:

- (i) the Principal Amount of the Securities is not made on the due date and such non-payment continues unremedied for two Business Days after its due date; or
- (ii) interest on the Securities is not made on the due date and such non-payment continues unremedied for seven Business Days after its due date; or

(b) **Other breach:** the Issuer commits any breach of, or omits to observe, any of its undertakings or obligations under the Securities and, in respect of any such breach or omission which is capable of being remedied, such breach or omission is not remedied within 30 days after receipt by the Issuer of a notice in writing from the Holder specifying the breach or omission and requiring it to be remedied; or

(c) **Receivership, Statutory management:**

- (i) a receiver, or receiver and manager is appointed (or the Issuer requests such appointment) or an encumbrancer takes possession or exercises its powers of sale in respect of, all or any material part of the assets of the

Issuer unless the Issuer demonstrates to the Holder that such appointment or taking of possession or exercising of power will not have a material adverse effect on the ability of the Issuer to pay any amounts owing in relation to the Securities when it is due and payable; or

- (ii) a statutory manager is appointed under the Corporations (Investigation and Management) Act 1989 in respect of the Issuer or the Issuer or any associated person (as that term is defined in that Act) of the Issuer is declared at risk pursuant to the provisions of that Act; or

- (d) **Enforcement Event:** an Enforcement Event occurs; or

- (e) **Invalidity:** any provision of the Securities, the Security Stock Certificate issued in respect of the Securities or the Debenture Trust Deed:

- (i) ceases to have effect in whole or in part, other than by performance or as permitted by its terms; or
- (ii) becomes wholly or partly void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights), or the performance of any such provision becomes illegal,

or the Issuer or any person on its behalf, makes any allegation or claim to that effect; or

- (f) **Change in law:** either the Act or the Local Government (Rating) Act 2002 is amended or repealed in a manner or to an extent which, in the reasonable opinion of the Holder, results in a material and adverse change in:

- (i) the ability of the Issuer to perform its payment obligations when due under the Securities, the Security Stock issued in respect of the Securities or the Debenture Trust Deed;
- (ii) the effect of the charge created by the Debenture Trust Deed for the purposes of section 115 of the Act; and/or
- (iii) the ability of any receiver which is or may be appointed over all or any part of the assets of the Issuer charged by the Debenture Trust Deed to exercise its rights under the Act to the same extent it is able to exercise those rights as at the date of the Multi-issuer Deed;

- (g) **CCO Credit Support:** payment of any amount that is due under any CCO Support Document is not made on the due date (including any demand for uncalled capital



made by, or on behalf of, a CCO Issuer) and such non-payment continues unremedied for two Business Days after its due date; or

- (h) **Additional Event of Default:** the occurrence of any additional event of default specified in the Final Terms.

10.1A **Events of Default (CCO):** Any one or more of the following, whether or not within the control of the CCO Issuer, constitutes an Event of Default for a CCO Issuer:

- (a) **Non-payment:** payment of:
  - (i) the Principal Amount of the Securities is not made on the due date and such non-payment continues unremedied for two Business Days after its due date; or
  - (ii) interest on the Securities is not made on the due date and such non-payment continues unremedied for seven Business Days after its due date; or
  - (iii) any amount due under any CCO Support Document is not made on the due date; or
- (b) **Other breach:** the Issuer, any CCO Shareholder or any other party commits any breach of, or omits to observe, any of its undertakings or obligations under the Securities or a CCO Support Document and, in respect of any such breach or omission which is capable of being remedied, such breach or omission is not remedied within 30 days after receipt by the Issuer of a notice in writing from the Holder specifying the breach or omission and requiring it to be remedied; or
- (c) **Insolvency:** an Insolvency Event occurs in relation to the Issuer, any of its LA Shareholders and any other CCO Shareholder that has entered into a document with, or granted any CCO Support Document in favour of, the Holder (including the original Holder) in respect of the Issuer; or
- (d) **Enforcement Event:** an enforcement event, event of default, acceleration event or similar event (howsoever described) occurs under a CCO Support Document; or
- (e) **Invalidity:** any provision of the Securities or a CCO Support Document:
  - (i) ceases to have effect in whole or in part, other than by performance or as permitted by its terms; or

- (ii) becomes wholly or partly void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights), or the performance of any such provision becomes illegal,

or the Issuer, the relevant CCO Shareholder or any person on the Issuer's or CCO Shareholder's behalf, makes any allegation or claim to that effect; or

- (g) **Status as a CCO:** the Issuer ceases to be a CCO; or
- (h) **Cessation of business or dissolution:** the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, or an application or an order is made, or a resolution is passed or proposed, for the dissolution of the Issuer except, in each case, for the purpose of, and followed by, an amalgamation or solvent reconstruction on terms previously approved in writing by the Holder; or
- (i) **Litigation:** the Issuer is or becomes party to any litigation, tax claim or administrative or arbitration proceedings before or of any court, tribunal, arbitrator, or governmental agency, or to any dispute with any government, governmental agency, that has or would if adversely determined have a material adverse effect; or
- (j) **Material adverse effect:** any event or circumstance, or series of events or circumstances (whether related or not) occurs that has or is reasonably likely to have a:
  - (i) material adverse effect on the Issuer or any CCO Shareholder; or;
  - (ii) material adverse change in the effect of any CCO Credit Support or CCO Support Document; or
- (k) **CCO Support Document:** a CCO Support Document does not provide a security interest to the relevant secured party having the priority which it purported to have; or
- (l) **Change in law:** either the Act or the Local Government (Rating) Act 2002 is amended or repealed in a manner or to an extent which, in the reasonable opinion of the Holder, results in a material and adverse change in:
  - (i) the ability of the relevant CCO Shareholder to perform its payment obligations when due under any CCO Support Document or any Security Stock issued in respect of any CCO Support Document;

- (ii) the effect of the charge created by the Debenture Trust Deed for the purposes of section 115 of the Act; and/or
  - (iii) the ability of any receiver which is or may be appointed over all or any part of the assets of the relevant CCO Shareholder charged by the Debenture Trust Deed to exercise its rights under the Act to the same extent it is able to exercise those rights as at the date of the Multi-issuer Deed; or
- (m) **Additional Event of Default:** the occurrence of any additional event of default specified in the Final Terms.

10.2 **Acceleration:** Any time after the occurrence of an Event of Default, and while such is continuing unremediated or unwaived, a Holder may, by notice in writing to the Issuer declare all or any of the Securities held by the Holder to be immediately due and payable. If such a declaration is made, then the Issuer shall immediately pay to the relevant Holder:

- (a) in the case of a Fixed Rate Security or a Floating Rate Security, the Principal Amount of the Security together with accrued interest thereon at the applicable Interest Rate calculated on a daily basis from the last Interest Payment Date on which interest was actually paid in respect of the Security, or if no interest has been paid in respect of the Security, from the Issue Date to the date of payment; and
- (b) in the case of a Zero Coupon Security, the net present value, as at the date of declaration, of the Principal Amount of the Security determined by the Registrar by discounting the Principal Amount at the discount rate used to determine the purchase price for the Security at the time of its issue.

The Holder's rights under this clause 10.2 are without prejudice, and in addition, to any other rights the Holder may have (whether by law, contract or otherwise).

## 11. AMENDMENTS

11.1 **Limited right to amend:** Except as provided in clause 11.2 and 11.3 the Issuer may not cancel, vary or amend any of these Conditions or the applicable Final Terms while any Securities are outstanding. Any amendment to these Conditions or any Final Terms must be in writing signed by the Issuer and all Holders of the relevant Securities.

11.2 **Amendment without consent:**

(a) The provisions of these Conditions and any Final Terms may be amended without the consent of the relevant Holders where such amendment (in the opinion of the Issuer):

- (i) is of a minor or technical nature;
- (ii) is to correct a manifest error; or
- (iii) is to comply with the requirements or a modification of the requirements of any applicable law,

and, in any such case, 2 authorised officers of the Issuer have certified for the benefit of the relevant Holders that such amendment will not be materially prejudicial to the interests of relevant Holders.

(b) Notice of any such amendment shall be provided to the relevant Holders within 30 days of the amendment being made.

11.3 **Amendment approved by Extraordinary Resolution:** Without limiting clause 11.2 but subject to clause 11.4, the provisions of these Conditions and any Final Terms may be amended by the Issuer if the amendment has been approved by an Extraordinary Resolution of the Holders or relevant Class of Holders and notified in accordance with these Conditions.

11.4 **Meetings:** Meetings of Holders shall be held in accordance with the schedule to these Conditions.

11.5 **Notice:** Notice of any proposed variation under clause 11.2 shall be given by the Issuer to each Holder or each affected Class of Holders not less than 14 days before the date on which it is intended that such variation take effect, but the non-receipt of notice by any such Holder shall not affect the validity of any such variation.

## 12. NOTICES

12.1 **Writing:** Each notice or other communication to be given or made under these Conditions to any person must:

- (a) **Writing:** be given or made in writing by email or letter and be signed by the sender or an authorised officer of the sender;
- (b) **Address:** be given or made to the recipient at the address or email address, and marked for the attention of the person (if any), from time to time designated by the recipient to the other for the purposes of these Conditions;

- (c) **Deemed delivery:** not be effective until received by the recipient, and any such notice or communication shall be deemed to be received:
- (i) (if given or made by letter) when left at the address of the recipient or 5 Business Days after being put in the post (by airmail if to another country), postage prepaid, and addressed to the recipient at that address; or
  - (ii) (if given or made by email) when dispatched in tangible, readable form by the sender to the email address advised by the recipient from time to time,

provided that any notice or communication received or deemed received after 5pm on a working day in the place to which it is sent, or on a day which is not a working day in that place, shall be deemed not to have been received until the next working day in that place.

- 12.2 **Initial address and numbers:** The initial address, email address and person (if any) designated for the purposes of these Conditions for each Holder will be specified in the Register.

### 13. **GOVERNING LAW**

- 13.1 These Conditions and the applicable Final Terms shall be governed by New Zealand law.

## SCHEDULE

### Meeting of Holders

#### 1. DEFINITIONS

##### 1.1 In these provisions:

**"Appointed Time"** means the day and time at which any meeting of Holders or the taking of a poll of Holders (not at a meeting of Holders) is due to be held.

**"Class of Securities"** means each category of Securities which in the reasonable opinion of the Issuer at any particular time, for any particular purpose, constitutes a separate class of Securities.

**"Conditions"** means the Conditions to which this schedule is attached and **"Final Terms"** has the meaning given in the Conditions.

**"Extraordinary Resolution"** means a resolution passed at a meeting of Holders, properly convened and held in accordance with the provisions of this schedule, at which not less than three fourths of the persons voting upon a show of hands or, if a poll is properly demanded, not less than three fourths of the votes given on such a poll voted in favour of the resolution.

**"Proxy Closing Time"** means 48 hours before the Appointed Time of the relevant meeting of Holders or taking of a poll of Holders.

**"regulation"** means a clause of this schedule.

**"Representative"** means:

- (a) in the case of an individual Holder, a person appointed by an instrument of proxy or by power of attorney or, in the event of the death of a Holder, the personal representative of that Holder; and
- (b) in the case of a Holder which is a corporation or corporation sole either:
  - (i) a person appointed by an instrument of proxy or by power of attorney; or
  - (ii) a person authorised by the directors of the corporation, or in the case of a corporation sole, a person authorised pursuant to its constitution.

#### 2. CONVENING

##### 2.1 **Meeting required by law:** The Issuer shall, whenever required to do so pursuant to the Companies Act or the FMC Act or any other applicable law, convene a meeting of the Holders.

- 2.2 **By Holders:** The Issuer shall, at the request in writing of Holders holding not less than 10% of the aggregate Principal Amount of the Securities, convene a meeting of the Holders. The request must state the nature of the business proposed to be dealt with at the meeting concerned.
- 2.3 **By Issuer:** The Issuer may at any time of its own volition convene a meeting of the Holders.
- 2.4 **Place of meeting:** Each meeting will be held in the city or town in which the Issuer is situated at a place designated in the relevant notice of meeting.
- 2.5 **Regulations:** Meetings of Holders shall be convened and held in accordance with the provisions of this schedule.

### 3. CLASSES OF SECURITIES

- 3.1 If, at any time, in the opinion of the Issuer, a matter is required to be determined by the Holders of a Class of Securities, a meeting may be called in respect of Holders of that Class of Securities, in which case the provisions of this schedule shall, with all necessary modifications, apply and be construed as if references to Securities were references to the relevant Class of Securities and references to Holders were references to the Holders of that Class of Securities.

### 4. NOTICE OF MEETINGS

- 4.1 **Persons to be notified:** Notice of every meeting shall be given in the manner provided in clause 12 of the Conditions to:
- (a) every Holder entered in the Register as at the close of business five Business Days prior to the date of despatch of the notice;
  - (b) the Issuer, if the meeting is convened by the Holders; and
  - (c) if the relevant Securities are listed, any stock exchange on which those Securities are listed.
- 4.2 **Time for notification:** At least 14 days' notice of every meeting will be given. The notice will be exclusive of the day on which it is served or deemed to be served and of the day for which it is given.
- 4.3 **Contents of notice:** The notice will specify the place and Appointed Time of the meeting and the general nature of the business to be transacted. It will not be necessary to specify in the notice the terms of the resolutions to be proposed, except in the case of a resolution

proposed to be passed as an Extraordinary Resolution in which case the text of the proposed resolution must be set out.

4.4 **Short or informal notice:** Notwithstanding any other provision of this regulation 4, a meeting may be called by shorter notice than that specified in regulation 4.2, or without any formal notice, and without compliance with regulation 4.3, and shall be deemed to have been duly called if it is so agreed by all Holders before, at or after that meeting.

4.5 **Accidental omission:** The accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive notice will not invalidate the proceedings at any meeting.

## 5. QUORUM

5.1 **Quorum required:** No business will be transacted at any meeting unless the requisite quorum is present at the commencement of business.

5.2 **Quorum for Extraordinary Resolution:** The quorum for passing an Extraordinary Resolution will be one or more Holders (present in person or by Representative) holding or representing a majority in Principal Amount of the Securities.

5.3 **Quorum for other business:** The quorum for the transaction of any business other than the passing of an Extraordinary Resolution will be one or more Holders (present in person or by Representative) of at least 10% in Principal Amount of the Securities.

5.4 **Quorum not present:** If, within 15 minutes (or any longer time not exceeding 45 minutes as the chairman of the meeting may decide) after the Appointed Time, a quorum is not present the meeting, if convened at the request of Holders, will be dissolved. In any other case it will be adjourned to a day and time (not being less than 14 days later) and to a place as may be appointed by the chairman. At such adjourned meeting all the Holders present in person or by Representative will be a quorum for the transaction of business including the passing of Extraordinary Resolutions.

5.5 **Notice of adjourned meeting:** Notice of any such adjourned meeting of Holders at which an Extraordinary Resolution is to be submitted will be given in the same manner as for an original meeting (except that only seven clear days' notice will be required) and such notice will state that the Holders present in person or by Representative at the adjourned meeting will form a quorum whatever the Principal Amount of Securities held by them.

## 6. CHAIRMAN

6.1 At a meeting of Holders a person appointed, by a resolution of Holders, from the Holders or



any Representatives present will preside as chairman at a meeting.

## **7. RIGHT TO ATTEND AND SPEAK**

- 7.1 Any elected member, officer or solicitor of the Issuer, or any person appropriately authorised by the Issuer, may attend any meeting and all such persons will have the right to speak at the meeting.

## **8. ADJOURNMENT**

- 8.1 **Chairman may adjourn:** The chairman may, with the consent of any meeting at which a quorum is present, and will, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- 8.2 **Business at adjourned meeting:** No business will be transacted at any adjourned meeting except business which might have been lawfully transacted at the meeting from which the adjournment took place.

## **9. ONLY PERSONS ON REGISTER RECOGNISED**

- 9.1 The persons named as Holders in the Register will be recognised and treated as the legal owners of the Securities whether those persons are or are not in fact the owners of those Securities.

## **10. AUTHORITY TO VOTE**

- 10.1 **Voting:** An individual Holder may vote personally or by his Representative and a Holder which is a corporation may vote by its Representative. A Holder may appoint more than one Representative, each such Representative being authorised to act on behalf of the Holder in respect of a specified Principal Amount of Securities.
- 10.2 **Entitlement:** The persons named in the Register as Holders at the Proxy Closing Time will be exclusively entitled to vote in person or by Representative in respect of the Securities recorded as owned by them.

## **11. PROXIES**

- 11.1 **In writing:** The instrument appointing a proxy must be in writing signed by the appointer or his attorney or, if the appointer is a corporation, either by an authorised officer or attorney or

by any director, general manager, investment manager or other person who appears to have authority to appoint a proxy on behalf of the corporation.

- 11.2 **Proxy need not be Holder:** A person appointed to act as a proxy need not be a Holder. A holder of a proxy will have the right to speak at the meeting.
- 11.3 **Deposit of proxy:** The instrument appointing a proxy, and, if applicable, the power of attorney or other authority under which it is signed or a copy of such power or authority certified by a solicitor or in any other manner approved by the Issuer, must be deposited at the place appointed by the Issuer in the notice convening the meeting (or, if no such place is appointed, then at the registered office of the Issuer) not later than the Proxy Closing Time. An instrument of proxy which is not so deposited will not be treated as valid unless the Issuer, in its absolute discretion, elects to accept any instrument of proxy notwithstanding that that instrument, or any power of attorney or other authority, is received or produced at a place other than that specified above or out of time.
- 11.4 **Form of proxy:** An instrument of proxy may be in any usual or common form or in any other form approved by the Issuer and may make provision for directions to be given by the grantor to vote in favour of or against any proposed resolution.
- 11.5 **Proxy valid for meeting:** An instrument of proxy, whether in a usual or common form or not, will, unless the contrary is stated thereon, not need to be witnessed and will be valid for the meeting to which it relates and for any adjournment of that meeting. Notwithstanding any provisions contained in an instrument of proxy, no instrument of proxy will be valid after the expiration of 12 months from the date of its execution notwithstanding any provision to the contrary in the instrument, but this provision will not be construed to apply to the appointment of an attorney or Representative otherwise than by an instrument of proxy.
- 11.6 **Proxy in favour of chairman:** An instrument of proxy in favour of:
- (a) the chairman of the Issuer; or
  - (b) the chairman of the meeting,
- (however expressed) will be valid and effectual as though it were in favour of a named person and will, in the case of paragraph (a) above, constitute the person holding the office of the chairman of the Issuer or, in the case of paragraph (b) above, the person who chairs the meeting for which the proxy is used (whether on adjournment or not) the lawful proxy of the appointer.

## **12. HOLDER MAY APPOINT ATTORNEY**

- 12.1 Any Holder may by power of attorney appoint an attorney (who need not be a Holder) to vote and act on that Holder's behalf at any meeting. An attorney will be entitled to produce evidence of his appointment at any time before the Appointed Time. An attorney who is so empowered may exercise the Holder's right to appoint a proxy.

## **13. CORPORATE REPRESENTATIVES**

- 13.1 **Authority:** A Representative of a Holder which is a corporation or a corporation sole will, until that authority is revoked, be entitled to exercise the same powers on behalf of the corporation as that corporation could exercise if it were an individual Holder and will be entitled to produce evidence of his authority to act at any time before the Appointed Time of, or at, the meeting or adjourned meeting or for the taking of a poll at which the Representative proposes to vote.
- 13.2 **Right to act:** A Representative will have the right to demand or join in demanding a poll and will (except and to the extent to which the Representative is specially directed to vote for or against any proposal) have power generally to act at the meeting for the Holder concerned.

## **14. VOTING PROCEDURE AND POLLS**

- 14.1 **Show of hands:** A resolution put to the vote of a meeting will be decided on a show of hands unless a poll is demanded (before or on the declaration of the result of the show of hands) by:

- (a) the chairman; or
- (b) the Issuer or any representative of the Issuer; or
- (c) one or more Holders holding or representing not less than 5% in aggregate Principal Amount of the Securities.

A declaration by the chairman that a resolution has been carried by the requisite majority or lost will be conclusive evidence of that fact unless a poll is demanded.

- 14.2 **Number of votes:** On a show of hands each person present at the meeting and entitled to vote (whether personally or as a Representative) will have one vote only. On a poll every Holder who is present in person or by a Representative will have one vote for every \$1 of Principal Amount of the Securities of which he is the Holder, provided that where a Holder holds Zero Coupon Securities, for the purposes of calculating that Holder's voting entitlement in this clause, the Principal Amount of those Zero Coupon Securities is to be construed as a

reference to the net present value of those Zero Coupon Securities (as calculated by the Registrar for the relevant Series by adjusting, on a straight line basis, the Principal Amount of the relevant Security by a proportion of any discount to that Principal Amount applicable to such Security on its Issue Date) as at the date of the meeting. On a poll, votes may be given either personally or by Representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

- 14.3 **Poll:** If a poll is demanded it will be taken in the manner directed by the chairman and the result of the poll will be deemed to be the resolution of the meeting at which the poll was demanded.
- 14.4 **Chairman has casting vote:** In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands took place or at which the poll is demanded will be entitled to a casting vote in addition to the votes (if any) to which the chairman may be entitled as a Holder or on behalf of Holders.
- 14.5 **Election of chairman:** A poll demanded on the election of a chairman or on a question of adjournment will be taken immediately. A poll demanded on any other question will be taken either immediately or at a time within 30 days from the date of the meeting and in a place appointed by the chairman. The result of the poll will be deemed to be the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken immediately.
- 14.6 **No disturbance:** The demand for a poll will not prevent the continuance of a meeting for the transaction of business other than the question in relation to which the poll has been demanded.
- 14.7 **Joint Holders:** In the case of joint Holders the vote of the senior who tenders a vote whether in person or by Representative will be accepted to the exclusion of the vote of the other joint Holders and for this purpose seniority will be determined by the order in which the names stand in the Register in respect of the joint holding.
- 14.8 **Disqualification:** A vote given in accordance with the terms of an instrument of proxy or power of attorney or other authority will be valid notwithstanding the previous death, insanity or (in the case of a corporation) liquidation of the principal or revocation of the proxy or power of attorney or authority or the transfer of the Securities in respect of which the vote is given, provided that no written notice of such death, insanity, liquidation, revocation or transfer is received by the Issuer at its registered office before the commencement of the meeting or adjourned meeting at which the proxy, attorney or authority is used.

## **15. EXTRAORDINARY RESOLUTIONS**

**15.1 Powers:** A meeting of Holders will, in addition to all other powers which by these Conditions are specified as exercisable by Extraordinary Resolution, have the following powers exercisable by Extraordinary Resolution namely power to:

- (a) sanction either unconditionally or upon any conditions the release of the Issuer from the payment of all or any part of the moneys payable pursuant to the Securities;
- (b) sanction any request from the Issuer for the exchange of the Securities for, or the conversion of the Securities into, shares, stock, debentures, debenture stock or other obligations or securities of the Issuer or any other entity formed or to be formed;
- (c) postpone or, with the concurrence of the Issuer, to accelerate the day when the Principal Amount of any Securities becomes payable and to suspend or postpone for a time the payment of interest on any Securities;
- (d) sanction any alteration, release, modification, waiver, variation, or compromise or any arrangement relating to the rights of the Holders against the Issuer or its assets however those rights arise;
- (e) assent to any amendment to the terms of these Conditions or the relevant Final Terms proposed or agreed to by the Issuer and to authorise the Issuer to execute any document embodying any such amendment;
- (f) give any sanction, assent, release or waiver of any breach or default by the Issuer under any of the provisions of these Conditions or the relevant Final Terms;
- (g) sanction any scheme for the reconstruction of the Issuer or for the amalgamation of the Issuer with any other corporation where such sanction is necessary; and
- (h) authorise or direct the Issuer to execute any supplemental deed or other document embodying such sanction, authority or approval, assent, release, waiver, direction or request.

**15.2 Binding on Holders:** An Extraordinary Resolution passed at a meeting of Holders properly convened and held will be binding upon all the Holders whether or not present or entitled to be present at the meeting and the Holders will be bound to give effect to that resolution. The passing of any such resolution will, as between the Issuer and the Holders, be conclusive evidence that the circumstances justify the passing thereof the intention being that the meeting is entitled to determine without appeal whether or not the circumstances justify the

passing of any such resolution. Notwithstanding the foregoing a resolution which affects a particular Holder or Holders holding a Class of Securities only (as opposed to the rights of the Holders generally) will not be binding on such Holder or Holders unless the Holder or Holders agree to be bound by the terms of such resolution or unless the Holders of that Class have so agreed by virtue of an Extraordinary Resolution of the Holders of that Class of Securities. Whenever there are Securities outstanding which do not form a single Class then the provisions of this schedule shall have effect subject to the following:

- (a) a resolution which affects one Class only of Securities is deemed to have been duly passed if passed at a properly convened and held meeting of the Holders of that Class (or pursuant to regulation 17);
- (b) a resolution which affects more than one class of Securities, but does not give rise to a conflict of interest between the Holders of any of the Classes so affected is deemed to have been duly passed if passed at a single properly convened and held meeting of the Holders of all Classes so affected (or pursuant to regulation 17);
- (c) a resolution which affects more than one Class of Securities and gives or may give rise to a conflict of interest between the Holders of any of the Classes so affected is deemed to have been duly passed if passed at separate properly convened and held meetings of the Holders of each Class so affected (or pursuant to regulation 17); and
- (d) in respect of each meeting referred to in paragraphs (a), (b) and (c) of this regulation 15.2, the provisions of this schedule apply with the necessary modifications as though references in them to Securities and Holders were references to the relevant Class or Classes and to the Holders of the Securities comprised in such Class or Classes, respectively.

15.3 **Reliance on advice:** The Issuer may rely on, and the Holders and the Registrar for the relevant Series shall be bound by, a legal opinion from a leading law firm in New Zealand to the effect that a resolution affects one Class only or, if it affects more than one Class of Securities, does not give rise to a conflict of interest, for the purposes of determining the meeting or meetings which need to be held for the purposes of regulation 15.2.

## 16. MINUTES TO BE KEPT

16.1 Minutes of all resolutions and proceedings at every meeting will be made by the Issuer or, if the Issuer is not present at the meeting, by a person appointed by the chairman of the meeting. Minutes must be entered in books from time to time provided for that purpose by

the Issuer. Any such minutes, if signed or apparently signed by the chairman of the meeting at which a resolution was passed or proceedings had or by the chairman of the next meeting of Holders, will be prima facie evidence of the matters recorded in those minutes. Until the contrary is proved every meeting in respect of which minutes have been made will be deemed to have been properly held and convened and all resolutions passed or proceedings had at that meeting to have been properly passed and had.

## **17. RESOLUTIONS IN WRITING**

- 17.1 **Extraordinary Resolution:** Anything that may be done by Holders by a resolution or Extraordinary Resolution passed at a meeting of Holders may be done by a resolution in writing signed by not less than 75% of the Holders having the right to vote on that resolution, holding in aggregate the Securities conferring the right to cast not less than 75% of the votes which could be cast on that resolution if a poll was demanded.
- 17.2 **Counterparts:** Any such resolution may consist of several documents in similar form, each signed by one or more Holders.
- 17.3 **Execution:** Any such resolution may be signed by a Holder, or an agent or attorney of the Holder duly authorised in writing, or if the Holder is a company, by a director, or by an authorised signatory or attorney so authorised by the company.

## SCHEDULE 3

### Form of Final Terms for EC Securities

*The Final Terms in respect of each Tranche of EC Securities will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the EC Securities and their issue. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for their completion.*

#### Final Terms dated [●]

*[Name of Issuer]*

**Issue of** *[Aggregate nominal amount of Tranche]* *[Title of EC Securities]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions ("Conditions") contained in the multi-issuer deed dated 7 December 2011 made by New Zealand Local Government Funding Agency Limited and various Local Authorities. These Final Terms contain the final terms of the EC Securities and must be read in conjunction with the Conditions.

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

- |     |                              |                  |   |
|-----|------------------------------|------------------|---|
| 1.  | (i)                          | Issuer:          | [●]   |
| 2.  | [(i)                         | Series Number:]  | [●]   |
|     | [(ii)                        | Tranche Number:] | [●]   |
|     |                              |                  | <i>[If fungible with an existing Series, details of that Series, including the date on which the Series becomes fungible]</i> |
| 3.  | Type of Securities:          |                  | <i>[Fixed Rate Securities/Floating Rate Securities/Zero Coupon Securities/Amortising Security].</i>                           |
| 4.  | Aggregate Principal Amount:  |                  | [●].  |
| 5.  | Issue Price:                 |                  | [●]% of the aggregate Principal Amount.   |
| 6.  | Minimum Subscription Amount: |                  | [\$750,000] and integral multiples of \$[●].  |
| 7.  | Issue Date:                  |                  | [●].  |
| 8.  | First Interest Payment Date: |                  | [●].  |
| 9.  | Maturity Date:               |                  | [●].  |
| 10. | Redemption restrictions:     |                  | [Securities cannot be redeemed prior to Maturity Date].<br>[Amortising Securities].   |
| 11. | Security:                    |                  | Debenture Trust Deed dated [●] between Issuer and [specify Trustee].  |

#### Provisions relating to interest (if any) payable



12. Floating Rate Security provisions:
- (i) Base Rate (if applicable): [Bill Rate / Swap Rate / Other Specified Rate].
  - (ii) Margin: [•] % per annum
  - (iii) Interest Periods: [One, two, three, four, five or six months].
  - (iv) Interest Payment Dates: [•] in each year.
13. Fixed Rate Security provisions:
- (i) Interest Rate: [•] per cent per annum [payable annually/semi-annually/quarterly in arrears].
  - (ii) Interest Payment Dates: [•] in each year.
14. Zero Coupon Security Provisions:
- (i) Annual yield: [•] per cent per annum.

#### **Provisions relating to redemption**

15. Redemption/Payment Basis: [Redemption at par].
16. Circumstances where Early Redemption Permitted: [N/A/Specify].
17. Early Redemption Amount: [Par].
18. Amortising Security provisions: [Applicable/N/A]
- (i) Amortisation Dates: [•]
  - (ii) Principal Amount repayable on each Amortisation Date: \$[•]

#### **General provisions applicable to the Securities**

19. Governing Law: New Zealand.
20. Additional Selling Restrictions: [Specify] [N/A]
21. Additional conditions: [Specify] [N/A]
22. Registrar: [•].

#### **Ratings**

23. Ratings: [Specify] [N/A].

**Operational Information** [insert as appropriate]

**NEW ZEALAND LOCAL GOVERNMENT  
FUNDING AGENCY LIMITED** by [insert  
Execution method]:

## SCHEDULE 4

### Form of Accession Deed

DEED dated [●].

#### PARTIES

[●]

("Acceding Party")

New Zealand Local Government Funding Agency Limited

("Subscriber")

pursuant to the Multi-issuer Deed defined below.

#### INTRODUCTION

- A. The Subscriber has agreed that the Acceding Party may accede to the Multi-issuer Deed as an "Issuer".
- B. This deed records the accession.

#### AGREEMENT:

##### 1. INTERPRETATION

###### 1.1 Interpretation: In this deed:

"Local Authority" has the meaning given to it in the Local Government Act 2002.

"Multi-issuer Deed" means the deed dated 7 December 2011 (as amended and restated on [●]) between the Subscriber and various Local Authorities entitled "Multi-issuer Deed".

###### 1.2 Multi-issuer Deed: Terms defined in the Multi-issuer Deed have the same meaning in this deed unless the context requires otherwise.

###### 1.3 Inconsistency: In the event of any inconsistency between the terms of this deed and those of the Multi-issuer Deed, the terms of this deed will prevail in respect of the Acceding Party.

##### 2. ACCESSION

###### 2.1 Accession: The Acceding Party hereby:

- (a) agrees with the Subscriber that with effect on and from the date of this deed, it will be bound by the Multi-issuer Deed as an Issuer as if it had been an original party thereto and named therein as an Issuer, and agrees to be bound by the terms of, and perform its obligations under, the Multi-issuer Deed; and
- (b) agrees that it will be bound by the special conditions (if any) set out in the annexure to this deed as if those were terms of the Multi-issuer Deed.

- 2.2 **Acknowledgement:** The Subscriber acknowledges and agrees to the accession made under this deed.
- 2.3 **Implied provisions:** For the purposes of section 14 of the Property Law Act 2007, the Acceding Party acknowledges that this deed is, and for all purposes and at all times shall be construed as being, supplemental to the Multi-issuer Deed.

### 3. NOTICE

The details for notices for the Acceding Party for the purposes of the Multi-issuer Deed are: *[specify]*

### 4. GOVERNING LAW

This deed shall be governed by the laws of New Zealand.

### 5. NO CROWN GUARANTEE

The obligations and liabilities of the [Acceding Party and] *[Delete bracketed text if Acceding Party is a CCO]* Subscriber under this deed and the Multi-issuer Deed are not guaranteed by the Crown.

### 6. COUNTERPARTS

This deed may be signed in any number of counterparts, all of which together constitute one and the same instrument, and any of the parties may execute this deed by signing any such counterpart.

### EXECUTED AS A DEED

#### Acceding Party

[LOCAL AUTHORITY/CCO] by:

---

Signature of [Elected Member/Director]

---

Signature of [Elected Member/Director]

---

Name of [Elected Member/Director]

---

Name of [Elected Member/Director]

#### Subscriber

**NEW ZEALAND LOCAL GOVERNMENT  
FUNDING AGENCY LIMITED** by:

---

Signature of Director

---

Signature of Director

---

Name of Director

---

Name of Director

By signing the acknowledgement below, each entity identified in the annexure to this deed as a "CCO Shareholder":

- (a) acknowledges the terms of this deed and the Multi-Issuer Deed;
- (b) agrees to enter into any CCO Support Document to which it is expressed to be a party (as set out in the annexure to this deed); and
- (c) where it is identified in the annexure to this deed as a "LA Shareholder", agrees to the additional representations, undertakings and termination events specified to apply to it pursuant to the annexure to this deed.

**ACKNOWLEDGED BY:**  
**[CCO SHAREHOLDER] by:**

\_\_\_\_\_  
Signature of [Elected Member/Director]

\_\_\_\_\_  
Signature of [Elected Member/Director]

\_\_\_\_\_  
Name of [Elected Member/Director]

\_\_\_\_\_  
Name of [Elected Member/Director]

## ANNEX TO THE ACCESSION DEED

*[Exemptions and any additional conditions relating to the Acceding Party to be included here.]*

*[Include text below if Acceding Party is a CCO]*

1. **CCO Shareholder:** As at the date of this deed, for the purposes of the Multi-issuer Deed, the CCO Shareholder[s] in respect of the Acceding Party is: *[specify, including each CCO Shareholder's holding and whether each is a LA Shareholder or Other Shareholder]*.
2. **CCO Credit Support:** As at the date of this deed, for the purposes of the Multi-issuer Deed, the CCO Credit Support is: *[specify, noting whether it reflects a "protected transaction" for any LA Shareholder]*.
3. **CCO Support Document:** As at the date of this deed, for the purposes of the Multi-issuer Deed, the CCO Support Document is: *[specify, including the Debenture Trust Deed and Security Stock Certificate where a LA shareholder is giving a CCO Guarantee]*.
4. **[CCO Negative Pledge and Covenant:** *[specify].]*
5. **Financial covenants:** *[For the purposes of clause 7.5 of the Multi-issuer Deed, the Acceding Party shall procure that [as at each Test Date for the financial year ending on that Test Date]: [specify financial covenants]]/[specify that no financial covenants apply]*
6. **Insolvency Event:** means the occurrence of any of the following events in relation to the Acceding Party or any CCO Shareholder, without the prior written consent of the Subscriber:
  - (a) it is declared or becomes bankrupt or insolvent or is unable to pay its debts when they fall due;
  - (b) it is presumed to be unable to pay its debts in accordance with section 287 of the Companies Act;
  - (c) a receiver, receiver and manager, liquidator, provisional or interim liquidator, or administrator is appointed in respect of it or any of its assets;
  - (d) an application is made to a court, a meeting is convened or a resolution is passed for it to be wound up or dissolved or for the appointment of a receiver, liquidator, provisional or interim liquidator, statutory manager or administrator to it or any of its assets and such application is not withdrawn or dismissed within **[●]** Business Days;

- (e) any step is taken to appoint, or with a view to appointing, a statutory manager (including the making of any recommendation in that regard by the Financial Markets Authority) under the Corporations (Investigation and Management) Act 1989 in respect of it, or it or any of its associated persons (as that term is defined in that Act) is declared at risk pursuant to the provisions of that Act;
- (f) it:
  - (i) resolves to enter into, or enters into, a scheme of arrangement, a deed of company arrangement, compromise or composition with its creditors or an assignment for their benefit;
  - (ii) proposes or is subject to a moratorium of its debts; or
  - (iii) takes proceedings or actions similar to those mentioned in this paragraph as a result of which its assets are, or are proposed to be, submitted to the control of its creditors;
- (g) it seeks or obtains protection from its creditors under any statute or any other law;
- (h) any attachment, distress, execution or other process is made or levied against any asset of it in an amount in excess of \$[•] (or its equivalent in any currency or currencies) and is not withdrawn, stayed or dismissed within [•] Business Days; or
- (i) an event occurs in relation to it which is analogous to anything referred to above or which has a substantially similar effect. *[Can be amended to reflect a CCO Shareholder's status]*.

- 7. **Permitted security interest (cl 6.1A(a)(xiv), (xv))** *[specify]/[None]*.
- 8. **Permitted disposal (cl 7.1A(a)(viii))**: *[specify]/[None]*.
- 9. **Permitted Distribution (cl 7.1A(a)(xii)(aa))**: *[specify]/[None]*.
- 10. **Permitted financial accommodation (cl 7.1A(a)(xiii))**: *[specify]/[None]*.
- 11. **Permitted acquisition (cl 7.1A(a)(xv))**: *[specify]/[None]*.
- 12. **Permitted merger (cl 7.1A(a)(ix))**: *[specify]/[None]*.
- 13. **Additional representations by the Acceding Party (cl 6.1A(a)(xviii))**: *[specify, including representations as to ranking obligations under the Multi-issuer Deed]/[None]*.
- 14. **Additional representations by each LA Shareholder (cl 6.1A(b)(viii))**: *[specify]/[None]*.

15. **Additional undertakings by the Acceding Party (cl 7.1A(a)(xxi)):** *[specify, including undertakings as to ranking of obligations under the Multi-issuer Deed]/[None]*.
16. **Additional undertakings by each LA Shareholder (cl 7.1A(b)(ix)(aa)):** *[specify]/[None]*.
17. **Additional termination event in respect of the Acceding Party (cl 7.8(d)):**  
*[specify]/[None]*.
18. **Additional termination event in respect of each LA Shareholder (cl 7.8(d)):**  
*[specify]/[None]*.
19. **Additional Events of Default in respect of the Acceding Party:**
  - (a) **Cross default:**
    - (i) any indebtedness of the Acceding Party is not paid when due nor within any originally applicable grace period;
    - (ii) any indebtedness of the Acceding Party is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an enforcement event, event of default, acceleration event or similar event (howsoever described);
    - (iii) any creditor of the Issuer becomes entitled to declare any indebtedness of the Issuer due and payable prior to its specified maturity as a result of an enforcement event, event of default, acceleration event or similar event (howsoever described),

provided that no Event of Default will occur under this provision if the aggregate amount of indebtedness or commitment for indebtedness falling within paragraphs (i) to (iii) above is less than \$[●] (or its equivalent in any other currency or currencies);

*[specify each additional Event of Default (if any)]*.
20. **Test Date:** For the purposes of the Multi-issuer Deed, the Test Date for the Acceding Party is: *[specify]* of each year.
21. **Exceptions:** For the purposes of the Multi-issuer Deed, the following amendments are made to clauses 6.1A, 7.1A, 7.8 and 7.9: *[specify]/[None]*.

## SCHEDULE 5

### Form of Term Sheet

*The term sheet in respect of each Tranche of Securities (other than EC Securities) will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the Securities and their issue. Text in this section appearing in italics does not form part of the term sheet but denotes directions for their completion.*



NEW ZEALAND  
LOCAL GOVERNMENT  
FUNDING AGENCY

SETTLEMENTS CONTACT  
EMAIL [LGFAtenderoperations@lgfa.co.nz](mailto:LGFAtenderoperations@lgfa.co.nz)  
PH 04 974 6530

### NZ LOCAL GOVERNMENT FUNDING AGENCY LIMITED TERM SHEET

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions ("**Conditions**") contained in the multi-issuer deed dated 7 December 2011 made by New Zealand Local Government Funding Agency Limited and various Local Authorities. This term sheet contains the final terms of the Securities and must be read in conjunction with the Conditions.

*[Include whichever of the following apply or specify as "Not Applicable" (N/A).]*

	LOCAL AUTHORITY LENDING SECURITY
LGFA Term Sheet Security Reference	[•]
Subscriber	New Zealand Local Government Funding Agency Limited
Issuer	[•]
Series Number	[•]
Tranche Number	[•]
Type of Securities	<i>[Fixed Rate Securities/Floating Rate Securities/Zero Coupon Securities/Amortising Security]</i>
Security Identifier	[•]
Aggregate Principal Amount	[•]
Issue Price	[•]% of the aggregate Principal Amount
Maturity Date	[•]
Fixed Interest Rate (if Fixed Rate Securities)	[•]
Trade Yield (if Fixed Rate Securities)	[•]



Base Rate + Margin (if Floating Rate Securities)	[•]
Pricing Date (if Fixed Rate Securities) / Interest Rate Set Date (if Floating Rate Securities)	[•]
Issue Date	[•]
Interest Accrual Start Date	[•]
First Interest Payment Date	[•]
Interest Payment Dates	[•]
Interest Periods	[•]
Date Roll (Interest Payment Date and Maturity Date)	[•]
Annual Yield (if Zero Coupon Securities)	[•]
Daycount Convention	Modified Following
Holidays (Business Day)	Christchurch, Wellington, Auckland
Minimum Subscription Amount/multiples	[•]
Governing Law	New Zealand
Additional conditions	[Specify] [N/A]
Registrar	[•]
Agency Agreement	[•]
CCO Support Documents	[specify each security and guarantee document] or [N/A if not a CCO Issuer]
CCO Credit Support	[specify each security and guarantee] or [N/A if not a CCO Issuer]
CCO Negative Pledge and Covenant	[specify full negative pledge (if applicable) and any permitted security interest. See definition of "CCO Negative Pledge and Covenant" in clause 1.1 of the Conditions] or [N/A if not a CCO Issuer]
Insolvency Event	<p>[The occurrence of any of the following events in relation to the Issuer or any CCO Shareholder, without the prior written consent of the Holders:</p> <p>(a) it is declared or becomes bankrupt or insolvent or is unable to pay its debts when they fall due;</p>

	<p>(b) it is presumed to be unable to pay its debts in accordance with section 287 of the Companies Act;</p> <p>(c) a receiver, receiver and manager, liquidator, provisional or interim liquidator, or administrator is appointed in respect of it or any of its assets;</p> <p>(d) an application is made to a court, a meeting is convened or a resolution is passed for it to be wound up or dissolved or for the appointment of a receiver, liquidator, provisional or interim liquidator, statutory manager or administrator to it or any of its assets and such application is not withdrawn or dismissed within <b>[•] Business Days</b>;</p> <p>(e) any step is taken to appoint, or with a view to appointing, a statutory manager (including the making of any recommendation in that regard by the Financial Markets Authority) under the Corporations (Investigation and Management) Act 1989 in respect of it, or it or any of its associated persons (as that term is defined in that Act) is declared at risk pursuant to the provisions of that Act;</p> <p>(f) it:</p> <ul style="list-style-type: none"> <li>(i) resolves to enter into, or enters into, a scheme of arrangement, a deed of company arrangement, compromise or composition with its creditors or an assignment for their benefit;</li> <li>(ii) proposes or is subject to a moratorium of its debts; or</li> <li>(iii) takes proceedings or actions similar to those mentioned in this paragraph as a result of which its assets are, or are proposed to be, submitted to the control of its creditors;</li> </ul> <p>(g) it seeks or obtains protection from its creditors under any statute or any other law;</p>
--	--

	<p>(h) any attachment, distress, execution or other process is made or levied against any asset of it in an amount in excess of \$[●] (or its equivalent in any currency or currencies) and is not withdrawn, stayed or dismissed within [●] Business Days; or</p> <p>(i) an event occurs in relation to it which is analogous to anything referred to above or which has a substantially similar effect. <i>[Can be amended to reflect a CCO Shareholder's status] or [N/A if not a CCO Issuer]</i></p>
Additional Event of Default	<p>(a) <b>Cross default:</b></p> <p>(i) any indebtedness of the Issuer is not paid when due nor within any originally applicable grace period;</p> <p>(ii) any indebtedness of the Issuer is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an enforcement event, event of default, acceleration event or similar event (howsoever described);</p> <p>(iii) any creditor of the Issuer becomes entitled to declare any indebtedness of the Issuer due and payable prior to its specified maturity as a result of an enforcement event, event of default, acceleration event or similar event (howsoever described),</p> <p>provided that no Event of Default will occur under this provision if the aggregate amount of indebtedness or commitment for indebtedness falling within paragraphs (i) to (iii) above is less than \$[●] (or its equivalent in any other currency or currencies).</p> <p><i>[specify each additional Event of Default (if any)]</i></p>

**NEW ZEALAND LOCAL GOVERNMENT  
FUNDING AGENCY LIMITED** by *[insert  
Execution method]*:

*[Insert execution block for local authority]*

*[For the avoidance of doubt, term sheets may include the terms of the corresponding Borrower Notes at the Subscriber's sole discretion and such inclusion shall not invalidate the relevant term sheet]*

## SCHEDULE 6

### Form of Notice of Commitment for EC Securities

**To:** New Zealand Local Government Funding Agency Limited ("**Subscriber**")  
**Attention:** { }

**Email:** { }  
**Date:** { }

**Re:** Multi-issuer Deed dated 7 December 2011 ("**Deed**")

Terms defined in the Deed have the same meaning in this Notice of Commitment unless the context requires otherwise.

1. For the purpose of clause 4.2(b) of the Deed, the Issuer hereby irrevocably and unconditionally offers to issue the EC Securities on the terms contained in the preliminary Final Terms enclosed with this notice.
2. The Issuer requests that the Subscriber accepts the above offer for the purposes of clause 4.2 of the Deed by counter-signing and returning to the Issuer a duplicate copy of this Notice of Commitment.

Yours faithfully  
[Local Authority]

\_\_\_\_\_  
Signature of officer

The Subscriber hereby accepts the offer of the issuance of the EC Securities described in this notice, such acceptance subject to the conditions specified in clause 4.5 of the Deed.

**NEW ZEALAND LOCAL GOVERNMENT  
FUNDING AGENCY LIMITED** by:

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Name of director

\_\_\_\_\_  
Name of director

Date: [●]

[Attach preliminary Final Terms]

## SCHEDULE 7

### Form of Compliance Certificate

To: New Zealand Local Government Funding Agency Limited

Attention: { }

Email: { }

Date: { }

Re: Multi-issuer Deed dated 7 December 2011 ("**Deed**")

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Terms defined in the Deed have the same meanings in this Compliance Certificate unless the context requires otherwise.

1. This certificate is given to you pursuant to clause 7.5 of the Deed.
2. For the purposes of this certificate the Test Date is *[insert date]*.
3. I, *[name]* the *[insert position of Authorised Signatory]* of *[Council name]* Council ("**Issuer**") certify that to the best of my knowledge and belief, having made due enquiry the covenants and ratios detailed in appendix A (comparing actual performance to the financial covenant) were true and correct in all respects as at the Test Date.
- [4. The Issuer provides the following details relating to breaches of the covenants and ratios detailed in appendix A (if any) as at the Test Date: *[insert details]*].

Dated: [•]

*[name of Issuer]* by:

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*[Authorised Signatory]*

## APPENDIX A TO COMPLIANCE CERTIFICATE

Financial Covenant (clause 7.5)	Required Performance (%)	Actual Performance (%)
Net Debt: Total Revenue	<i>[insert]</i>	<i>[insert]</i>
Net Interest: Total Revenue	<i>[insert]</i>	<i>[insert]</i>
Net Interest: Annual Rates Income	<i>[insert]</i>	<i>[insert]</i>
Available Financial Accommodation: External Indebtedness	<i>[insert]</i>	<i>[insert]</i>

### Financial Covenant Components

Net Debt	<i>[insert]</i>
Total Revenue	<i>[insert]</i>
Net Interest	<i>[insert]</i>
Annual Rates Income	<i>[insert]</i>
Available Financial Accommodation	<i>[insert]</i>
External indebtedness	<i>[insert]</i>

*[insert/attach supporting information used to determine relevant financial covenant components, including providing details of various amounts at Issuer and/or Consolidated Group depending on parameters that apply under the Deed]*

# Amendment and Restatement Deed (Guarantee and Indemnity)

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## PARTIES

The Local Authorities listed in Schedule 1  
Guarantors

TEL Security Trustee (LGFA) Limited  
Security Trustee



DEED dated

2020

## PARTIES

The Local Authorities Listed in Schedule 1

("Guarantors")

TEL Security Trustee (LGFA) Limited

("Security Trustee")

## INTRODUCTION

The parties wish to amend and restate the Guarantee and Indemnity as set out in this deed.

## COVENANTS

### 1. INTERPRETATION

#### 1.1 Definitions: In this deed:

"**Effective Date**" means the date notified by the Security Trustee as the Effective Date in accordance with clause 2.1.

"**Guarantee and Indemnity**" means the guarantee and indemnity dated 7 December 2011 between the Guarantors and the Security Trustee.

#### 1.2 **Guarantee and Indemnity definitions:** Words and expressions defined in the Guarantee and Indemnity (as amended by this deed) have, except to the extent the context requires otherwise, the same meaning in this deed.

#### 1.3 **Miscellaneous:**

- (a) Headings are inserted for convenience only and do not affect interpretation of this deed.
- (b) References to a person include that person's successors, permitted assigns, executors and administrators (as applicable).
- (c) Unless the context otherwise requires, the singular includes the plural and vice versa and words denoting individuals include other persons and vice versa.
- (d) A reference to any legislation includes any statutory regulations, rules, orders or instruments made or issued pursuant to that legislation and any amendment to, re-enactment of, or replacement of, that legislation.
- (e) A reference to any document includes reference to that document as amended, modified, novated, supplemented, varied or replaced from time to time.

- (f) Unless otherwise stated, reference to a clause or schedule is a reference to a clause of or schedule to this deed.
- (g) A reference to "including", "for example" or "such as", when introducing an example, does not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

## 2. CONDITIONS PRECEDENT

- 2.1 **Effective Date:** The Effective Date shall be the date the Security Trustee confirms to the Guarantors and the Principal Debtor that it has received, and found satisfactory to it in form and substance, the documents and evidence specified in schedule 2.

## 3. AMENDMENT AND RESTATEMENT

- 3.1 **Amendment and restatement:** With effect on and from the Effective Date, the Guarantee and Indemnity shall be amended and restated in the form set out in the appendix to this deed.
- 3.2 **Full force and effect:** Except to the extent amended by this deed, the Guarantee and Indemnity remains in full force and effect.

## 4. ISSUER ACKNOWLEDGEMENTS AND CONFIRMATIONS

- 4.1 **Debenture Trust Deed:** Each Guarantor acknowledges and agrees that nothing in this deed shall prejudice the rights of the Security Trustee under the Debenture Trust Deed and confirms and agrees that its liabilities and obligations under the Debenture Trust Deed, all Security Stock issued, and all Security Stock Certificates delivered, to the Security Trustee continue in full force and effect.
- 4.2 **Notice details:** Each Guarantor confirms that its current notice details for the purposes of clause 13 of the Guarantee and Indemnity are as set out in schedule 1.

## 5. GENERAL

- 5.1 **Counterparts:** This deed may be executed in any number of counterparts, and this shall have the same effect as if the signatures on the counterparts were on a single copy of this deed.
- 5.2 **Governing law:** This deed is governed by, and construed in accordance with, New Zealand law. The parties submit to the non-exclusive jurisdiction of the courts of New Zealand.

**EXECUTED AS A DEED**

**The Guarantors**

**ASHBURTON DISTRICT COUNCIL** by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

**AUCKLAND COUNCIL** by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

**BAY OF PLENTY REGIONAL COUNCIL**  
by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

**CANTERBURY REGIONAL COUNCIL** by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

**CHRISTCHURCH CITY COUNCIL** by:

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

\_\_\_\_\_  
Signature of elected member

\_\_\_\_\_  
Name of elected member

**Security Trustee**

**SIGNED FOR AND ON BEHALF OF TEL  
SECURITY TRUSTEE (LGFA) LIMITED** by:

---

Signature of Authorised Signatory

---

Signature of Authorised Signatory

---

Name of Authorised Signatory

---

Name of Authorised Signatory

---

Name of witness

---

Occupation

---

City/town of residence

## SCHEDULE 1

### Guarantors

GUARANTORS	ADDRESS FOR NOTICES
Ashburton District Council	<p>Delivery Address: 5 Baring Square West Ashburton</p> <p>Postal Address: P O Box 94 Ashburton 7740</p> <p>Attention: Finance Manager</p>
Auckland Council	<p>Delivery Address: 135 Albert Street Auckland 1010</p> <p>Postal Address: Private Bag 92300 Victoria Street West Auckland 1142</p> <p>Attention: John Bishop, Group Treasurer</p>
Bay Of Plenty Regional Council	<p>Delivery Address: 5 Quay Street Whakatāne</p> <p>Postal Address: P O Box 364 Whakatāne 3158</p> <p>Attention: Mat Taylor</p>
Canterbury Regional Council	<p>Delivery Address: 200 Tuam Street Christchurch 8140</p> <p>Postal Address: P O Box 345 Christchurch 8140</p> <p>Attention: Chief Financial Officer</p>
Christchurch City Council	<p>Delivery Address: Civic Offices 53 Hereford Street Christchurch</p>

## SCHEDULE 2

### Conditions Precedent

1. A duly executed copy of each of the following documents:
  - (a) this deed;
  - (b) an amendment and restatement deed dated on or about the date of this deed in relation to an multi-issuer deed dated 7 December 2011 (as amended and restated on 5 June 2015);
  - (c) an amendment and restatement deed dated on or about the date of this deed in relation to a notes subscription agreement dated 7 December 2011 (as amended and restated on 5 June 2015); and
  - (d) an amendment and restatement deed dated on or about the date of this deed in relation to a shareholders' agreement dated 7 December 2011 (as amended from time to time).
2. A certificate of compliance for the purposes of s118 of the Local Government Act 2002 (in a form acceptable to the Principal Debtor) given by the Chief Executive of each Issuer in relation to the entry into this deed and each other deed referred to in items 1(b) and (c) above.
3. A legal opinion from Russell McVeagh, solicitors to the Principal Debtor, in relation to the enforceability of this deed and each other deed referred to in items 1(b) and (c) above.
4. A legal opinion from Simpson Grierson, solicitors to the Guarantors, in relation to each Guarantor's entry into this deed and each other deed referred to in items 1(b) and (c).

## **APPENDIX**

### **Amended and Restated Guarantee and Indemnity**

# Guarantee and Indemnity

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## **PARTIES**

The Local Authorities Listed in Schedule 1

### **Initial Guarantors**

TEL Security Trustee (LGFA) Limited

### **Security Trustee**



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**DEED** dated 7 December 2011 (as amended and restated by the deed to which this deed is attached as an appendix)

## PARTIES

The Local Authorities Listed in Schedule 1  
("Initial Guarantors")

TEL Security Trustee (LGFA) Limited  
("Security Trustee")

## INTRODUCTION

- A. In consideration for the Guaranteed Creditors agreeing to make financial accommodation and/or other services available to the Principal Debtor from time to time at the request of each Initial Guarantor (as evidenced by an Initial Guarantor's entry into this deed), the Initial Guarantors have agreed to enter into this deed at the request of the Principal Debtor.
- B. The Security Trustee has agreed to enter into this deed as security trustee for the Guaranteed Creditors. The Security Trustee holds the benefit of this deed on trust for the Guaranteed Creditors under the terms of the Security Trust Deed.

## COVENANTS

### 1. INTERPRETATION

- 1.1 **Definitions in the Multi-issuer Deed:** Words and expressions defined in the Multi-issuer Deed (including in the Conditions to the Multi-issuer Deed) and used in this deed shall, unless the context otherwise requires, have the meanings given to them in the Multi-issuer Deed.

- 1.2 **Definitions:** In addition, in this deed, unless the context otherwise requires:

"**Additional Guarantor**" means a person which has become an Additional Guarantor in accordance with clause 12.4.

"**Additional Relevant Proportion**" has the meaning given to it in clause 3.4(c).

"**Annual Rates Income**" has the meaning given in the Multi-issuer Deed, as if references therein to "Issuer" were to "Guarantor".

"**Beneficiary**" has the meaning given to it in the Security Trust Deed.

"**Defaulting Guarantor**" has the meaning given to it in clause 3.4(c).

"**Demand**" means a demand for payment on a Guarantor in the relevant form, or substantially in the relevant form, set out in schedule 3, signed by on or behalf of the Security Trustee.

**"Demand Confirmation"** has the meaning given to it in clause 3.5(e).

**"Disclosure Information"** has the meaning given to it in clause 16.12(a)(i).

**"Full Release"** means a letter from the Security Trustee to a Guarantor in the form, or substantially in the form, of part 2 of schedule 6.

**"Full Release Request"** means a letter from a Guarantor to the Security Trustee in the form, or substantially in the form, of part 1 of schedule 6.

**"Further Principal Debt Release"** means a letter from the Security Trustee to a Guarantor in the form, or substantially in the form, of part 2 of schedule 5.

**"Further Principal Debt Release Date"** has the meaning given to it in clause 15.1(g).

**"Further Principal Debt Release Request"** means a letter from a Guarantor to the Security Trustee in the form, or substantially in the form, of part 1 of schedule 5.

**"Further Relevant Amount"** has the meaning given to it in clause 3.4(e).

**"Guarantor Accession Deed"** means a deed in the form, or substantially in the form, of schedule 4.

**"Guaranteed Creditor"** means each creditor of the Principal Debtor that is a Beneficiary under or pursuant to the terms of the Security Trust Deed.

**"Guaranteed Money"** means, subject to clauses 15.1(f) and 15.1(g), when used with reference to a Guarantor, all amounts which that Guarantor (whether alone, or jointly, or jointly and severally with any other person) is, or may at any time become, liable (whether actually or contingently) to pay to the Security Trustee under this deed (for the benefit of any Guaranteed Creditor) and, when used without reference to a particular Guarantor, means the Guaranteed Money of the Guarantors collectively, and a reference to Guaranteed Money includes any part of it.

**"Guarantor"** means an Initial Guarantor or an Additional Guarantor, unless it has ceased to be a Guarantor pursuant to clause 15.2 or clause 15.3.

**"Indemnified Guarantor"** has the meaning given to it in clause 3.5(b).

**"LGFA Finance Document"** has the meaning given to it in the Security Trust Deed.

**"Local Authority"** means a Local Authority as defined in the Act.

**"Multi-issuer Deed"** means the deed dated 7 December 2011 between the Principal Debtor and various Local Authorities entitled "Multi-issuer Deed".

**"Non-Defaulting Guarantor"** has the meaning given to it in clause 3.4(c).

**"Partially Released Guarantor"** has the meaning given to it in clause 3.4(e).

**"Principal Debt"** means all amounts of any nature which the Principal Debtor (whether alone, or jointly, or jointly and severally with any other person) is, or may at any time become, liable (whether actually or contingently) to pay or deliver to one or more Guaranteed Creditors (whether alone, or jointly, or jointly and severally with any other person) under, pursuant to,

or arising out of a LGFA Finance Document, and a reference to Principal Debt includes any part of it.

**"Principal Debtor"** means New Zealand Local Government Funding Agency Limited, a company incorporated in New Zealand.

**"Relevant Amount"** has the meaning given to it in clause 3.4(b).

**"Relevant Financial Year"** has the meaning given to it in clause 3.4(b).

**"Relevant Proportion"** has the meaning given to it in clause 3.4(b).

**"Sale Notice"** has the meaning given in the Shareholders' Agreement.

**"Security Trust Deed"** means the deed dated 7 December 2011 between the Security Trustee and the Principal Debtor entitled "Security Trust Deed".

**"Shortfall Amount"** has the meaning given to it in clause 3.4(c).

**"Transaction Documents"** means:

- (a) the "Transaction Documents" as defined in the Multi-issuer Deed; and
- (b) the LGFA Finance Documents,

and any document or agreement entered into by the Principal Debtor or any Guarantor (amongst others) for the purpose of amending, supplementing or novating any of the above.

**"Verified Statements"** has the meaning given to it in clause 16.12(a)(ii).

1.3 **References:** Except to the extent that the context otherwise requires, any reference in this deed to:

the **"dissolution"** of a person includes the bankruptcy of that person or, where that person is a company, its liquidation, administration, deed of company arrangement, creditors' compromise, scheme of arrangement or removal from the register, and also includes any equivalent or analogous procedure under the law of any relevant jurisdiction.

**"government"** includes central or local government, and **"governmental agency"** includes any government or any governmental, semi-governmental or judicial entity or authority, or legislative body, or any person or body charged with the administration of any law. It also includes any self-regulatory organisation established under statute or any stock exchange.

**"law"** includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, statute or other legislative measure, in each case of any jurisdiction whatever and **"lawful"** shall be construed accordingly.

**"person"** includes an individual, firm, company, corporation, unincorporated body of persons, organisation or trust, and any governmental agency or authority, in each case whether or not having separate legal personality.

**"security"** includes a guarantee or indemnity, a security interest (as construed and defined in the Personal Property Securities Act 1999), mortgage, lien, pledge, any interest in land of a security nature, any other security arrangement creating in effect security for the payment of a

monetary obligation or the observance of any other obligation, and any other arrangement having like economic effect over any property, assets or revenues.

"**tax**" includes any present or future tax, levy, impost, duty, rate, charge, fee, deduction or withholding of any nature and whatever called, imposed or levied by any government, governmental agency or authority, together with any interest, penalty, charge, fee or other amount imposed or made on, or in relation to, any of the foregoing.

**1.4 Miscellaneous:** Unless the context otherwise requires:

- (a) Headings are inserted for convenience only and do not affect interpretation of this deed.
- (b) References to a person include that person's successors, permitted assigns, executors and administrators (as applicable).
- (c) Unless the context otherwise requires the singular includes the plural and vice versa and words denoting individuals include other persons and vice versa.
- (d) References to any legislation or to any provision of any legislation are deemed to be references to that legislation or provision as from time to time amended, re-enacted or substituted and, unless the context otherwise requires, shall also include any statutory instruments issued under any such legislation or provision.
- (e) References to any document (however described) shall include references to such document as modified, novated, supplemented, varied or replaced from time to time.
- (f) Except where inconsistent with the context, the expression "**at any time**" also means from time to time.
- (g) A reference to "**including**", "**for example**" or "**such as**", when introducing an example, does not limit the meaning of the words to which the example relates to that example or examples of a similar kind.
- (h) Unless otherwise stated, reference to a clause, schedule or part of a schedule is a reference to a clause of, or schedule to, or part of a schedule to, this deed.

**1.5 Capacity of the Security Trustee:**

- (a) The parties acknowledge that the Security Trustee holds the benefit of this deed on trust for the Guaranteed Creditors. Notwithstanding any other provision of any LGFA Finance Document, any liability incurred by the Security Trustee pursuant to this deed can be enforced against the Security Trustee only to the extent to which it can be satisfied out of the assets subject to the Security Trust Deed. This limitation of the Security Trustee's liability applies notwithstanding any other provision of this deed (other than paragraph (c)) and extends to:
  - (i) all liabilities and obligations of the Security Trustee in any way connected with any representation, warranty, conduct, omission, agreement or transaction relating to any LGFA Finance Document; and

- (ii) every delegate, attorney, agent or other similar person appointed by the Security Trustee.
- (b) Subject to paragraph (a), the Beneficiaries may not sue the Security Trustee personally or seek the appointment of a liquidator, administrator, receiver or similar person to the Security Trustee or prove in any liquidation, administration or arrangement of or affecting the Security Trustee.
- (c) Paragraphs (a) and (b) will not apply to any liability of the Security Trustee arising out of the fraud, gross negligence, wilful default or wilful breach of trust of or by the Security Trustee.
- (d) In addition to the rights and trusts conferred on the Security Trustee by any LGFA Finance Document, the Security Trustee shall have all the rights, privileges and immunities which gratuitous trustees have or may have in New Zealand, even though it is entitled to remuneration.

## 2. GUARANTEE AND INDEMNITY

- 2.1 **Guarantee:** Each Guarantor guarantees to the Security Trustee, for the benefit of the Guaranteed Creditors, the due payment or delivery by the Principal Debtor of the Principal Debt.
- 2.2 **Continuing guarantee:** In relation to each Guarantor the guarantee in this deed is a continuing guarantee and shall operate irrespective of any intervening payment, settlement of account or other matter or thing whatever, until the relevant Guarantor has received a Full Release from the Security Trustee pursuant to clause 15.2 or a written release from the Security Trustee pursuant to clause 15.3.
- 2.3 **Indemnity:** Each Guarantor indemnifies the Security Trustee, for the benefit of the Guaranteed Creditors, against:
  - (a) all claims, liabilities, damages, losses and payments; and
  - (b) all costs, charges and expenses (including legal expenses on a full indemnity basis and goods and services and similar taxes thereon),

suffered, incurred or sustained by any of the Guaranteed Creditors at any time as a direct or indirect consequence of any Principal Debt not being recoverable from a Guarantor under the guarantee given in clause 2.1, including as a result of the obligation to pay the Principal Debt becoming void, voidable or unenforceable.

## 3. OBLIGATIONS OF THE GUARANTORS

- 3.1 **Payment:** If the Principal Debtor does not pay any Principal Debt to any Guaranteed Creditor on its due date, each Guarantor shall upon demand being made in accordance with clause 3.4 pay to the Security Trustee (for the benefit of the Guaranteed Creditors) that Principal Debt in accordance with clause 3.4 (whether or not demand for payment has been made on the Principal Debtor or any other person).
- 3.2 **Payments to be free and clear:** The Guaranteed Money shall be paid:

- (a) free and clear of any restriction or condition;
- (b) free and clear of and (except to the extent required by law) without any deduction or withholding on account of any tax; and
- (c) without any deduction or withholding on account of any other amount, whether by way of set-off, counterclaim or otherwise.

3.3 **Cleared funds:** Any Guaranteed Money received by the Security Trustee shall not satisfy a Guarantor's obligation to pay such amount until it is cleared and immediately available to the Security Trustee.

3.4 **Demands:**

- (a) The Security Trustee shall not make any demand for payment on a Guarantor under this deed except in accordance with this clause 3.4.
- (b) Subject to paragraph (e), if the Security Trustee wishes to make demand for payment of an amount (a "**Relevant Amount**") under this deed, it shall deliver a Demand to each Guarantor requiring the Guarantor to pay the proportion of the Relevant Amount (or, if sub-paragraph (e)(ii) applies, the proportion of that part of the Relevant Amount that is not a Further Relevant Amount) that the Guarantor's Annual Rates Income for the most recent financial year in respect of which all Guarantors have completed and adopted annual reports in accordance with sections 98 and 99 of the Act before the date of the Demand (the "**Relevant Financial Year**") bears to the aggregate Annual Rates Income of all Guarantors for the Relevant Financial Year (for each Guarantor, its "**Relevant Proportion**").
- (c) Subject to paragraph (e), if one or more Guarantors (each a "**Defaulting Guarantor**") fails to pay in full its Relevant Proportion of a Relevant Amount within two Business Days after receipt of a Demand under paragraph (b) (the aggregate of all amounts unpaid by the Defaulting Guarantors by the end of that period being the "**Shortfall Amount**"), the Security Trustee may deliver a further Demand to each Guarantor other than the Defaulting Guarantors (each a "**Non-Defaulting Guarantor**") requiring that Non-Defaulting Guarantor to pay the proportion of the Shortfall Amount that its Annual Rates Income for the Relevant Financial Year bears to the aggregate Annual Rates Income of all Non-Defaulting Guarantors for the Relevant Financial Year (for each Non-Defaulting Guarantor, its "**Additional Relevant Proportion**").
- (d) Subject to paragraph (e), if one or more Non-Defaulting Guarantors fails to pay in full its Additional Relevant Proportion of a Shortfall Amount within two Business Days after receipt of a Demand under paragraph (c) (including pursuant to the operation of this paragraph (d)), the Security Trustee may deliver a further Demand to each other Non-Defaulting Guarantor, and the provisions of paragraph (c) (and, in the event of a further subsequent default, this paragraph (d)) shall apply to the relevant shortfall amount (as if it were a "Shortfall Amount") and such other Non-Defaulting Guarantors (such that the "Additional Relevant Proportion" is determined having regard only to the Annual Rates Income of such Non-Defaulting Guarantors, and no other Guarantors). For the avoidance of doubt, the parties agree that paragraph (c) and this paragraph (d) shall, in respect of each Relevant Amount, continue to apply until the Relevant Amount has been paid in full to the Security Trustee.

- (e) If, by reason of having received a Further Principal Debt Release, one or more Guarantors (each a "**Partially Released Guarantor**") is not liable under this deed (by reason of the operation of clause 15.1(f) or 15.1(g)) in respect of:
  - (i) all of a Relevant Amount, paragraphs (b), (c) and (d) shall apply in relation to that Relevant Amount only in respect of the Guarantors other than the Partially Released Guarantors;
  - (ii) part of a Relevant Amount (a "**Further Relevant Amount**"), the Security Trustee must deliver a separate Demand in respect of the Further Relevant Amount to each of the Guarantors other than the Partially Released Guarantors, and the provisions of paragraphs (b), (c) and (d) shall apply in relation to the Further Relevant Amount (as if it were a "Relevant Amount") only in respect of those Guarantors.

### 3.5 Proportionate sharing of liabilities:

- (a) It is the intention of the Guarantors that each Relevant Amount, and each Further Relevant Amount, shall be borne by the Guarantors, or the relevant Guarantors, as applicable, in accordance with their respective Relevant Proportions.
- (b) If one or more Guarantors or relevant Guarantors contributes more in payment of a Relevant Amount or a Further Relevant Amount, as applicable, pursuant to the operation of clause 3.4 than its Relevant Proportion of that Relevant Amount or Further Relevant Amount, as applicable (each such Guarantor being an "**Indemnified Guarantor**"), each Guarantor or relevant Guarantor, as applicable, other than the Indemnified Guarantors shall indemnify each Indemnified Guarantor upon demand in respect of each such excess amount.
- (c) In making payment in respect of excess amounts under the indemnity in paragraph (b), account shall be taken of any amounts which an Indemnified Guarantor has actually received or recovered by reason of having exercised (whether through the Security Trustee or otherwise) any right (including of subrogation) against the Principal Debtor, in respect of the Relevant Amount or the Further Relevant Amount.
- (d) Subject to paragraph (c), each Guarantor or relevant Guarantor will be required to make indemnity payments under this clause 3.5 until all such Guarantors have contributed (whether to the Security Trustee or to Indemnified Guarantors) their Relevant Proportion of the Relevant Amount or the Further Relevant Amount, as applicable, as contemplated by paragraph (a).
- (e) Where the Security Trustee has, following receipt of a written request from an Indemnified Guarantor, confirmed (in writing) ("**Demand Confirmation**") that:
  - (i) no Demand is outstanding; and
  - (ii) the Security Trustee has not (as at the date of such Demand Confirmation) received any request under the Security Trust Deed to make a Demand,

an Indemnified Guarantor may exercise against the relevant Guarantors its right to be indemnified under this clause 3.5, provided however that, such Indemnified



Guarantor must immediately cease seeking any such indemnity when a Demand is made.

**3.6 No competition:** No Guarantor shall (unless requested to do so by the Security Trustee):

- (a) take, accept or continue to hold any security from the Principal Debtor or any other person who has given any security to the Security Trustee or any other Guaranteed Creditor for any Principal Debt;
- (b) subject to clause 3.5(e), exercise any right or take the benefit of subrogation, contribution or indemnity, or require marshalling, or claim the benefit of any security now or in the future held by the Security Trustee or any other Guaranteed Creditor for the payment of any Principal Debt;
- (c) take steps to recover (whether directly or by set-off, counterclaim or otherwise), or accept, money or other property, or exercise, enforce or receive the benefit of any rights (including by way of set-off), in respect of any amount due (whether actually or contingently) from the Principal Debtor to that Guarantor; or
- (d) claim or prove in the dissolution of the Principal Debtor or any other person in competition with the Security Trustee or any other Guaranteed Creditor.

**3.7 Guarantor to account:** If, notwithstanding, and in breach of, clause 3.5 or clause 3.6, a Guarantor:

- (a) takes, accepts or continues to hold any such security, money or other property from the Principal Debtor, or from any person who has given any security to the Security Trustee or any other Guaranteed Creditor for any Principal Debt or receives the benefit of a set-off; or
- (b) proves in that Guarantor's own name in the dissolution of the Principal Debtor, or of any other person who has given any security to the Security Trustee or any other Guaranteed Creditor for any Principal Debt (whether or not the Security Trustee or, as applicable, that other Guaranteed Creditor has required that Guarantor to do so, or has consented to that Guarantor doing so), for all or any part of any amount due (whether actually or contingently) from the Principal Debtor or such other person to a Guarantor,

that Guarantor shall immediately pay or transfer to the Security Trustee all such security, money, other property or the benefit of set-off, or all amounts received by that Guarantor in relation to any such proof, and all interest accruing thereon, until the Principal Debt is discharged in full and, until that payment or transfer is made, shall hold such security, money or other property, or the benefit of that proof or set-off, and all interest thereon, on trust for the Security Trustee in an amount not exceeding the Principal Debt then outstanding.

## **4. NATURE AND EXTENT OF OBLIGATIONS**

**4.1 Unconditional and irrevocable:** Each obligation of a Guarantor under this deed is, subject to clause 3.4, unconditional and irrevocable and enforceable notwithstanding that any instrument (negotiable or otherwise) relating to all or any part of the Principal Debt may still be outstanding at the date of enforcement.

- 4.2 **Liable as principal:** Each Guarantor's liability under this deed shall be as a principal debtor and not merely as a surety.
- 4.3 **Other securities:** This deed is in addition to and not in substitution for, is collateral to, and shall not prejudicially affect or be prejudicially affected by, any other security or right which the Security Trustee or any other Guaranteed Creditor may have in respect of any Principal Debt. Any security given by a Guarantor to the Security Trustee (whether given before or after the date of this deed) shall constitute security for the Guaranteed Money.
- 4.4 **Initial Documentation:** Each Initial Guarantor shall, on the date of this deed, deliver the following documents (each of which must be in form and substance satisfactory to the Security Trustee) to the Security Trustee:
- (a) a duly executed first ranking Security Stock Certificate in favour of the Security Trustee in respect of that Guarantor's obligations under this deed;
  - (b) a certificate of compliance for the purposes of section 118 of the Act in relation to the Guarantor's obligations under this deed and the Security Stock Certificate described in paragraph (a);
  - (c) a legal opinion addressed to the Security Trustee from legal counsel acceptable to the Security Trustee in relation to that Guarantor's entry into this deed and the issuance of the first ranking Security Stock Certificate described in paragraph (a);
  - (d) evidence that all necessary regulatory and statutory authorisations, consents, approvals and licences in relation to its entry into this deed and the issuance of the first ranking Security Stock Certificate described in paragraph (a) have been obtained and are current and satisfactory; and
  - (e) notification of the Annual Rates Income in the Financial Statements of the Guarantor in the most recent financial year for which all Initial Guarantors have prepared and adopted an annual report in accordance with sections 98 and 99 of the Act.

## 5. RIGHTS OF THE SECURITY TRUSTEE

- 5.1 **Discretions:** The Security Trustee may at any time:
- (a) determine whether or not to enforce this deed or any other security or right;
  - (b) enforce this deed without first taking steps or proceedings against the Principal Debtor or any other person;
  - (c) make any arrangement or compromise with the Principal Debtor or any other person which the Security Trustee thinks fit; and
  - (d) retain, carry to an interest bearing suspense account, and appropriate at the Security Trustee's discretion, any amount received by the Security Trustee under this deed until the Principal Debt has been paid and satisfied in full.
- 5.2 **No prejudice:** The Security Trustee's rights under this deed are without prejudice, and in addition, to any other right to which the Security Trustee is at any time entitled (whether under

this deed or by law, contract or otherwise), and subject to clause 3.4, may be exercised by the Security Trustee without prior notice to the relevant Guarantor, the Principal Debtor or any other person.

## 6. GROSS-UP

- 6.1 If a Guarantor is required by law to make any deduction or withholding from any amount paid or payable by that Guarantor under this deed then:
- (a) the relevant Guarantor shall ensure that any such deduction or withholding does not exceed the legal minimum and shall pay the amount required to be so deducted, withheld, or paid to the relevant authority before the date on which penalties attach thereto;
  - (b) the amount payable by the relevant Guarantor in respect of which that deduction or withholding is required to be made shall, if the Principal Debtor would have been required to pay an increased amount had the Principal Debtor been required to make the relevant deduction or withholding, be increased to the extent necessary to ensure that after that deduction or withholding is made the Security Trustee receives and retains (free from any liability in respect of any such deduction or withholding) a net amount equal to the amount which the Security Trustee would have received and so retained had no such deduction or withholding been made; and
  - (c) the relevant Guarantor shall promptly deliver to the Security Trustee a receipt issued by the applicable authority evidencing that such deduction or withholding has been made.

## 7. CURRENCY INDEMNITY

- 7.1 **Currency of payment:** Any amount which a Guarantor is required to pay under this deed in respect of the Principal Debt shall be paid in the currency in which the Principal Debtor is obliged to pay the corresponding amount.
- 7.2 **Extent of satisfaction of each Guarantor's obligation:** If any Guaranteed Money is received by the Security Trustee in a currency ("**first currency**") other than the currency ("**second currency**") in which it is payable (whether as a result of obtaining or enforcing an order or judgment, the dissolution of any person or otherwise), the amount received shall only satisfy the relevant Guarantor's obligation to pay such amount to the extent of the amount in the second currency which the Security Trustee is able, in accordance with reasonable practice, to purchase with the amount received in the first currency on the date of that receipt (or, if it is not practicable to make that purchase on that date, on the first date upon which it is practicable to do so).
- 7.3 **Indemnity:** Each Guarantor indemnifies the Security Trustee against:
- (a) any loss sustained by the Security Trustee as a result of the amount purchased by the Security Trustee in the second currency pursuant to clause 7.2 being less than the amount due; and
  - (b) all costs and expenses incurred by the Security Trustee in purchasing the second currency.

## 8. DEFAULT INTEREST

- 8.1 **Default interest payable:** If a Guarantor fails to pay any Guaranteed Money when due ("**overdue amount**"), that Guarantor shall pay interest ("**default interest**") on that overdue amount from its due date until it is paid in full (both before and after any judgment) at the rate per annum determined by the Security Trustee to be equal to the aggregate of 5% per annum and the cost to the relevant Guaranteed Creditor of funding the overdue amount, as advised by the relevant Guaranteed Creditor to the Security Trustee and by the Security Trustee to the relevant Guarantor.
- 8.2 **Calculation of default interest:** Default interest shall be calculated and payable by reference to successive periods of a duration selected by the Security Trustee from time to time (or in the absence of such selection, a period of one month), each of which (other than the first, which shall begin on and include the due date) shall begin on the last day of the previous period, and shall be payable on the last day of each period in respect of which it is calculated and on the date of payment of each overdue amount. Any default interest which is not paid when due shall be added to the overdue amount in respect of which it is payable and shall itself bear interest in accordance with this clause 8.
- 8.3 **Credit to be given:** In calculating the amount of any default interest under this clause 8, credit shall be given, to the extent necessary to avoid any double counting, for any interest payable by the Principal Debtor in the nature of default interest which is included in the Principal Debt.

## 9. REPRESENTATIONS AND ACKNOWLEDGEMENTS

- 9.1 **Representations:** Each Guarantor represents and warrants to the Security Trustee in relation to itself that:
- (a) **Status:** it is either a territorial authority or regional council named as a local authority in Schedule 2 to the Act;
  - (b) **Power:** it has the power generally to enter into, exercise its rights and perform and comply with its obligations under this deed and the other Transaction Documents to which it is a party;
  - (c) **Authorisations:** it has taken all necessary action required on its part to authorise the entry into, execution and delivery of this deed and the other Transaction Documents to which it is a party and the performance of all obligations expressed to be binding on it;
  - (d) **Obligations legally binding:** its obligations under this deed and the other Transaction Documents to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to laws affecting creditors' rights generally and (as to enforceability) to equitable principles of general application);
  - (e) **No conflict:** neither the entry by it into, nor the performance by it of, this deed and the other Transaction Documents to which it is a party will:

- (i) conflict with or result in a breach of, any agreement, document, arrangement, obligation or duty to which it is a party or by which it or any of its assets may be bound; or
  - (ii) violate or contravene any law to which it is subject;
- (f) **Protected transaction:** for the purposes of section 117 of the Act, the entry by the Guarantor into, and the performance by the Guarantor of, this deed and the other Transaction Documents to which it is a party:
- (i) is in compliance with the Act;
  - (ii) is not contrary to any provision of the Act;
  - (iii) is within the capacity, rights and powers of the Guarantor; and
  - (iv) is for a purpose authorised by either the Act or another Act,
- provided that the Security Trustee acknowledges that section 117 of the Act does not apply to any CCO Guarantee given by the Guarantor in respect of a CCO Issuer; and
- (g) **Ranking of obligations:** its obligations under this deed are secured by the Debenture Trust Deed and rank, and will at all times rank, rateably and at least equally in right and priority of payment with all other first ranking secured money under the Debenture Trust Deed.

9.2 **Repetition:** Each Guarantor shall be deemed to repeat the representations and warranties in clause 9.1 on the first day of each month during the term of this deed by reference to the facts and circumstances then existing, until that Guarantor is released in full from its obligations under this deed.

9.3 **Acknowledgements:** Each Guarantor acknowledges:

- (a) for the benefit of the Security Trustee and each other Guaranteed Creditor, in entering into this deed, that it did not rely on any statement, representation, warranty or information of any nature provided to it by or on behalf of any person (including the Security Trustee, any other Guaranteed Creditor, the Principal Debtor or any other Guarantor);
- (b) that the Security Trustee is not under any duty to disclose information to a Guarantor, or to do or execute anything, relating to the affairs of the Principal Debtor with the Security Trustee; and
- (c) that the Security Trustee may disclose any information which the Security Trustee may have concerning a Guarantor to a potential assignee or any other person with whom the Security Trustee may wish to enter into contractual relations in connection with any Principal Debt.

## 10. ATTORNEY

10.1 Each Guarantor irrevocably appoints the Security Trustee and every officer of the Security Trustee, individually, to be the attorney of that Guarantor ("**Attorney**") (with full power to

delegate the Attorney's powers to any person for any period and to revoke any such delegation) to, on behalf of that Guarantor, do anything which, in the Attorney's opinion, is desirable to protect the Security Trustee's or any other Guaranteed Creditor's interests under this deed, and each Guarantor hereby ratifies anything done by the Attorney or any delegate in accordance with this clause.

## 11. LIABILITY NOT PREJUDICED

11.1 **Liability not prejudiced:** Neither the liability of any Guarantor, nor any of the rights of the Security Trustee, under this deed shall be affected or discharged by anything which, but for this clause 11.1, might operate to affect or discharge the liability of, or otherwise provide a defence to, that Guarantor (whether or not known to that Guarantor, the Security Trustee or any other person), including:

- (a) any limitation or incapacity of, or affecting, the Principal Debtor, the Security Trustee or any other Guaranteed Creditor;
- (b) the granting of any time, credit, indulgence or other concession, to the Principal Debtor or any other person by the Security Trustee or any other Guaranteed Creditor;
- (c) any amendment to, or variation of, this deed or any other document, or the Principal Debtor or a Guarantor not receiving notice of any such amendment or variation;
- (d) any other person joining in this deed or giving any other security, or failing or being incompetent to join in this deed or give any other security, or failing to become legally bound to the Security Trustee as intended under any such security;
- (e) the liability of the Principal Debtor or any other person to a Guaranteed Creditor in respect of any of the Principal Debt ceasing from any cause whatever (including release or discharge by a Guaranteed Creditor or the Security Trustee), or any other person failing to become legally bound to a Guaranteed Creditor or the Security Trustee as intended or to perform any of their respective obligations to a Guaranteed Creditor or the Security Trustee;
- (f) failure by the Principal Debtor or any other person to provide any security which has been requested by the Security Trustee or any other person;
- (g) any security held or taken in respect of, or any transaction relating to, any Principal Debt being void, voidable, unenforceable, defective or informal, or being released, partially released, discharged, partially discharged or varied in any way;
- (h) any compounding, compromise, release, abandonment, waiver, variation, relinquishment or renewal, of any agreements, securities, documents of title or assets, or any of the rights of the Guaranteed Creditors or the Security Trustee against the Principal Debtor or any other person;
- (i) the enforcement of, or failure to enforce, any rights of the Security Trustee or any other Guaranteed Creditors under this deed or any other document, or under any law;

- (j) the dissolution of the Principal Debtor or any other person, or the appointment of any receiver, receiver and manager, statutory manager, voluntary administrator, or similar person, or the establishment of any compromise, deed of company arrangement or other arrangement, in respect of the Principal Debtor or any other person;
- (k) the amalgamation, change in constitution, status or control, or reconstruction or reorganisation, of the Principal Debtor, the Security Trustee, any other Guaranteed Creditor or any other person;
- (l) any failure by the Security Trustee or any other Guaranteed Creditor to present, demand, or give notice in respect of, any negotiable instrument;
- (m) the making or granting by a Guaranteed Creditor (whether alone or together with any other person) to, or at the request of, the Principal Debtor (whether alone or together with any other person) of further advances or accommodation or the withdrawal or restriction by a Guaranteed Creditor of any advances or accommodation, or a Guarantor not receiving notice of any such making, granting, withdrawal or restriction;
- (n) any variation to the terms of, or replacement or rearrangement of, any advance made, or accommodation granted, by a Guaranteed Creditor (whether alone or together with any other person) to, or at the request of, the Principal Debtor (whether alone or together with any other person), or a Guarantor not receiving notice of any such variation, replacement or rearrangement;
- (o) the powers of any person purporting to act on behalf of the Principal Debtor in relation to the incurring of any Principal Debt proving to be defective in any respect;
- (p) anything done, or omitted or neglected to be done, by the Security Trustee or any other Guaranteed Creditor, whether in exercise of the rights, powers and remedies vested in the Security Trustee or any other Guaranteed Creditor by this deed or any other document, or otherwise;
- (q) the Principal Debtor or a Guarantor not receiving notice of any Local Authority becoming an Additional Guarantor or of any release under this deed (including, the Principal Debtor or a Guarantor not receiving a copy of any Further Principal Debt Release or Full Release in accordance with clause 15.1 or 15.2); or
- (r) any other matter or thing whatsoever, other than a release of this deed under clause 15.3 (or, as applicable, a Guarantor ceasing to be a Guarantor in accordance with clause 15.2).

## 12. CHANGES TO THE PARTIES

- 12.1 **Deed binding:** This deed is binding on, and is for the benefit of, the parties and their respective successors, permitted assigns and transferees.
- 12.2 **Guarantor may not assign:** No Guarantor may assign or transfer any of its rights or obligations under this deed without the prior written consent of the Security Trustee.



12.3 **Security Trustee may assign:** The Security Trustee may assign and transfer its rights and obligations under this deed to any successor security trustee appointed in accordance with the Security Trust Deed without the consent of any Guarantor. Any such successor security trustee is to have the same rights against the Guarantors under this deed as if named in this deed as the Security Trustee.

12.4 **Additional Guarantors:**

- (a) A Local Authority:
  - (i) who is to become a holder of ordinary shares in the Principal Debtor;
  - (ii) who is to become an Issuer under the Multi-issuer Deed; or
  - (iii) who is an existing Issuer under the Multi-issuer Deed and is required to accede to this deed as an Additional Guarantor,

may become an Additional Guarantor if:

  - (iv) the Local Authority has delivered to the Security Trustee a duly completed and executed Guarantor Accession Deed; and
  - (v) the Security Trustee has received all of the documents and other evidence listed in schedule 2 in relation to that Local Authority, each in form and substance satisfactory to the Security Trustee.
- (b) The Security Trustee shall notify the relevant Local Authority and the Principal Debtor (who shall notify each other Guarantor) promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in schedule 2.

13. **NOTICES**

13.1 **Writing:** Each notice or other communication to be given or made by a party under this deed shall:

- (a) **Writing:** be given or made in writing by facsimile, email or letter and be signed by the sender or an authorised officer of the sender;
- (b) **Address:** be given or made to that party at the address, email address or facsimile number, and marked for the attention of the person (if any), from time to time designated by that party to the other for the purposes of this deed;
- (c) **Deemed delivery:** not be effective until received by that party, and any such notice or communication shall be deemed to be received by that party:
  - (i) (if given or made by letter) when left at the address of that party or five Business Days after being put in the post, postage prepaid, and addressed to that party at that address;
  - (ii) (if given or made by facsimile) upon production of a transmission report by the machine from which the facsimile was sent which indicates that



the facsimile was sent in its entirety to the facsimile number of the recipient; or

- (iii) (if given or made by email) when dispatched in tangible, readable form by the sender to the email address advised by the recipient from time to time,

provided that any notice or communication received or deemed received after 5 pm on a working day in the place to which it is sent, or on a day which is not a working day in that place, will be deemed not to have been received until the next working day in that place.

13.2 **Initial address and numbers:** The initial address, facsimile number and contact person (if any) designated by:

- (a) each Initial Guarantor, are set out next to the name of that Initial Guarantor in Schedule 1; and
- (b) the Security Trustee, are set out under its execution block in this deed.

## 14. COSTS

14.1 **Costs:** The Guarantors shall pay to the Security Trustee upon Demand all of the Security Trustee's costs, losses and liabilities on a full indemnity basis (including legal expenses on a full indemnity basis and goods and services and similar taxes thereon) incurred or sustained by the Security Trustee in connection with:

- (a) the negotiation, preparation, signing, administration and release of this deed;
- (b) the exercise, enforcement or preservation, or attempted or contemplated exercise, enforcement or preservation, of any right under this deed, or in suing for or recovering any Guaranteed Money; and
- (c) the consideration and/or granting of any waiver or consent under, or the consideration and/or giving of any variation or release of, this deed.

14.2 **Stamp duty and taxes:** The Guarantors shall pay all stamp, documentary, transaction, registration and other like duties and taxes (including fines, interest and penalties), if any, which may be payable or determined to be payable in connection with the signing, delivery, registration, performance, exercise of any right under, or enforcement or variation of, this deed, and each Guarantor shall indemnify the Security Trustee upon Demand against all liabilities with respect to, or resulting from, any delay or omission to pay any such duties or taxes.

## 15. RELEASE AND REINSTATEMENT

15.1 **Release of a Guarantor in respect of further Principal Debt:**

- (a) A Guarantor may request to be released from all liability under this deed for or in relation to further Principal Debt to be incurred by the Principal Debtor, by delivering to the Security Trustee a duly completed Further Principal Debt Release Request.

- (b) A Guarantor may not deliver a Further Principal Debt Release Request unless:
  - (i) that Guarantor:
    - (aa) is not a holder of ordinary shares in the Principal Debtor; or
    - (bb) has given a valid Sale Notice in accordance with the Shareholders' Agreement in respect of all of its ordinary shares in the Principal Debtor, and was in accordance with clause 10.6 of the Shareholders' Agreement permitted to transfer such shares within the period referred to in that clause, but despite its commercially reasonable endeavours to do so, was unable to effect such a transfer in that period; and
  - (ii) all amounts which may be or become payable by that Guarantor and, where the Guarantor is a CCO Shareholder, the relevant CCO Issuer(s) to the Principal Debtor under or in connection with the Multi-issuer Deed and the Securities issued by it and the relevant CCO Issuer(s) (if any) have been irrevocably paid in full.
- (c) Where a Guarantor has delivered a Further Principal Debt Release Request in accordance with this clause 15, provided that all amounts which may be or become payable by that Guarantor and, where the Guarantor is a CCO Shareholder, the relevant CCO Issuer(s) to the Principal Debtor under or in connection with any financial indebtedness of the Guarantor or relevant CCO Issuer(s) owed to the Subscriber have been irrevocably paid in full, any arrangements for the provision of debt funding to the Guarantor and (if applicable) relevant CCO Issuer(s) by the Subscriber are immediately and irrevocably cancelled.
- (d) The Guarantor shall provide evidence of the satisfaction of the conditions in sub-paragraphs (b)(i) and (b)(ii) by delivering to the Security Trustee:
  - (i) in relation to the condition in sub-paragraph (b)(i) either:
    - (aa) a certified copy of the share register of the Principal Debtor showing that the Guarantor is not a holder of ordinary shares in the Principal Debtor; or
    - (bb) written confirmation signed by a director of the Principal Debtor that the condition at sub-paragraph (b)(i)(bb) has been met,

(and the Principal Debtor agrees to provide the documents described above upon receiving reasonable notice from the Guarantor and provided the condition in sub-paragraph (b)(i) has been satisfied); and
  - (ii) in relation to the condition in sub-paragraph (b)(ii), written confirmation signed by a director of the Principal Debtor that the condition has been met.
- (e) The Security Trustee must accept a duly completed Further Principal Debt Release Request if it is satisfied (acting reasonably) that the conditions set out in sub-paragraphs (d)(i) and (d)(ii) have been met.

- (f) The Security Trustee shall notify the relevant Guarantor of its acceptance of the Further Principal Debt Release Request by delivering a Further Principal Debt Release to the relevant Guarantor and a copy to the Principal Debtor (who shall notify each other Guarantor).
- (g) From the date of the Further Principal Debt Release (for a Guarantor, the "**Further Principal Debt Release Date**"), the relevant Guarantor:
  - (i) shall be released from all liability under this deed in respect of all Principal Debt for which the Principal Debtor becomes actually or contingently liable after the Further Principal Debt Release Date; and
  - (ii) shall continue to be liable under this deed in respect of all Principal Debt for which the Principal Debtor is actually or contingently liable as at the Further Principal Debt Release Date (including, for the avoidance of doubt, any amounts actually or contingently payable under any swap transactions entered into by the Principal Debtor on or prior to the Further Principal Debt Release Date),

and the "Guaranteed Money" of that Guarantor shall be construed accordingly.

- (h) Notwithstanding any provision of this deed to the contrary, a Guarantor that has received a Further Principal Debt Release under this clause 15.1 shall have no liability under clauses 2.1, 2.3, 3.1, 7.3 and 14 for any amounts whatsoever relating to or otherwise in respect of Principal Debt for which the Principal Debtor becomes actually or contingently liable after the Further Principal Debt Release Date relating to that Guarantor (and the "Guaranteed Money" of that Guarantor shall be construed accordingly).

#### 15.2 **Full release of a Guarantor:**

- (a) Where the Security Trustee has delivered a Further Principal Debt Release to a Guarantor, that Guarantor may, at any time after the date of the Further Principal Debt Release, request to be released from all liability under this deed by delivering to the Security Trustee a duly completed Full Release Request attaching written confirmation from the Principal Debtor (signed by a director of the Principal Debtor) that all Principal Debt for which that Guarantor was liable under this deed has been irrevocably paid in full.
- (b) The Security Trustee shall accept a duly completed Full Release Request complying with the requirements of paragraph (a) by delivering a Full Release to that Guarantor and a copy to the Principal Debtor (who shall notify each other Guarantor) as soon as is reasonably practicable following receipt of the Full Release Request.
- (c) On and from the date of the Full Release, the relevant Guarantor shall be released from all liability under this deed.

#### 15.3 **Release of other Guarantors:** Subject to clauses 15.1 and 15.2, the Security Trustee shall not be obliged to sign or deliver a release of this deed unless the Security Trustee is satisfied that:

- (a) the Security Trustee has received all the Guaranteed Money; and

- (b) no payment received, or to be received, by the Security Trustee may be avoided, or required to be repaid by the Security Trustee, whether under any law relating to insolvency or otherwise.

15.4 **Reinstatement:** If any payment received or recovered by the Security Trustee, or any other person on behalf of the Security Trustee, is or may be avoided, whether by law or otherwise, then:

- (a) such payment shall be deemed not to have affected or discharged the liability of a Guarantor under this deed or any other security given by a Guarantor in favour of the Security Trustee, and the Security Trustee and each Guarantor shall be restored to the position in which each would have been if such payment had not been received or recovered; and
- (b) the Security Trustee shall be entitled to exercise all its rights under this deed which it would have been entitled to exercise if such payment had not been received or recovered,

notwithstanding that the Security Trustee may have signed a release pursuant to this clause 15.

## 16. MISCELLANEOUS

16.1 **Partial invalidity:** If at any time any provision of this deed is or becomes illegal, invalid or unenforceable in any respect under the law of any relevant jurisdiction, that illegality, invalidity or unenforceability shall not affect the enforceability of the remaining provisions of this deed, nor shall the legality, validity or enforceability of any provision under the law of any other jurisdiction be in any way affected or impaired thereby.

16.2 **No implied waivers:** Time shall be of the essence in respect of performance by a Guarantor of its obligations under this deed, but no failure on the part of the Security Trustee or any other Guaranteed Creditor to exercise, and no delay on its part in exercising, any right, power or remedy under this deed or any other document relating to any Principal Debt shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

16.3 **Remedies cumulative:** The rights, powers and remedies provided in this deed are in addition to, and not exclusive of, any rights, powers or remedies provided by law.

16.4 **Consents:** The Security Trustee may give or withhold any approval or consent under this deed in its absolute discretion, and either conditionally or unconditionally.

16.5 **Enforcement:** It shall not be necessary for the Security Trustee to incur any expense or make any payment before enforcing any of the Security Trustee's rights in respect of any obligation of any Guarantor under this deed.

16.6 **Payments on Demand:**

- (a) For the avoidance of doubt, all amounts payable to the Security Trustee under this deed (including all costs and all amounts payable under any indemnity) shall be payable by the relevant Guarantor upon Demand being made on that Guarantor in

accordance with the terms of clause 3.4, and form part of the Guaranteed Money of that Guarantor.

- (b) Each Demand shall be in writing, may be made by facsimile, email or letter, signed by the Security Trustee or an authorised officer of the Security Trustee and must be received in legible form by the relevant Guarantor at the address, email address or facsimile number, and marked for the attention of the person (if any), from time to time designated by that Guarantor to the Security Trustee for the purposes of this deed.
- 16.7 **Separate obligations:** Each of the obligations of the Guarantors under the indemnity given in clause 2.3, and under clauses 3.7, 6, 7, 8 and 14, constitute continuing obligations, separate and independent from each of the Guarantors' other obligations under this deed and shall survive payment of the Principal Debt and termination or release of this deed, provided that, the obligations of the Guarantors under clauses 2.3 and 14 are each subject to clauses 3.4 and 3.5.
- 16.8 **Certificates:** A certificate of the Security Trustee as to any amount or fact which might reasonably be expected to be within the Security Trustee's knowledge shall be prima facie evidence of such amount or fact.
- 16.9 **Annual Rates Income:**
- (a) Each Guarantor shall deliver to the Security Trustee each annual report completed and adopted by it in accordance with sections 98 and 99 of the Act no later than five months after the end of each of its financial years.
  - (b) Each Guarantor shall, upon request (in writing) from the Security Trustee, provide the Security Trustee with any such completed and adopted annual report sooner than the five month period referred to in this clause if the Security Trustee advises that it is required for the purposes of clause 3.4.
  - (c) Each Guarantor shall include its Annual Rates Income for the relevant financial year in the audited financial statements (or notes thereto) included in each annual report referred to in this clause 16.9, as a separate identifiable amount.
  - (d) In the event of any dispute or uncertainty as to the Annual Rates Income of a Guarantor, the Security Trustee shall determine the amount of that Annual Rates Income, and provided the Security Trustee acts in good faith, that determination shall be binding on all the parties.
- 16.10 **Obligations of Guarantors:** This deed binds each of the Guarantors which has executed it (or which has become party to this deed by executing a Guarantor Accession Deed) even though one or more of the named Guarantors may never execute this deed.
- 16.11 **Disclosure by Security Trustee:** Each Guarantor consents to and authorises the Security Trustee to provide any Guaranteed Creditor with information concerning its affairs, financial condition or business which comes into the possession of the Security Trustee from time to time.
- 16.12 **Offer documents:** Each Guarantor undertakes that:
- (a) it will promptly:

- (i) and in any event within 15 Business Days following receipt of a request from the Principal Debtor, provide the Principal Debtor with all information in relation to itself which the Principal Debtor reasonably requests for the purposes of preparing an offering document. The information provided by the Guarantor under this sub-paragraph (a)(i) and paragraph (b) being, "**Disclosure Information**"; and
  - (ii) and in any event within 10 Business Days following receipt of a draft offering document from the Principal Debtor, (acting reasonably and in writing) approve, or provide suggested amendments to, statements in the draft offering document relating to the Guarantor, as identified in writing by the Principal Debtor when providing the draft offering document to the Guarantor ("**Verified Statements**"). Nothing in this clause 16.12 entitles the Guarantor to suggest amendments to any statement in a draft offering document other than those which relate to itself; and
- (b) if it becomes aware of any event having occurred as a result of which any Verified Statement or Disclosure Information would:
- (i) be false or misleading, or likely to mislead;
  - (ii) not be true and accurate in all material respects; or
  - (iii) omit any fact in relation to the Guarantor the omission of which would make misleading in any material respect any Verified Statement or Disclosure Information,

it will promptly notify the Principal Debtor and provide the Principal Debtor with any information required by the Principal Debtor in order to amend or supplement the Offering Document within 10 Business Days of receipt of a request from the Principal Debtor. The provisions of sub-paragraph (a)(ii) shall apply to any draft amendment or supplement to any Offering Document as if such document was a "draft offering document", provided that the timeframe in sub-paragraph (a)(ii) shall be deemed to be 5 Business Days.

- 16.13 **Contract and Commercial Law Act:** For the purposes of the Contract and Commercial Law Act 2017 the provisions of clause 16.12 are intended to confer a benefit upon the Principal Debtor and to be enforceable by the Principal Debtor directly.

## 17. COUNTERPARTS

- 17.1 **Counterparts:** This deed may be signed in any number of counterparts, all of which will together constitute one and the same instrument, and any of the parties may execute this deed by signing any such counterpart.

## 18. GOVERNING LAW AND JURISDICTION

- 18.1 **Governing law:** This deed shall be governed by, and construed in accordance with, the laws of New Zealand, and the parties hereby submit to the non-exclusive jurisdiction of the courts of New Zealand.

**19. NO CROWN GUARANTEE**

- 19.1 The parties acknowledge that the obligations and liabilities of the Principal Debtor under this deed are not guaranteed by the Crown.

**SIGNATURES**

**[Original execution blocks intentionally deleted]**



## SCHEDULE 1

### Initial Guarantors

INITIAL GUARANTORS	ADDRESS FOR NOTICES
Auckland Council	<p>Delivery Address: 135 Albert Street Auckland 1010</p> <p>Postal Address: Private Bag 92300 Victoria Street West Auckland 1142</p> <p>Email: john.bishop@aucklandcouncil.govt.nz</p> <p>Attention: John Bishop, Group Treasurer</p>
Bay Of Plenty Regional Council	<p>Delivery Address: 5 Quay Street Whakatāne</p> <p>Postal Address: P O Box 364 Whakatāne 3158</p> <p>Email: mat.taylor@boprc.govt.nz</p> <p>Attention: Mat Taylor</p>
Christchurch City Council	<p>Delivery Address: Civic Offices 53 Hereford Street Christchurch</p> <p>Postal Address: P O Box 73016 Christchurch 8154</p> <p>Email: Treasury@ccc.govt.nz</p> <p>Attention: Andrew Jefferies</p>
Hamilton City Council	<p>Delivery Address: 260 Anglesea Street</p>

INITIAL GUARANTORS	ADDRESS FOR NOTICES
	<p>Council Building Garden Place Hamilton 3240</p> <p>Postal Address: Private Bag 3010 Hamilton 3240</p> <p>Email: david.bryant@hcc.govt.nz</p> <p>Attention: David Bryant</p>
Hastings District Council	<p>Delivery Address: 207 Lyndon Road East Hastings 4122</p> <p>Postal Address: Private Bag 9002 Hastings 4156</p> <p>Email: brucea@hdc.govt.nz</p> <p>Attention: Bruce Allan</p>
Masterton District Council	<p>Delivery Address: 27 Lincoln Road Masterton 5810</p> <p>Postal Address: PO Box 444 Masterton 5840</p> <p>Email: davidp@mstn.govt.nz</p> <p>Attention: Manager Finance</p>
New Plymouth District Council	<p>Delivery Address: Liardet St New Plymouth</p> <p>Postal Address: Private Bag 2025 New Plymouth 4342</p> <p>Email:</p>

INITIAL GUARANTORS

ADDRESS FOR NOTICES

alison.trustrumrainey@npdc.govt.nz /  
carla.freeman@npdc.govt.nz

Attention: Alison TrustrumRainey / Carla Freeman

Ōtorohanga District Council

Delivery Address:  
17 Maniapoto Street  
Ōtorohanga 3940

Postal Address  
PO Box 11  
Ōtorohanga 3940

Email: grahamb@otodc.govt.nz

Attention: Graham Bunn

Selwyn District Council

Delivery Address:  
2 Norman Kirk Drive  
Rolleston

Postal Address:  
P O Box 90  
Rolleston 7643

Email: Treasury.management@selwyn.govt.nz

Attention: Greg Bell

South Taranaki District Council

Delivery Address:  
105-111 Albion Street  
Hawera 4610

Postal Address:  
Private Bag 902  
Hawera 4640

Email: Vipul.mehta@stdc.govt.nz

Attention: Vipul Mehta

Tasman District Council

Delivery Address:  
189 Queen Street,  
Richmond, Nelson 7050

Postal Address

INITIAL GUARANTORS

ADDRESS FOR NOTICES

Private Bag 4  
Richmond, Nelson 7050

Email: treasury@tasman.govt.nz

Attention: Corporate Services Manager

Taupo District Council

Delivery Address:  
72 Lake Terrace  
Taupo 3330

Postal Address:  
Private Bag 2005  
Taupo 3352

Email: nward@taupo.govt.nz

Attention: Neil Ward

Tauranga City Council

Delivery Address:  
91 Willow Street  
Tauranga 3143

Postal Address:  
Private Bag 12022  
Tauranga 3143

Email: treasury.settlements@tauranga.govt.nz

Attention: Mohan De Mel

Waipa District Council

Delivery Address:  
101 Bank Street  
Te Awamutu

Postal Address:  
Private Bag 2402  
Te Awamutu 3800

Email: Farrah.Templeton@waipadc.govt.nz  
Kumaren.PerumalSarah.Davies@waipadc.govt.nz  
Ken.Morris@waipadc.govt.nz

Attention: Ken Morris

Wellington City Council

Delivery Address:

INITIAL GUARANTORS

ADDRESS FOR NOTICES

Wellington City Council  
113 The Terrace  
Wellington

Postal Address:  
PO Box 2199  
Wellington 6140

Email: martin.read@wcc.govt.nz

Attention: Martin Read

Wellington Regional Council

Delivery Address:  
Shed 39, 2 Fryatt Quay, Pipitea  
Wellington 6011

Postal Address:  
P O Box 11646  
Manners Street  
Wellington 6142

Email: mike.timmer@gw.govt.nz  
matthias.zuschlag@gw.govt.nz

Attention: Mike Timmer

Western Bay Of Plenty District Council

Delivery Address:  
Barkes Corner  
Greerton  
Tauranga

Postal Address:  
Private Bag 12803  
Tauranga 3143

Email: kumaren.perumal@westernbay.govt.nz

Attention: Kumaren Perumal

Whangarei District Council

Delivery Address:  
Forum North  
Rust Avenue  
Whangarei

Postal Address:

INITIAL GUARANTORS	ADDRESS FOR NOTICES
	<p>Private Bag 9023 Whangarei 0148</p> <p>Email: alan.adcock@wdc.govt.nz</p> <p>Attention: Alan Adcock</p>

## SCHEDULE 2

### Conditions precedent to be delivered by an Additional Guarantor

#### 1. Accession Documents

- (a) A Guarantor Accession Deed duly executed by the Additional Guarantor.
- (b) A first ranking Security Stock Certificate issued by the Additional Guarantor in favour of the Security Trustee in respect of the Additional Guarantor's obligations under this deed, in a form acceptable to the Security Trustee.

#### 2. Additional Guarantor certificate

A certificate of compliance for the purposes of section 118 of the Act in relation to the Additional Guarantor's obligations under this deed and the first ranking Security Stock and Security Stock Certificate described in paragraph 1(b).

#### 3. Legal opinion

Legal opinion addressed to the Security Trustee from legal counsel acceptable to the Security Trustee in relation to the Additional Guarantor's entry into the Guarantor Accession Deed and the issuance of the first ranking Security Stock and Security Stock Certificate described in paragraph 1(b).

#### 4. Other documents and evidence

- (a) Evidence that all necessary regulatory and statutory authorisations, consents, approvals and licences in relation to the Additional Guarantor's entry into the Guarantor Accession Deed and the issuance of the first ranking Security Stock and Security Stock Certificate described in paragraph 1(b) have been obtained and are current and satisfactory.
- (b) Notification of the Annual Rates Income in the Financial Statements of the Additional Guarantor in the most recent financial year for which all Guarantors have prepared and adopted an annual report in accordance with sections 98 and 99 of the Act.
- (c) Any other document or evidence reasonably requested by the Security Trustee.

### SCHEDULE 3

#### Form of Demand

#### Part 1

#### Form of initial Demand under clause 3.4(b)

To: [Name of Guarantor] ("**Guarantor**")

From: [Name of Security Trustee] as Security Trustee

Dated:

Dear Sirs

#### **Guarantee and Indemnity dated 7 December 2011 ("**Guarantee**")**

1. We refer to the Guarantee. Terms defined in the Guarantee have the same meaning when used in this Demand unless given a different meaning in this Demand.
2. We advise that the sum of [NZ\$●] ("**Relevant Amount**") is payable to the Security Trustee under the Guarantee.
3. We further advise that your Relevant Proportion is [●]%, calculated as:

Annual Rates Income for the Relevant Financial Year	
Aggregate Annual Rates Income of all Guarantors for the Relevant Financial Year	

4. We therefore demand payment of the sum of [NZ\$●], being your Relevant Proportion of the Relevant Amount.
5. Payment should be made to the following account by no later than 5:00 pm on [insert date two Business Days after the date of this Demand assuming delivery by courier, email or fax]:

Name: [●]  
 Account Number: [●]  
 Bank: [●]

6. This Demand is governed by New Zealand law.

Yours faithfully

**[Name of Security Trustee]**

By:



**Part 2**  
**Form of further Demand under clause 3.4(c)\***

To: [Name of Guarantor] ("**Guarantor**")

From: [Name of Security Trustee] as Security Trustee

Dated:

Dear Sirs

**Guarantee and Indemnity dated 7 December 2011 ("**Guarantee**")**

1. We refer to the Guarantee and to the Demand[s] dated [●] ("**Prior Demand[s]**"). Terms defined in the Guarantee have the same meaning when used in this Demand unless given a different meaning in this Demand.
2. We advise that there is a Shortfall Amount of [NZ\$●].
3. We further advise that your Additional Relevant Proportion is [●]%, calculated as:

Annual Rates Income for the Relevant Financial Year	
Aggregate Annual Rates Income of all Non-Defaulting Guarantors for the Relevant Financial Year	

4. We therefore demand payment of the sum of [NZ\$●], being your Additional Relevant Proportion of the Shortfall Amount.
5. Payment should be made to the following account by no later than 5:00 pm on [insert date two Business Days after the date of this Demand assuming delivery by courier, email or fax]:

Name: [●]  
Account Number: [●]  
Bank: [●]

6. This Demand is governed by New Zealand law.

Yours faithfully

**[Name of Security Trustee]**

By:

\* Security Trustee to update the form of notice each time a further Demand is provided under 3.4(d).

## SCHEDULE 4

### Form of Guarantor Accession Deed

**ACCESSION DEED** dated

#### GRANTED BY

[*Name of Additional Guarantor*] ("**Additional Guarantor**")

#### IN FAVOUR OF

[*Name of Security Trustee*] ("**Security Trustee**")

#### INTRODUCTION

- A. Each of the Local Authorities listed in schedule 1 to this deed ("**Guarantors**") is party to a guarantee and indemnity ("**Guarantee**") dated 7 December 2011 in favour of the Security Trustee (whether as a party to the original Guarantee or by becoming a Guarantor pursuant to a deed equivalent to this deed).
- B. The Additional Guarantor is to become a Guarantor under the Guarantee by entering into this deed.

#### COVENANTS

- 1. **Definitions:** In this deed, capitalised terms shall have the meanings given to them in the Guarantee unless they are defined in this deed.
- 2. **Deemed to be a Guarantor:** With effect from the date of this deed, the Additional Guarantor will be deemed to be named as a Guarantor under the Guarantee as if originally included and named in the Guarantee.
- 3. **Guarantee:** The Additional Guarantor guarantees to the Security Trustee, for the benefit of the Guaranteed Creditors, the due payment or delivery by the Principal Debtor of the Principal Debt. The provisions of the Guarantee shall apply to the guarantee given by the Additional Guarantor under this deed in the same manner, and to the same extent, as if the same had (with all necessary modification) been set out in full in this deed.
- 4. **Representations and warranties:** The Additional Guarantor makes the representations and warranties in clause 9.1 of the Guarantee in relation to itself to the Security Trustee by reference to the facts and circumstances then existing (and as though each reference in clause 9.1 to Guarantor was to the Additional Guarantor and each reference to the Transaction Documents included this deed).
- 5. **Attorney:** The Additional Guarantor irrevocably appoints the Security Trustee and every officer of the Security Trustee, individually, to be the attorney of the Additional Guarantor ("**Attorney**") (with full power to delegate the Attorney's powers to any person for any period and to revoke any such delegation) to, on behalf of the Additional Guarantor, do anything which, in the

Attorney's opinion, is desirable to protect the Security Trustee's or any other Guaranteed Creditor's interests under this deed and/or the Guarantee, and the Additional Guarantor hereby ratifies anything done by the Attorney or any delegate in accordance with this clause 4.

6. **Implied provisions:** For the purposes of section 14 of the Property Law Act 2007, the Additional Guarantor acknowledges that this deed is, and for all purposes and at all times shall be construed as being, supplemental to the Guarantee.
7. **Address for notice:** The initial address, facsimile number, email address and contact person (if any) of the Additional Guarantor for the service of notices is:  
  
Address:               [•]  
  
Fax:                    [•]  
  
Email:                 [•]  
  
Attention:            [•]
8. **Governing law:** This deed shall be governed by, and construed in accordance with the laws of New Zealand, and the parties hereby submit to the non-exclusive jurisdiction of the courts of New Zealand.
9. **[CCO]:** *[Include if Additional Guarantor is a CCO Shareholder]*.
- 9.1 **[CCO Shareholder]:** *[As at the date of this deed, the Additional Guarantor is a CCO Shareholder in respect of: **[specify each relevant CCO Issuer]**].*

## EXECUTED AS A DEED

**Additional Guarantor**

***[Execution block to be inserted]***

**SCHEDULE 1**

**Existing Guarantors**

**[Insert names of existing Guarantors]**

## SCHEDULE 5

### Part 1

#### Form of Further Principal Debt Release Request

To: [Name of Security Trustee] as Security Trustee

From: [Name of terminating Guarantor]

Dated:

#### Guarantee and Indemnity dated 7 December 2011 ("Guarantee")

1. We refer to the Guarantee.
2. This is a Further Principal Debt Release Request. Terms defined in the Guarantee shall have the same meaning in this Further Principal Debt Release Request.
3. We request pursuant to clause 15.1 of the Guarantee that we be released from all liability under the Guarantee for or in relation to further Principal Debt to be incurred by the Principal Debtor.
4. We confirm that:
  - (a) [we are not a holder of ordinary shares of the Principal Debtor, as evidenced by the current share register of the Principal Debtor showing that the Guarantor is not a holder of ordinary shares of the Principal Debtor, a certified copy of which is attached to this Further Principal Debt Release Request] **OR** [we have given a valid Sale Notice in accordance with the Shareholders' Agreement in respect of all of our ordinary shares in the Principal Debtor, and were in accordance with clause 10.6 of the Shareholders' Agreement permitted to transfer such shares within the period referred to in that clause, but despite our commercially reasonable endeavours to do so, were unable to effect such a transfer in that period, as evidenced by the letter from the Principal Debtor (signed by a director) attached to this Further Principal Debt Release Request]; *[delete option as applicable]* and
  - (b) all amounts which may be or become payable by us to the Principal Debtor and, where we are a CCO Shareholder, the relevant CCO Issuer(s) under or in connection with the Multi-issuer Deed and the Securities issued by us and the relevant CCO Issuer(s) (if any) have been irrevocably paid in full, as evidenced by the letter from the Principal Debtor (signed by a director) attached to this Further Principal Debt Release Request.

Yours faithfully

[Name of terminating Guarantor]

By:

[Attach supporting documents]

**Part 2**  
**Form of Further Principal Debt Release**

To: [Name of terminating Guarantor]

Copy to: New Zealand Local Government Funding Agency Limited

From: [Name of Security Trustee] as Security Trustee

Dated:

**Guarantee and Indemnity dated 7 December 2011 ("Guarantee")**

1. We refer to the Guarantee and your Further Principal Debt Release Request dated [●].
2. This is a Further Principal Debt Release. Terms defined in the Guarantee shall have the same meaning in this Further Principal Debt Release unless given a different meaning in this Further Principal Debt Release.
3. We confirm that with effect from the date of this Further Principal Debt Release (the "**Further Principal Debt Release Date**"), you:
  - (a) shall be released from all liability under the Guarantee in respect of all Principal Debt for which the Principal Debtor becomes actually or contingently liable after the Further Principal Debt Release Date; and
  - (b) shall continue to be liable under the Guarantee in respect of all Principal Debt for which the Principal Debtor is actually or contingently liable as at the Further Principal Debt Release Date (including, for the avoidance of doubt, any amounts actually or contingently payable under any swap transactions entered into by the Principal Debtor on or prior to the Further Principal Debt Release Date).
4. We request the Principal Debtor to notify the other Guarantors of this Further Principal Debt Release in accordance with clause 15.1(f) of the Guarantee.

Yours faithfully  
[Name of Security Trustee]

By:

## SCHEDULE 6

### Part 1 Form of Full Release Request

To: [Name of Security Trustee] as Security Trustee

From: [Name of terminating Guarantor]

Dated:

#### **Guarantee and Indemnity dated 7 December 2011 ("Guarantee")**

1. We refer to the Guarantee.
2. This is a Full Release Request. Terms defined in the Guarantee shall have the same meaning in this Full Release Request.
3. We request to cease to be a Guarantor pursuant to clause 15.2 of the Guarantee.
4. We confirm that all Principal Debt for which we were liable under the Guarantee has been irrevocably paid in full, as evidenced by the written confirmation from the Principal Debtor (signed by a director of the Principal Debtor) to that effect attached to this Full Release Request.

Yours faithfully  
[Name of terminating Guarantor]

By:

[Attach supporting letter]



**Part 2**  
**Form of Full Release**

To: [Name of terminating Guarantor]

Copy to: New Zealand Local Government Funding Agency Limited

From: [Name of Security Trustee] as Security Trustee

Dated:

**Guarantee and Indemnity dated 7 December 2011 ("Guarantee")**

1. We refer to the Guarantee and your Full Release Request dated [●]. This is a Full Release. Terms defined in the Guarantee shall have the same meaning in this Full Release.
2. With effect from the date of this Full Release the Security Trustee releases you from the Guarantee.
3. However, notwithstanding the release given in paragraph 2, if any payment received or recovered by the Security Trustee, or any other person on the Security Trustee's behalf, is or may be avoided, whether by law or otherwise, then:
  - (a) such payment shall be deemed not to have affected or discharged your liability as a Guarantor under the Guarantee or any other security given by you as a Guarantor in favour of the Security Trustee, and the Security Trustee and you shall be restored to the position in which each would have been if such payment had not been received or recovered; and
  - (b) the Security Trustee shall be entitled to exercise all its rights under the Guarantee which it would have been entitled to exercise if such payment had not been received or recovered.
4. We request the Principal Debtor to notify the other Guarantors of this Full Release in accordance with clause 15.2(b) of the Guarantee.

Yours faithfully  
[Name of Security Trustee]

By:

## 8. Exclusion of the Public from Part of the Council Meeting

### Council paper

<b>Meeting Date</b>	14 May 2020
<b>Author</b>	Louise McDonald, Senior Committee Advisor

### Recommendations

That the public be excluded from the following part of the proceedings of this meeting, namely:

#### 1. Council minutes – 21 April 2020

1. The general subject of the matters to be considered while the public is excluded, the reason for passing this resolution and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

Item No.	Report	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
1.	Council minutes – 21 April 2020	Good reason to withhold exists under section 7	Section 48(1)(a)

2. This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceeding of the meeting in public are as follows:

Item No.	
1	Enable the Committee holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations - Section 7(2)(i))

2. That appropriate officers remain to provide advice to the Committee.

**9. Other Business**

**10. Notices of Motion**

**11. Questions**

**12. Next Meeting**

**13. Closing Karakia**