



Report 16.214
Date 9 May 2016
File CCAB-8-552

Company Council
Author Mike Timmer, Treasurer

Update of Debt Issuance documents including compliance with the Financial Markets Conduct Act 2013

1. Purpose

To obtain Council approval to sign off on updated debt issuance documentation for private sector wholesale borrowing.

2. Background

The Council raises money from time to time from the wholesale professional investor market.

This can be achieved via two methods:

First by way of a private placement. This is where Council deals directly with a bank to raise funds on our behalf. We effectively raise the funds from the bank, by way of commercial paper, or longer term notes.

Alternatively Council advises the arranger bank (Westpac) that it wishes to seek tenders to raise funds. The tender panel is composed of Westpac Banking Corporation, ANZ Bank New Zealand Limited, Bank of New Zealand, and Commonwealth Bank of Australia.

This is the process we use to issue commercial paper on a regular basis. Other banks can join this panel by signing a formal accession agreement, which we have added to from time to time.

The 'debt issuance documents' that have been updated include the following:

Dealer Agreement in respect of commercial paper and floating rate notes:

This document sets out the process to be followed when raising funds via tender or private placement.

Deed Poll in respect of the issuance of debt securities – Set out the general terms applicable to the notes issued by Council.

Information Memorandum – Commercial Paper Programme:

This document sets out the specific terms of notes currently being offered by Council. It references back to the Dealer Agreement and the Deed Poll and provides some limited information about Council, i.e. our credit rating and a brief business description and financial information. Professional wholesale investors rely almost entirely on the Standard & Poor's credit rating rather than this document.

The original documents were entered into on or around 2007 by Council and given the effluxion of time terminology and administrative details have changed and the Financial Markets Conduct Act has replaced the Securities Act which has made the documents outdated.

Accession Agreements:

Agreements for both ANZ Bank New Zealand Limited and Commonwealth Bank of Australia have been completed as the originals could not be located.

3. Comment

The changes to all the documents are technical or administrative in nature, with no substantive alterations. Simpson Grierson has completed this work for us and has provided a letter to certify the documents are in order to sign – refer **Attachment 7**.

4. The decision-making process and significance

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002.

4.1 Significance of the decision

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Due to the procedural nature of this decision officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

4.2 Engagement

Due to its procedural nature and low significance, no engagement on the matters for decision is required.

5. Recommendations

That the Council

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Authorises two Councillors to sign the documents updating the debt issuance documents.*

4. *Authorises the Chief Executive to sign any other documents in connection with transactions enabling the Council to raise funds via the wholesale investor market.*

Report prepared by:

Report approved by:

Mike Timmer
Treasurer

Dave Humm
General Manager, Corporate
Services/CFO

Attachment 1: Marked up - Dealer Agreement in respect of commercial paper and floating notes

Attachment 2: Marked up - Deed Poll in respect of issuance of debt securities

Attachment 3: Marked up - Information Memorandum – Commercial Paper programme

Attachment 4: Deed of Amendment and Reinstatement of Dealer Agreement

Attachment 5: Deed Poll Amending and Reinstating Deed Poll in respect of issuance of debt securities

Attachment 6: Form of Accession Agreement(s) – ANZ and CBA

Attachment 7: Letter from Simpson Grierson