

## APPENDIX 1

The following amendments to the LTCCP are required to give effect to the proposal.

### ***Investment Policy Wording***

Volume 2 page 103.

The following wording would be added to the current Investment Policy after the section entitled "Non income generating investments":

#### *"Local Government Funding Agency*

The Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA), and may borrow to fund that investment.

The Council's objective in making any such investment will be to:

- a. obtain a return on the investment; and
- b. ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for the Council.

Because of this dual objective, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA."

### ***Liability Management Policy Wording***

Volume 2 page 105.

The following wording would be added to the current Liability Management Policy after the section entitled "CREDIT EXPOSURE":

#### "LOCAL GOVERNMENT FUNDING AGENCY

The Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- a. contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA;
- b. provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
- c. commit to contributing additional equity (or subordinated debt) to the LGFA if required;
- d. subscribe for shares and uncalled capital in the LGFA; and
- e. secure its borrowing from the LGFA, and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue."