

**Mayor and Councillors**  
COUNCIL

7 MAY 2015

Meeting Status: **Public**

Purpose of Report: For Decision

## **APPROVAL OF AMENDMENTS TO LOCAL GOVERNMENT FUNDING AGENCY DOCUMENTATION**

### **PURPOSE OF REPORT**

- 1 This report seeks Council approval to execute amendments to establishment agreements that local authorities, including this Council have with the Local Government Funding Agency.

### **DELEGATION**

- 2 The Council has the authority to make this decision.

### **BACKGROUND**

- 3 On 28 June 2012 the Council approved the participation by Kāpiti Coast District Council in the Local Government Funding Agency (LGFA) Scheme as a Principal shareholding Local Authority.
- 4 The primary objective of the LGFA is to optimise the debt funding terms and conditions for participating local authorities. This includes providing savings in annual interest costs, making longer-term borrowings available and enhancing the certainty of access to debt markets.
- 5 As a shareholder in the LGFA, Council is a party to a number of agreements with the LGFA. The LGFA is looking to amend some of the agreements, specifically:
  - Multi-Issuer Deed;
  - Equity Commitment Deed;
  - Notes Subscription Agreement;
  - Shareholders' Agreement.

### **ISSUES AND OPTIONS**

#### Issues

- 6 The LGFA has advised that a number of amendments to these agreements are required to ensure that they are compliant with the new Financial Markets Conduct Act. In addition, they are proposing some mechanical changes to update the borrowing process for Councils so that it reflects current practice.

- 7 If the agreements are not compliant with the Financial Markets Conduct Act, then councils will no longer be able to borrow funds from the LGFA. To be compliant with this new legislation, the amendments need to be in place prior to 1 June 2015.
- 8 The draft amendments were received on 29 April and final amendments will be circulated on 11 May following feedback from all parties.
- 9 In order to manage any further changes following the feedback process, it is recommended that the Council authorises the Chief Executive to approve any minor changes to the tabled amendments that are considered necessary or desirable. If changes are significant, they would be brought back to Council.
- 10 The amendments will be effected by deeds, which need to be executed by two elected representatives. This report seeks Council authority for the Mayor and one councillor to execute the deeds on Council's behalf.

## **CONSIDERATIONS**

### Policy considerations

- 11 There are no policy considerations.

### Legal considerations

- 12 Council's advisors have been consulted. They confirm that the changes are minor and essentially technical in nature. They confirm that it is appropriate for approval to be sought from Council, rather than for the amendments to be executed under staff delegations.

### Financial considerations

- 13 The LGFA has agreed to cover the fees of Simpson Grierson who are acting generally for all the Councils requiring these amendments.

### Tāngata whenua considerations

- 14 There are no tāngata whenua considerations.

## **SIGNIFICANCE AND ENGAGEMENT**

### Degree of significance

- 15 This matter has a low level of significance under Council policy.

### Engagement planning

- 16 An engagement plan is not needed to implement this decision.

### Publicity

- 17 There are no publicity considerations.

## RECOMMENDATIONS

- 18 That the Council approves the draft changes to the following Local Government Funding Agency agreements:
- Multi-Issuer Deed (Appendix 1 to Report Corp-15-1575);
  - Equity Commitment Deed (Appendix 2 to Report Corp-15-1575);
  - Notes Subscription Agreement (Appendix 3 to Report Corp-15-1575);
  - Shareholders' Agreement (Appendix 4 to Report Corp-15-1575).
- 19 That the Council authorises the Chief Executive to approve any minor changes to such documents prior to their execution.

**Report prepared by**      **Approved for submission**      **Approved for submission**

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## ATTACHMENTS

- Appendix 1      Multi-Issuer Deed  
Appendix 2      Equity Commitment Deed  
Appendix 3      Notes Subscription Agreement  
Appendix 4      Shareholders' Agreement