



Rangitikei District Council

Telephone: 06 327-0099

Facsimile: 06 327-6970

**Rangitikei**  
UNspoilt...

# Audit/Risk Committee Meeting

## Order Paper

**Monday, 18 September 2017,  
10.00 am**

**Council Chamber, Rangitikei District Council  
46 High Street, Marton**

**Website:** [www.rangitikei.govt.nz](http://www.rangitikei.govt.nz)

**Email:** [info@rangitikei.govt.nz](mailto:info@rangitikei.govt.nz)

---

### **Chair**

Mr Craig O'Connell

### **Membership**

Councillors Nigel Belsham, Angus Gordon and Dean McManaway  
His Worship the Mayor, Andy Watson (ex-officio)

---

**Please Note:** Items in this agenda may be subject to amendments or withdrawal at the meeting. It is recommended therefore that items not be reported upon until after adoption by the Council. Reporters who do not attend the meeting are requested to seek confirmation of the agenda material or proceedings of the meeting from the Chief Executive prior to any media reports being filed.



# Rangitikei District Council

## Audit and Risk Committee Meeting

Agenda – Monday 18 September 2017 – 10:00 am

---

### Contents

1	Welcome .....	2	
2	Council prayer .....	2	
3	Apologies.....	2	
4	Members' conflict of interest.....	2	<i>Agenda note</i>
5	Confirmation of order of business .....	2	<i>Agenda note</i>
6	Confirmation of minutes .....	2	Attachment 1, pages 7-15
7	Chair's report .....	2	<i>To be tabled</i>
8	Local Government Excellence Programme outcome .....	2	<i>Verbal update</i>
9	Proposed Council participation in the Local Government Funding Agency as a borrower .....	2	Attachment 2, pages 16-110
10	Committee review process .....	4	<i>Verbal update</i>
11	Annual Report for year ending 30 June 2017.....	4	<i>Verbal update</i>
12	Internal Audit programme .....	4	<i>Verbal update</i>
13	Late items.....	4	
14	Future items for the agenda .....	4	<i>Agenda note</i>
15	Next meeting.....	5	
16	Meeting closed.....	5	

## **1 Welcome**

## **2 Council prayer**

## **3 Apologies**

## **4 Members' conflict of interest**

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of items on this agenda.

## **5 Confirmation of order of business**

That, taking into account the explanation provided why the item is not on the meeting agenda and why the discussion of the item cannot be delayed until a subsequent meeting, ..... be dealt with as a late item at this meeting.

## **6 Confirmation of minutes**

The Minutes of the Audit/Risk Committee meeting held on 14 August 2017 are attached.

File ref: 3-CT-17-2

### **Recommendation**

That the Minutes of the Audit/Risk Committee meeting held on 14 August 2017 be taken as read and verified as an accurate and correct record of the meeting.

## **7 Chair's report**

A report will be provided at the meeting.

### **Recommendation**

That the Chair's report to the Audit/Risk Committee meeting held on 18 September 2017 be received.

## **8 Local Government Excellence Programme outcome**

The Chief Executive will provide an update to the meeting.

## **9 Proposed Council participation in the Local Government Funding Agency as a borrower**

At its meeting on 31 August 2017, the Finance/Performance Committee considered the documentation required for the Council to formally join the Local Government Funding

Agency. The Committee resolved to recommend to Council that the Council's proposed participation in the Local Government Funding Agency as a borrower be referred to the Audit/Risk Committee for consideration and subsequent recommendation to Council. This recommendation was accepted by Council (as a late item) on 31 August 2017.

The report 'Local Government Funding Agency update' and its 11 appendices as provided to the Finance/Performance Committee are attached.

File ref: 5-FM-8-3

### **Recommendations**

1. That the report 'Local Government Funding Agency update' as provide to the Finance/Performance Committee's meeting on 31 August 2017 be received.
2. That the Audit/Risk Committee recommends to Council that Council:

agrees to participate in the LGFA Scheme as a Borrower, which will include the following:

a. entry into the following documents:

- i. Debenture Trust Deed between the Council and Trustees Executors Limited;
- ii. Registry Customer Agreement between the Council and Link Market Services Limited;
- iii. Security Transition Deed between the Council, Westpac New Zealand Limited, Westpac Banking Corporation and Covenant Trustee Services Limited;
- iv. Accession Deed to Notes Subscription Agreement between the Council and the LGFA;
- v. Accession Deed to Multi-Issuer Deed between the Council and LGFA;
- vi. Security Stock Certificate in favour of LGFA;
- vii. Security Stock Certificate in favour of Westpac New Zealand Limited and Westpac Banking Corporation;

b. subscribing for Borrower notes with LGFA;

c. issuing stock to lenders in accordance with the Debenture Trust Deed;

d. any other things which are contemplated in the attachments to this report that a Borrower will do; and

e. anything which is not specifically described in paragraphs (a) to (d) above, but which is ancillary to or not materially different from those.

- 1 That the Audit/Risk Committee recommends to Council that Council:  
  
delegates authority to the Chief Executive to:
  - a. Agree the terms on which Rangitikei District Council participates in the LGFA Scheme as a Borrower, including which of the arrangements described above are entered into and the terms of those arrangements;
  - b. Determine how Rangitikei District Council exercises its rights under the arrangements entered into in connection with the LGFA Scheme.
  
- 2 That the Audit/Risk Committee recommends to Council that Council:  
  
delegates authority to the Chief Executive to execute such documents and take such other steps on behalf of the Council as the Chief Executive considers it is necessary or desirable to execute or take in connection with Rangitikei District Council's participation in the LGFA Scheme as a Borrower.
  
- 3 That the Audit/Risk Committee recommends to Council that Council:  
  
authority be delegated to ..... and ..... [two elected members] of the Council to execute the Debenture Trust Deed and such other deeds on behalf of the Council as the Chief Executive considers it is necessary or desirable for them to execute in connection with Rangitikei District Council's participation in the LGFA Scheme as a Borrower.

## **10 Committee review process**

The Chair will comment on the review forms received from members.

## **11 Annual Report for year ending 30 June 2017**

A progress assessment will be provided.

## **12 Internal Audit programme**

The Internal Audit will comment on the internal audit programme for 2017/18 accepted at the Committee's last meeting.

## **13 Late items**

## **14 Future items for the agenda**

December 2017

Understanding Council's risk appetite – possible framework for exercising discretion (This will progress the discussion from the Committee's June 2017 meeting.)

Revised risk management framework (This will include the points raised at the Committee's August 2017 meeting.)

Audit Arrangements letter and engagement plan for the 2018-28 Long Term Plan (as foreshadowed at the Committee's August 2017 meeting),

## **15 Next meeting**

Monday 11 December 2017, 2.00 pm

## **16 Meeting closed**

# Attachment 1

# Rangitikei District Council

## Audit and Risk Committee Meeting

Minutes – Monday 14 August 2017 – 2:00 PM

---

### Contents

1	Welcome .....	3
2	Council prayer .....	3
3	Apologies.....	3
4	Members' conflict of interest.....	3
5	Confirmation of order of business .....	3
6	Confirmation of minutes .....	3
7	Chair's report .....	3
8	Committee Review.....	3
9	Work Programme Matrix – Further consideration .....	4
10	Internal Audit Programme .....	4
11	Interim Audit Management report for 2016/2017 .....	4
12	Risk management framework – considering vulnerability and extrinsic risks .....	6
13	Request from Edale Trust Board for Interest-free loan .....	7
14	Aftermath of Havelock North drinking water contamination .....	7
15	Late items.....	7
16	Future items for the agenda .....	8
17	Next meeting.....	8
18	Meeting closed.....	8



**Present:** Mr Craig O'Connell (Chair)  
His Worship the Mayor, Andy Watson  
Cr Nigel Belsham  
Cr Angus Gordon  
Cr Dean McManaway

**In attendance:** Mr Ross McNeil, Chief Executive  
Ms Debbie Perera, Audit Director  
Mr George McIrvine, Finance & Business Support Group Manager  
Mr Hamish Waugh, Infrastructure Group Manager  
Mr Michael Hodder, Community & Regulatory Services Group Manager

**Tabled documents:** Item 11 Interim Audit Management report for 2016/17  
Item 15 Letter dated 9 August 2017 from the Deputy Controller and Auditor General on 2018-28 Long Term Plan audit fees

## **1 Welcome**

The Chair welcomed everyone.

## **2 Council prayer**

The Chair read the Council prayer.

## **3 Apologies**

There were no apologies for absence; Cr McManaway noted he needed to leave at 3.30 pm.

## **4 Members' conflict of interest**

The Chair reminded members of their obligation to declare any conflicts of interest they might have in respect of items on this agenda.

## **5 Confirmation of order of business**

The Chair accepted three late items on the basis that they had not been known at the time the meeting agenda was prepared and they needed discussion at this meeting.

- Standardising presentation of tender recommendations to Council.
- Update on Edale – subsequently taken at item 13.
- Letter from the Deputy Controller and Auditor General on 2018-28 Long Term Plan audit fees

## **6 Confirmation of minutes**

<b>Resolved minute number</b>	<b>17/ARK/015</b>	<b>File Ref</b>
-------------------------------	-------------------	-----------------

That the Minutes of the Audit/Risk Committee meeting held on 12 June 2017 be taken as read and verified as an accurate and correct record of the meeting.

His Worship the Mayor / Cr McManaway. Carried

## **7 Chair's report**

No report was provided.

## **8 Committee Review**

Two responses were still to be received. The results would be discussed at the next meeting.

## 9 Work Programme Matrix – Further consideration

The Committee discussed the revised matrix:

- Important to include issues raised in Audit management report
- Updates from Chief Executive/Group Managers would provide assurance that this high-level framework did filter down to operational issues – so natural hazards would pick up work on business continuity.
- Useful to include separate columns on ‘frequency’ and ‘comment’ (to make progress/completion explicit).
- The suggested priorities reflected relative importance to Council not the risk; the Committee considered shared services was ‘high’ rather than ‘medium’ but was comfortable with the other suggested priorities in the matrix.

**Resolved minute number**                      **17/ARK/016**                      **File Ref**                      **3-CT-17-5**

That the Audit/Risk Committee’s proposed work programme as amended for the 2016-19 triennium be accepted, subject to alignment with the agreed Internal Audit programme and the outstanding issues raised in the final Audit management report for 2016/17.

Cr Gordon / Cr Belsham. Carried

## 10 Internal Audit Programme

The Committee noted that the final Audit management report could resolve some of the issues in the Internal Audit programme proposed for 2016/17, but otherwise thought it a useful starting point. The new internal auditor would attend Committee meetings when updates were needed or requested.

**Resolved minute number**                      **17/ARK/017**                      **File Ref**                      **5-EX-2-4**

That the proposed internal audit programme for 2017/18 (on the basis of that proposed for 2016/17) be accepted.

His Worship the Mayor / Cr McManaway. Carried

## 11 Interim Audit Management report for 2016/2017

The final interim Audit Management report was tabled. Mr McIrvine elaborated on the proposed management responses and the Committee discussed these:

4.1 Expenditure coding processes. Councils using MagiQ had experienced different problems with the upgrade – a reflection that the system was part SQL and part COBOL. He had provided an early alert of the problem to the Council’s Audit Manager.

4.2 Payroll reviews. There was evidence of checks being done; the issue was evidence that they had been done by the right people and at the right time. A checklist will be added to provide this assurance.

4.3 Manual expenditure approval processes. In the past two years there had been a transformation in payments, so that the vast majority were done through the purchase order system. PAYE and GST were manual, but had compensating controls at IRD. The main exceptions were Council grants, authorised by a Council resolution. In future a second authorising signature would be included. The Committee did not see this as a matter warranting review by the internal auditor.

4.4 Sensitive expenditure approvals. This was a necessary discipline.

5.1 Lack of controls around MagiQ staff access to Council's system. Council's preference would be to have individual logins for each MagiQ staff or (at least) have specified time limits for super user access. Council needs to ensure that appropriate access is always in place so upgrades/problem solving are not impeded.

5.2 Review of MagiQ users access levels. It is expected that a report would be provided through MagiQ to provide this assurance

5.3 Documentation of change management procedures. This had been a gap with MagiQ upgrades, although there was a clear testing process for upgrades.

5.4 Information system policies. Maintaining a high level of cybersecurity issues was important and would continue.

Outstanding matters from previous audits:

- Rates remission – this would be reviewed (and potentially cleared) at the final audit.
- Delegated financial authority – Audit accepted half-yearly checks could be sufficient but needed assurance that they were done by a staff member who could not change the online delegations register.
- Monitoring of contractor performance – the suggested \$50k threshold might be set too low.
- Request for service – reasonable progress
- Journal approval – issue confined to non-standard journals
- Project management – proposed actions by staff training in project management was a useful step.
- Marton Pool – proposed restructuring of contract was a viable solution.
- Creditors Masterfile maintenance review – monthly signoff would address the issue.
- Performance reporting – this would be reviewed (and potentially cleared) at the final audit.

- Payroll maintenance – checklist proposed at 4.2.
- Process for removing Manawatu District Council staff from Rangitikei District Council IT systems when they leave – Council aims to ensure that the process for MDC staff mirrors that for RDC staff.
- Inconsistent procedures for adding and removing users from [IT] systems – essentially the same issue now as for the previous issue, given the standardised procedures for RDC staff. The Committee sought assurance on how the procedures were applied to elected members who had completed their term.
- Virus and patch management – this would be reviewed (and potentially cleared) at the final audit.
- No regular testing of business continuity and IT disaster recovery plans – this work will leverage off work done by other councils.

Ms Perera noted that the new issues raised in the 2016/17 report were really housekeeping. There were no urgent issues or structural breakdowns in processes.

She was satisfied with progress being made with issues raised in previous audits. She suggested that Council was entitled to consider (and accept) the degree of risk in not complying with any recommendation in the Audit management report and, on that basis, if seen as reasonable, the matter would be considered cleared.

She explained that there was a statutory requirement to undertake an annual audit, to comply with audit standards, and reach a 95% assurance. Audit fees were set on the basis that adequate controls are in place: if that were found not the case there would be discussions with that council about the need for more testing and the fee associated with that. In essence, it was the duty of the Council's auditor to be vigilant every year.

<b>Resolved minute number</b>	<b>17/ARK/018</b>	<b>File Ref</b>	<b>5-EX-2-4</b>
-------------------------------	-------------------	-----------------	-----------------

That the Interim Audit Management report for 2016/17 (and proposed management responses) be received.

His Worship the Mayor / Cr McManaway. Carried

## **12 Risk management framework – considering vulnerability and extrinsic risks**

Mr Hodder spoke to his memorandum. In discussion, the Committee made the following points:

- Including vulnerability was a subtlety for understanding raw risk but needed a national framework to avoid being seen as arbitrary. As presented, it would be difficult for an interested reader of the framework to understand. It was preferable to park this refinement for the time being – but not indefinitely.

- Including extrinsic factors was useful and warranted being addressed in greater detail when presenting a revised framework.
- The revised framework (i.e. with reassessment of raw risk, present risk, effectiveness, the present systems and processes and recommendations about accepting or not accepting each risk should come to the Committee's October 2017 meeting.

**Resolved minute number****17/ARK/019****File Ref****5-PO-1-3**

That the memorandum 'Risk management framework – considering vulnerability and extrinsic risks' be received.

Cr Belsham / Cr McManaway. Carried

### **13 Request from Edale Trust Board for Interest-free loan**

His Worship the Mayor outlined recent developments. Press release were expected soon.

### **14 Aftermath of Havelock North drinking water contamination**

The Committee accepted that the anticipated completion (by the end of December 2017) of stage 2 of the enquiry into the outbreak of gastroenteritis in Havelock North would provide an indication of the likely next steps to be taken by the Government. The broader review approved by Cabinet would undoubtedly take the findings of that enquiry into account and address the critical funding issues.

### **15 Late items**

#### Standardising presentation of tender recommendations to Council

The Committee discussed recent recommendations made to Council and the appropriate balance about disclosing pricing of all contractors, having regard for conventions of commercial-in-confidence and public interest in transparent decision-making.

**Resolved minute number****17/ARK/020****File Ref**

That the Audit/Risk Committee recommends to Council that tenders presented for Council approval include (i) a description of the work/services (from the tender document), (ii) an outline of the evaluation process followed; and (iii) detail on the assessment of price and non-price attributes for each tenderer; and that this consideration by Council be taken in public excluded session, with the outcome – name of successful tenderer and price –being confirmed by resolution in open meeting of Council.

His Worship the Mayor / Cr Belsham. Carried

#### Setting of fees of the 2018-28 Long Term Plan

Ms Perera explained that the next stage (once the adoption of the 2016/17 Annual Report was complete) was for her to prepare the arrangements letter and the engagement plan. She anticipated there would be a self-assessment as part of this process.

**Resolved minute number****17/ARK/021****File Ref****5-PO-1-3**

That the letter from the Deputy Controller and Auditor General on 2018-28 Long Term Plan audit fees be received.

Cr Gordon / His Worship the Mayor. Carried

## **16 Future items for the agenda**

### **October 2017**

Committee review

Understanding Council's risk appetite – possible framework for exercising discretion  
(This will progress the discussion from the Committee's June meeting.)

Revised risk management framework

## **17 Next meeting**

Monday 9 October 2017, 2.00 pm (although this may change depending on the timing for release of the outcome of the Local Government Excellence Programme's assessment for the Council.

## **18 Meeting closed**

4.05 pm

**Confirmed/Chair:** \_\_\_\_\_

**Date:**

# Attachment 2





**Rangitikei**  
UNAPOLOGIS...  
...ALLY...

# MEMORANDUM

---

TO: Finance/Performance

FROM: George McIrvine

DATE: 24 August 2017

SUBJECT: **Local Government Funding Agency update**

FILE: 5-FM-8-3

Appendix

1. Debenture Trust Deed;
2. Agency Agreement;
3. Security Transition Deed;
4. Security Stock Certificate – LGFA;
5. Security Stock Certificate – Westpac;
6. Stock Issuance Certificate – LGFA;
7. Stock Issuance Certificate – Westpac;
8. Chief Executive Certificates;
9. Officer's Certificate;
10. Accession Deed to Notes Subscription Agreement; and
11. Accession Deed to Multi-Issuer Deed.

---

## **1 Background**

- 1.1 The purpose of this paper is to consider the documentation required to formally join the Local Government Funding Agency (LGFA). If the documentation is considered to be in order then execution of this documentation will be the final step in the membership of LGFA.
- 1.2 In papers presented in 2015 and 2016 Council decided to explore becoming a member of the LGFA and subsequently decided to proceed with this membership after consultation. Council has adopted a new Treasury Policy to enable this to occur. This Policy contemplates borrowing funds from LGFA.
- 1.3 With the current level of carry forwards, Council is in a strong financial position with no long-term debt. However, as previously noted, the last LTP contemplates a net debt position by 2025 of some \$32M, so Council needs a cost-effective source of funds to enable this borrowing to occur and manage its liquidity risk. As noted and endorsed by Council previously even with its current financial

position, it is prudent that Council continue with the application process to join LGFA and now become a member as a “borrower only”.

1.4 As a reminder to Council on the membership and borrowing from LGFA the following points should be noted;

- There is no commitment or line fees associated with this membership and any facilities unlike trading banks.
- The guarantee structure involves all LGFA’s shareholders and non-shareholding councils borrowing more than \$20M. Currently Council as a joining LGFA as borrower only, i.e. non shareholder and non-guarantor so will effectively have a debt cap from LGFA. To borrow more than \$20M from LGFA, Council will need to become a minimum of a guarantor to enable this to occur. While the risk to Council may be minimal this would also be a key decision point in the future as Council reaches this debt level.
- LGFA performs monitoring including credit and covenant checks and any Lending is secured against rates revenue by the debenture deed, minimising the risk to other councils of the default of one council. Borrowing councils must comply with LGFA Lending Policy Covenants.
- The standby liquidity facility from Central Government (up to \$1 billion) and the guarantees from other councils in case of another global financial crisis.

## **2 Documents to sign**

2.1 All documents and resolutions have been prepared and reviewed by Simpson-Grierson. Russell-McVeagh act for LGFA as noted on some documents. As Council has borrowed previously and has an old debenture deed and security in place there are basically two main parts to the agreements to be signed.

2.2 One part of the agreements removes the debenture in favour of Westpac and Covenant Trustee Services (as Trustee) and the other set enact a similar security to LGFA and Trustees Executors Limited (as Trustee). This also includes the Link agency as the electronic security register. The main documents require signature by two councillors with certificates signed by the CE that Council has adopted resolutions and that the relevant legislation has been complied with. You will note \$100k security will remain to Westpac to cover credit cards and small agency and merchant fees. This was higher and is still generous in favour of the bank.

- 2.3 Once Council has adopted these resolutions authorising the CE and two Councillors to sign these the execution copies of these documents can be signed to give effect to these agreements provided all registered securities have been extinguished. The draft documents are attached and execution copies will be available to be signed after the Council has adopted the appropriate resolutions.

## **Recommendations**

1. That the report 'Local Government Funding Agency update' to the Finance/Performance Committee be received.
2. That the Finance/Performance Committee recommends to Council that Council:  
  
agrees to participate in the LGFA Scheme as a Borrower, which will include the following:
  - a. entry into the following documents:
    - i. Debenture Trust Deed between the Council and Trustees Executors Limited;
    - ii. Registry Customer Agreement between the Council and Link Market Services Limited;
    - iii. Security Transition Deed between the Council, Westpac New Zealand Limited, Westpac Banking Corporation and Covenant Trustee Services Limited;
    - iv. Accession Deed to Notes Subscription Agreement between the Council and the LGFA;
    - v. Accession Deed to Multi-Issuer Deed between the Council and LGFA;
    - vi. Security Stock Certificate in favour of LGFA;
    - vii. Security Stock Certificate in favour of Westpac New Zealand Limited and Westpac Banking Corporation;
  - b. subscribing for Borrower notes with LGFA;
  - c. issuing stock to lenders in accordance with the Debenture Trust Deed;
  - d. any other things which are contemplated in the attachments to this report that a Borrower will do; and
  - e. anything which is not specifically described in paragraphs (a) to (d) above, but which is ancillary to or not materially different from those.

- 3 That the Finance/Performance Committee recommends to Council that Council:  
delegates authority to the Chief Executive to:
- a. Agree the terms on which Rangitikei District Council participates in the LGFA Scheme as a Borrower, including which of the arrangements described above are entered into and the terms of those arrangements;
  - b. Determine how Rangitikei District Council exercises its rights under the arrangements entered into in connection with the LGFA Scheme.
- 4 That the Finance/Performance Committee recommends to Council that Council:  
delegates authority to the Chief Executive to execute such documents and take such other steps on behalf of the Council as the Chief Executive considers it is necessary or desirable to execute or take in connection with Rangitikei District Council's participation in the LGFA Scheme as a Borrower.
- 5 That the Finance/Performance Committee recommends to Council that Council:  
delegates authority to ..... and ..... [two elected members] of the Council to execute the Debenture Trust Deed and such other deeds on behalf of the Council as the Chief Executive considers it is necessary or desirable for them to execute in connection with Rangitikei District Council's participation in the LGFA Scheme as a Borrower.

George McIrvine  
Finance and Business Support Group Manager

# *Appendix 1*

# DEBENTURE TRUST DEED

---

between

**RANGITIKEI DISTRICT COUNCIL**

and

**TRUSTEES EXECUTORS LIMITED**



**Simpson Grierson**

Barristers & Solicitors  
Auckland & Wellington, New Zealand  
[www.simpsongrierson.com](http://www.simpsongrierson.com)

THIS DEED dated the

day of

2017

**BETWEEN RANGITIKEI DISTRICT COUNCIL** a Council duly constituted as a territorial authority under the Local Government Act 2002 (included in the term the **Council**)

**AND TRUSTEES EXECUTORS LIMITED** (the **Trustee**)

## **INTRODUCTION**

- A.** The Council has the power, subject to the Act, to raise certain money or incur certain obligations from time to time in such amounts and upon such terms and conditions and for such of its lawful purposes as it considers appropriate by means of, or to be evidenced or secured by, stock to be constituted by this Deed.
- B.** The Trustee has agreed, at the request of the Council and for the consideration expressed or referred to in this Deed, to act as trustee under this Deed for the benefit of the Stockholders on the terms and conditions contained in this Deed.

## **WITNESSES AS FOLLOWS:**

### **1. INTERPRETATION**

In this Deed (including the introduction to this Deed) unless the context indicates otherwise the following provisions apply:

#### **1.1 General:**

**1.1.1 Trust:** This Deed shall be construed and shall take effect as a contract and declaration of trust made in New Zealand.

**1.1.2 Conversion:** Where, for any purpose under this Deed and where consistent with the Act, it is necessary or desirable to determine the equivalent in one currency of an amount in another currency, such equivalent shall be determined in such manner as the Council adopts and is acceptable to the Auditors having regard to prevailing commercial practices and to the policies in such regard adopted in the latest audited financial statements of the Council.

**1.1.3 Calculation of foreign currency amounts:** Notwithstanding clause 1.1.2, where all or any part of the nominal amount of Stock held by, or all or any part of the Secured Money owing to, a Stockholder is not denominated in New Zealand dollars:

- (a) For the purpose of the Second Schedule or calculating any person's share of any sum payable under this Deed, as the case may be, the Trustee shall be entitled to notionally convert the relevant part of the nominal amount or the Secured Money owed to or by any person, as the case may be, into New Zealand dollars, that notional conversion to be made at the spot rate, as quoted to the Trustee by a Reference Bank, at which the Trustee is able to purchase New Zealand dollars with the actual currency of the

defined in the PPSA) arising directly from the collection of those rates, special rates or rates revenues,

but, for the avoidance of doubt, excludes any rates (or the Proceeds thereof) which may be collected by the Council on behalf of any other local authority;

**"Chief Executive"** means the Chief Executive of the Council appointed under section 42 of the Act from time to time, and includes a reference to any person to whom any right or obligation of such Chief Executive has lawfully been delegated;

**"Class of Stock"** means any category of Stock having substantially the same rights, privileges, limitations and conditions which, at any particular time for any particular purpose, constitute a separate class of Stock within the Stock, as determined by the Council;

**"Class of Stockholders"** means the Stockholders of a particular Class of Stock;

**"Companies Act"** means the Companies Act 1993, or in respect of a company not registered under that Act means the equivalent legislation applicable to that company;

**"Date of Enforcement"** means the date on which the security created by this Deed is enforced by the Trustee;

**"Debenture Stock"** means all Stock which is not Security Stock;

**"Enforcement Event"** means any of the events listed in clause 12.1;

**"Extraordinary Resolution"** has the meaning contained in the Second Schedule;

**"Facility"** means any loan, advance, accommodation, bill, stock or note issuance, acceptance, endorsement or discount, guarantee, indemnity, letter of credit, bond, note, stock, bill, exchange, swap, rate, or other financial facility, agreement, liability, obligation or arrangement which is lawfully entered into by the Council and in respect of which the money or other liabilities or obligations owing or which may become owing thereunder are, or are proposed to be, secured by Stock;

**"financing statement"** has the same meaning as in the PPSA;

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

**"FMC Regulations"** means the Financial Markets Conduct Regulations 2014;

**"Financial Markets Supervisors Act"** means the Financial Markets Supervisors Act 2011;

**"Information and Meetings Act"** means the Local Government Official Information and Meetings Act 1987;

**"Lapsing Security"** means any security interest in, or charge over, some or all of the Charged Assets existing prior to the date of this Deed:



**"Reference Bank"** means any one of ANZ National Bank Limited, Bank of New Zealand, ASB Bank Limited and Westpac New Zealand Limited;

**"Register"** means the register of Stock, or each such register, to be kept by the Registrar pursuant to clause 4;

**"Registrar and Paying Agency Agreement"** means the registrar and paying agency agreement dated on or about the date of this Deed between the Council, the Registrar and the Paying Agent, and includes a reference to such as may be amended, or to any other registrar and paying agency agreement entered into, to provide for more than one Register, and more than one Registrar or Paying Agent;

**"Registered Address"** means, in respect of a Stockholder, the address in New Zealand for the time being recorded in the Register;

**"Registered Facsimile Number"** means the facsimile number for the time being recorded in the Register;

**"Registered Stock"** means all Stock other than Bearer Stock;

**"Registrar"** means Link Market Services Limited, or such other or additional person who from time to time fulfils the role of registrar for the purposes of the Registrar and Paying Agency Agreement and this Deed;

**"Reporting Certificate"** means a certificate substantially in the form as appears in the Fourth Schedule or in such other form as the Council and the Trustee may agree;

**"Secured Money"** means the principal and interest payable on, or in respect of, the Stock and, to the extent that such is lawfully entered into by the Council, all other money owing or payable to or at the direction of the Trustee or any Receiver or any Stockholder under this Deed or the terms of issue of any Stock;

**"Secured Obligations"** means the obligations of the Council under this Deed and any Stock, but excludes any obligation to pay or deliver any Secured Money;

**"Security Stock"** means Stock issued pursuant to and in accordance with clause 6.1.1;

**"Security Stock Certificate"** means a Stock Certificate in respect of Security Stock;

**"Stock"** means Security Stock, Bearer Stock or any secured indebtedness by whatever name called which in any case is lawfully entered into by the Council and is constituted and issued by the Council under, and in accordance with, this Deed and for the time being outstanding and uncanceled, or a specified portion thereof as the case may require;

**"Stock Certificate" or "Certificate"** means a certificate or other written acknowledgement in respect of Stock issued by the Council under clauses 3.3, 3.8, or 3.10, or clause 7 evidencing (subject to the Register, in the case of Registered Stock, and the provisions of this Deed, including the conditions applicable to that Stock) that the person named

**"interest"** includes discounts and other payments in the nature of interest;

**"month"** means calendar month;

**"nominal amount"** in respect of Stock, has the meaning set out or referred to in the relevant Stock Certificate;

**"owing"** includes unpaid;

**"payment"** includes a reference to repayment;

**"person"** means an individual, company, body corporate, corporation, local authority, an association of persons whether corporate or not, a trust or a state or agency of a state whether of central government or local government (in any case, whether or not having separate legal personality);

**"right"** includes right, benefit, entitlement, authority, discretion, remedy or power;

**"supervisor"** has the meaning set out in the FMC Act;

**"tax(es)"** includes a present or future tax, levy, impost, duty, rate, charge, fee, deduction or withholding of any nature regardless of where or by whom imposed, levied, collected, withheld or assessed and includes interest, penalties, fines, costs, charges or expenses or other amounts relating to or arising in connection therewith;

**"the security created by this Deed"** means the security in favour of the Trustee created by or pursuant to this Deed or any deed or other agreement collateral or supplemental to or varying this Deed;

**"in writing"** and **"written"** include words written, printed, typewritten, lithographed or otherwise represented or reproduced in permanent visible form by any other means;

the sign **"\$"** and the word **"Dollars"** means New Zealand dollars;

a gender includes each other gender;

the singular includes the plural, and vice versa;

any legislation includes a modification or re-enactment of, legislation enacted in substitution for, or a regulation, order-in-council or other instrument from time to time issued or made under, that legislation;

something being done, includes a reference to it being done from time to time;

an example or an inclusion does not limit what else may be included;

a party to this Deed or any other agreement includes its successors or its permitted assignees or transferees; and

time means a reference to New Zealand time.

(including Stock) ranking subordinate to the indebtedness and obligations of the Council in respect of the Stock.

**2.1.4 Modification:** If any modification to this Deed, or any other documentation, consent or acknowledgement, is in the opinion of the Council necessary or desirable to permit, facilitate or give effect to any right referred to in clause 2.1.3 the Trustee is, subject to it being reasonably satisfied with the relevant documentation, authorised to concur with the Council in executing the same and any such concurrence shall be on behalf of, and shall bind, the Stockholders.

**2.2 Ranking:** To the fullest extent permitted by law, the Stock and the Secured Money secured pursuant thereto shall, subject to the provisions of clause 6, as to the security created by this Deed rank *pari passu* as between themselves as to payment of Secured Money even though it and/or the indebtedness forming part of the Secured Money is or was, created or issued at different dates or at par or at a premium or at a discount and carries interest at different rates and matures or is payable or redeemable at different times or on demand or in different currencies or with, or without the knowledge of any other Stockholder.

**2.3 Payment of Brokerage or Commission:** The Council shall be at liberty to pay a commission, a procuration, application or subscription fee or brokerage to any person for subscribing, underwriting the subscription of, or obtaining subscriptions for, any Stock.

**2.4 Redemption of Stock:**

**2.4.1 Redemption:** The Council may at any time, and from time to time, redeem any Stock by purchase either on the market or by private treaty.

**2.4.2 Related Persons:** No person in, or in respect of, which the Council has an interest shall be precluded from at any time purchasing, re-purchasing, subscribing for, acquiring, holding, selling or otherwise disposing of, any Stock.

**2.4.3 Surrender:** Security Stock may at any time be surrendered in whole or in part by the holder thereof, and upon surrender the Council shall cancel such Security Stock.

**2.4.4 Required Surrender:** The Council may require any Stockholder to surrender its Security Stock if the Council has no indebtedness (actual or contingent) to the Stockholder which is secured by that Security Stock, and no obligation to allow the Council to incur any indebtedness to it which would be secured by that Security Stock at any future time.

### 3. ISSUE OF STOCK

**3.1 Stock Issuance Certificate:**

**3.1.1 Precondition:** The Council shall not at any time issue any Stock until a copy of a Stock Issuance Certificate in respect of the issue of that Stock has been delivered to the Trustee.

- (a) those terms entered in the Register in respect of such Stock; and
- (b) those terms set out in any Stock Certificate issued in respect of such Stock, except to the extent that they:
  - (i) conflict with the terms entered in the Register; or
  - (ii) conflict with the form of Stock Certificate set out in Part I, II or III (as applicable) of the First Schedule (including the conditions attached to those forms and the further conditions set out in Part IV of the First Schedule) (**Stock Certificate Form**), unless such conflict has been agreed to by the Stockholder and the Council; and
- (c) those terms set out in the relevant Stock Certificate Form, as amended by agreement with the Stockholder (and, for the avoidance of doubt, if a Stock Certificate is issued in a form agreed with the Stockholder, that Stock Certificate shall amend the relevant Stock Certificate Form for that Stock); and
- (d) any further terms (including those stipulated in any application form or other issuing or offer documentation in respect of the Stock) as may be required by the Council and approved by the Trustee,

provided that:

- (e) notwithstanding any agreement between the Council and the relevant Stockholder contemplated by the provisions of paragraphs (b)(ii) and (c) above, no term of any Stock which conflicts with an express term of this Deed shall be effective unless agreed to by the Trustee or paragraph (f) applies; and
- (f) any change to a Stock Certificate Form agreed to by the Council and/or the relevant Stockholder but not the Trustee will only be effective to the extent that it is, in the Council's reasonable opinion:
  - (i) required to correct a manifest error or omission, or is of a minor, formal or technical nature; or
  - (ii) required to comply with, or as a result of the coming into effect of, any legislation.

Those provisions and terms, or such of them as are applicable to the respective Stock, shall be binding on the Council, the Trustee and, by their acceptance of the Stock, the relevant Stockholders and all persons claiming through them respectively, each of whom shall be deemed to have notice thereof.

- 3.8.3 Substitution:** several Stock Certificates in substitution for one Stock Certificate, or vice versa;
- 3.8.4 Replacement:** a Stock Certificate in replacement for a Stock Certificate cancelled in error where the Stock evidenced thereby has not been purchased or redeemed;
- 3.8.5 Changed Indebtedness:** where the indebtedness or other obligation evidenced or secured by a Security Stock Certificate has been repaid or otherwise discharged in part, a replacement Stock Certificate for a lesser nominal amount than the original Stock Certificate; and
- 3.8.6 Change of Name:** (subject to provision to the Council of proper proof of the relevant change of name) a Stock Certificate to record the change of name of any Stockholder,

but, except for the purposes of correcting an error, nothing contained in this clause shall permit the Council to alter the terms of issue upon which the Stock evidenced by the original Stock Certificate was issued or to increase the amount of Stock on issue or authorise an alteration to the identity of the Stockholder.

- 3.9 Alteration:** The Council may at any time with the prior written approval of the Trustee (and subject to any conditions which the Trustee may impose) and (subject to clause 16) the Stockholder concerned, alter any of the terms and conditions of any Stock which has been issued, including:

- 3.9.1 Redemptions:** accelerate the redemption or extend the redemption date of any Stock; or
- 3.9.2 Interest:** alter the rate of interest payable on any Stock; or
- 3.9.3 Premium:** agree to the payment of a premium on the redemption of any Stock; or
- 3.9.4 Alteration:** alter (by addition, deletion or amendment) any of the other terms or conditions applicable to any Stock,

but so that no such acceleration, extension, alteration, agreement or payment or any other alteration is inconsistent with the provisions of this Deed or the Act.

- 3.10 Register:** Any acceleration, extension, alteration, agreement or payment or any other alteration of any terms and conditions of any Stock shall be recorded in the Register in respect of the Stock affected and the Council may issue one or more replacement Stock Certificates in respect of such Stock embodying the terms and conditions of any such acceleration, extension, alteration, agreement or payment or any other alteration.

- 3.11 Payment of Instalments:**

- 3.11.1 Non-Payment:** The terms of issue of any Stock may provide such Stock is to be paid for by instalments. If the amount of any instalment is not duly paid to the Council, the Council at any time thereafter before such instalment is paid but only after

- (g) (except for Bearer Stock) all subsequent transfers or changes of ownership of Stock;
- (h) (except for Bearer Stock) the names and addresses of the Stockholders and the date at which such names are entered on the Register;
- (i) where Stock is no longer outstanding, particulars of its redemption, purchase, cancellation or forfeiture by the Council;
- (j) any other additional matters to be entered in the Register in accordance with conditions required by the terms of any particular issue of Stock or by law; and
- (k) any other particulars as may be required by the Council, the Registrar or the Paying Agent as agreed to by the Council and the Registrar;

**4.2.2 Security Stock:** any Security Stock shall be identified as such in the Register and the details set out in paragraphs 4.2.1(b), 4.2.1(c), 4.2.1(d) and 4.2.1(e) will not be required;

**4.2.3 Change of Details:** except in the case of Bearer Stock, any change of name or address of any Stockholder or any change in any other information required to be inserted in the Register in respect of any Stockholder shall forthwith be notified to the Registrar in writing by the Holder, or if a joint holding by all the joint Holders, and the Register shall then be altered accordingly;

**4.2.4 Replacement/Exchanges:** there shall be entered in the Register details of any replacement Stock Certificates issued pursuant to clause 3.8;

**4.2.5 Inspection:** provided the Register is not closed, the Trustee, any Receiver and any Stockholder (or any person authorised in writing by any of such persons or any other person entitled by law) shall be at liberty at all reasonable times and upon giving reasonable notice during office hours to inspect the Register (but in the case of a Stockholder or any person authorised by a Stockholder, only to inspect the entries in the Register relating to that Stockholder) and (where required by the Registrar, except in the case of the Trustee or a Receiver, upon payment of a reasonable fee) to take copies of and extracts from such entries in the Register as that person is entitled to inspect;

**4.2.6 Closure:** subject to any applicable laws, the Council or the Registrar may from time to time, subject to the conditions relating to any particular issue of Stock, close the Register for any period or periods not exceeding 30 days in any one year;

**4.2.7 Statutory Requirements:** the Council shall use all reasonable endeavours to ensure that the Registrar complies with all statutory requirements relating to the keeping of the Register and the details to be entered therein;

**5.2 Recovery of Sums Paid:** Any money paid, or losses, damages, costs, fines or claims incurred, by the Council and/or, as the case may be, the Trustee in respect of any liability described in clause 5.1 may be recovered by action from the Holder of such Stock or such Holder's personal representatives or successors or estate or out of relevant assets as a debt due to the Council and/or, as the case may be, the Trustee.

**5.3 No Prejudice to Rights:** Nothing in this clause 5 shall prejudice or affect any right which any law may confer or purport to confer on the Council and/or, as the case may be, the Trustee, and as between the Council and/or, as the case may be, the Trustee and every Stockholder or the personal representatives, successors, estate or assets of any Stockholder (wherever constituted or situated) any right which such law confers on the Council and/or, as the case may be, the Trustee shall be enforceable by the Council and/or, as the case may be, the Trustee.

## **6. SECURITY STOCK PROVISIONS**

### **6.1 Issue:**

**6.1.1 Terms:** Stock issued in accordance with this Deed may be issued as Security Stock which shall be issued as a continuing security for the payment on demand or otherwise of any present or future debts, liabilities, advances and other accommodation or obligations of whatever nature, and whether or not pursuant to any one or more Facilities, of or to or for or on behalf of or at the request of the Council (whether by way of indemnity, guarantee or otherwise) generally or as mentioned in the relevant Security Stock Certificate (if one is issued), but in any case, only to the extent that such is lawfully entered into by the Council.

**6.1.2 Nominal Amount:** Any Security Stock Certificate which is issued shall state a nominal amount, which will not limit the amount secured, but will be relevant for the purposes of determining priority in accordance with clause 6.3.

**6.1.3 Transferability:** Security Stock shall be transferable to the same extent as the debts, liabilities, advances or other accommodation or obligations to which it relates.

**6.2 Validity of Security Stock:** Security Stock issued pursuant to clause 6.1.1 shall for all purposes and on all occasions be deemed to be validly issued to each Holder thereof as security for the payment of the accommodation or obligations referred to in clause 6.1.1 (but subject to clause 6.3), provided that if the amount of such accommodation or obligations is less than the nominal amount of such Security Stock held then such Holder shall not be liable solely by virtue of that fact to make any payment to the Council or the Trustee in respect of the Security Stock held by it or be obliged to make any further advance or afford any further accommodation to the Council.

**6.3 Priority of Security Stock:** Stock issued as Security Stock pursuant to clause 6.1.1 shall at all times, except where otherwise agreed between the Council and the Trustee (including by agreeing wording in the relevant Stock Certificate), be held upon and subject to the following conditions (which shall, or shall be deemed to, be mentioned,

any amounts payable under this clause 6.3.1(c) in respect of other Stockholders.

**6.4 Selection of Priority Principal Amount:** If the amount referred to in clause 6.3.1(a)(i) exceeds the amount referred to in clause 6.3.1(a)(ii), the Stockholder may, in its sole discretion, determine which of the liabilities, advances, accommodation and obligations secured by the Security Stock shall be included as the Priority Principal Amount, and the interest referred to in clause 6.3.1(b) will be calculated on this basis.

**6.5 Issue of Second Ranking Stock:** Stock may be issued on a second-ranking basis. At the request of the Council the Trustee may, without the consent of the Stockholders, concur with the Council in making any variation or addition to this Deed, the conditions or the form of the Stock Certificates (including, if desirable, approving a new form of Stock Certificate and new conditions applicable to second-ranking Stock) as the Trustee and the Council may agree in order to facilitate the issuing of second-ranking Stock or make provision for outstanding Stock to be in second-ranking form.

## **7. BEARER STOCK**

**7.1 Issue:** Stock may be issued in bearer form. At the request of the Council the Trustee may, without the consent of the Stockholders, concur with the Council in making any variation or addition to this Deed, the conditions or the form of the Stock Certificates (including, if desirable, approving a new form of Stock Certificate and new conditions applicable to Bearer Stock) as the Trustee and the Council may agree in order to facilitate the issuing of Bearer Stock or make provision for outstanding Stock to be in bearer form.

### **7.2 Trustee's Entitlements re Bearer Stock:**

**7.2.1 Bearer as Holder:** Whenever in this Deed the Trustee is required or entitled to exercise a trust, duty or right by reference to the interests of Stockholders, the Trustee shall be entitled to assume that in relation to Bearer Stock the bearer of the Stock Certificate in respect of the Bearer Stock is the Holder of such Bearer Stock and that each Holder thereof is also the holder of all coupons or other instruments relating to interest pertaining to such Bearer Stock.

**7.2.2 No Liability:** The Trustee shall not be liable to the Council or any Stockholder or any holder of any such coupons or other instruments by reason of having accepted as valid or not having rejected any Stock Certificate in respect of the Bearer Stock or coupon or other such instrument purporting to be such and subsequently found to be not authentic.

## **8. ACKNOWLEDGEMENT OF INDEBTEDNESS AND COVENANT TO PAY**

### **8.1 Acknowledgement of Indebtedness and Covenant to Pay:**

**8.1.1 Acknowledgement:** The Council acknowledges its indebtedness to the Trustee, on behalf of the Stockholders, in respect of the Principal Money outstanding from time to time in respect of the Stock and interest owing thereon and any other sums forming part of the Secured Money represented by such



evidence satisfactory to the Council that such Stockholder is entitled to the benefit of any exemption therefrom) deduct from any amount payable to, or for the benefit of, a Stockholder (including a Stockholder of Bearer Stock) the amount of any withholding, or other, tax required to be deducted in respect of that amount under the laws of New Zealand. Where any deduction has been made and the amount of it accounted for by the Council, or the Paying Agent on behalf of the Council, to the Commissioner of Inland Revenue or other appropriate authority and the balance of the amount payable has been paid to, or for the benefit of, the Stockholder concerned, the full amount payable to such Stockholder shall be deemed to have been duly paid and satisfied by the Council.

- 8.3.2 Approved Issuer Levy:** Stockholders to whom such is relevant may in writing request the Council, or the Paying Agent on behalf of the Council, to advise the basis (if any), or may otherwise respond to any indication by the Council, or the Paying Agent on behalf of the Council, from time to time of the basis upon which, the Council, at no cost to itself, is prepared from time to time to deduct and pay an approved issuer levy (within the meaning of section 86F of the Stamp and Cheque Duties Act 1971) as an alternative to the exercise by the Council of its rights as referred to in clause 8.3.1.

## **9. CHARGES BY COUNCIL**

### **9.1 Charge:**

- 9.1.1 Charged Assets:** To secure the due payment of the Secured Money and its performance of and compliance with the Secured Obligations, the Council charges, and grants a security interest (within the meaning, and for the purposes, of the PPSA), in favour of the Trustee on behalf of the Stockholders, all its right, title and interest (present and future, legal and equitable) in and to its Charged Assets with the intent that the Charged Assets shall, to the fullest extent permitted by law, be security for the due payment of all of the Secured Money and the performance of and compliance with the Secured Obligations.

- 9.1.2 Continuing Security:** Each such charge and security interest by the Council is and shall be a continuing security for the payment of the Secured Money and the performance of and compliance with the Secured Obligations, in each case as provided for in clause 9.1.1.

- 9.2 Floating Charge:** Each charge by the Council pursuant to clause 9.1 as regards its Charged Assets (to the extent that it is not a security interest under the PPSA) is a floating charge, and in either case until the Date of Enforcement (upon which date such charge shall become fixed in respect of such of the Charged Assets as are subject to action by the Trustee pursuant to clauses 13.1.2, 13.1.3 or 14.1) the Council shall be in no way hindered or prevented from dealing with (whether or not in the ordinary course of its activities) all or any part of its Charged Assets and the Trustee shall, at the request of the Council, execute and deliver all documents which may reasonably be necessary or desirable to permit such dealing by the Council.

**9.5.3 Execution:** Without limiting the generality of clause 9.5.1, the Council shall, to the extent permitted by law following the Date of Enforcement, execute all mortgages, transfers, conveyances, assignments and assurances of the Charged Assets whether to the Trustee or its nominees and shall, to the extent permitted by law, perform or cause to be performed all acts and things requisite or reasonably desirable according to law for the purpose of giving effect to the carrying out or exercise of any of the said trusts and rights and shall, to the extent permitted by law, give all notices, orders and directions which the Trustee may reasonably consider expedient.

**9.6 Attachment not Delayed:** Any security interest created by this Deed to which the PPSA applies shall attach, in the case of:

**9.6.1 Present:** any present Charged Assets, from when the Council first signs or assents to this Deed in one of the ways specified in section 36(1)(b) of the PPSA; or

**9.6.2 After-Acquired:** any after-acquired Charged Assets, from when the Council acquires any rights in those assets.

The Council acknowledges and agrees that there has been no agreement between the Council and the Trustee that the attachment of any security interest to which the PPSA applies shall be at a time other than that provided in this clause.

**9.7 Quiet Enjoyment:** Subject to the provisions of this Deed and to the charges upon the Charged Assets contained in this Deed, the Trustee and the Stockholders shall until the Date of Enforcement permit the Council to hold and enjoy the Charged Assets and all other assets and to receive and apply as it thinks fit all income and Proceeds arising from the Charged Assets and to carry on with the Charged Assets any of its activities.

## 10. COVENANTS BY COUNCIL

**10.1 Continuing Covenants:** The Council covenants with the Trustee that it shall, subject to the Act and to its rights to withhold information pursuant to the Information and Meetings Act, at all times at which any Stock is outstanding, except as otherwise permitted by the Trustee:

**10.1.1 Comply with Act:** duly comply with all the requirements of the Act with respect to the keeping and filing of reports, accounts and statements and registration of charges (including this Deed);

**10.1.2 Records:** procure that the financial statements (within the meaning of clause 29 of Schedule 10 of the Act) and other records of the Council are audited in accordance with any statutory requirements and are (subject to section 40D(4) of the Receiverships Act) at all reasonable times (whether kept at its principal office or any other place or places in New Zealand) open for inspection by the Trustee and any Receiver, or any person properly appointed by the Trustee or the Receiver and that where the FMC Act applies those records will be retained by the Council for a period of at least seven years after the date

month of each such adoption, deliver to the Trustee a copy of each of the Annual Plan and the Annual Report for the forthcoming, and previous, financial years respectively and (where not already delivered to the Trustee) the most recent Long Term Plan and the Liability Management Policy (within the meaning of those sections);

**10.2.2 Interim Financial Information:** promptly after such is prepared in each year, provide to the Trustee a copy of such financial information as the Council may have prepared for external dissemination as to its financial position as at the end of the first six months of each of its financial years;

**10.2.3 Amendments:** as soon as the Council has approved and adopted any material amendment to any such Long Term Plan or Liability Management Policy, provide details of that amendment to the Trustee;

**10.2.4 Reporting Certificate:** as soon as reasonably practicable, but in any event no later than 4 months after the end of each of the Council's financial years and no later than 2 months after the end of each of the Council's financial half-years, and, if required by the Trustee, each other financial quarter, and within 21 days of receipt of a written request by the Trustee (which request may only be made where the Trustee certifies that it has reasonable grounds to believe that the Council is not complying with its obligations under this Deed), deliver to the Trustee a completed and signed Reporting Certificate;

**10.2.5 Information on Request:** on request by the Trustee, provide to the Trustee, any agent of the Trustee or a Receiver, any information which the Trustee reasonably requires with respect to matters relating to the financial statements (within the meaning of clause 29 of Schedule 10 to the Act) of the Council, other records of the Council, the Charged Assets and to the financial position of the Council;

**10.2.6 Auditors' Reports:**

- (a) at the same time as it furnishes its Annual Report under clause 10.2.1, provide a separate report by the Auditors addressed to the Trustee stating:
  - (i) whether or not in the performance of their duties as auditors they have become aware of any matter which in their opinion is relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee and if so, giving particulars thereof;
  - (ii) whether or not their audit has disclosed any matter (and if so, particulars thereof) calling in their opinion for further investigation by the Trustee in the interests of the Stockholders;
  - (iii) that they have perused the certificates (if any) given on behalf of the Council pursuant to clause 10.2.4 since their last report and

## 11. POWERS OF AND OTHER PROVISIONS RELATING TO TRUSTEE

### 11.1 Enforcement of Holders' rights

**11.1.1** The Trustee holds its rights and benefits under this Deed (including the right to enforce the Council's duty to repay or pay interest under the terms of any Stock, the benefit of the security created under clause 9 and the right to enforce the Council's obligations and duties under the terms of the Stock, this Deed and, where applicable, the FMC Act) in trust for, and for the benefit of, the Holders.

### 11.2 Trustee's Remuneration:

**11.2.1 General:** The Council shall pay to the Trustee by way of remuneration for its services as trustee such remuneration as shall from time to time be agreed between the Council and the Trustee.

**11.2.2 Expenses:** Without limiting the generality of the other provisions of this Deed, the Council shall also, to the extent permitted by law, pay on demand all expenses (including travelling expenses and expenses incurred in the taking of any expert advice deemed necessary or expedient by the Trustee) reasonably incurred by or on behalf of the Trustee in connection with:

- (a) the exercise by the Trustee of any right or duty conferred by this Deed on the Trustee;
- (b) any breach or default in the observance or performance by the Council of any provision of this Deed or the PPSA (and not excluded by this Deed);
- (c) any application under the trusts and provisions of this Deed for its consent to, or approval or execution of, any act, document or matter;
- (d) any action taken by or required of the Trustee under this Deed;
- (e) the convening and holding, and carrying out of any directions or resolutions, of any meeting of the Stockholders; and
- (f) any other expenses agreed by the Council from time to time.

**11.2.3 Continuation:** The remuneration and other payments payable under this clause 11.2 shall continue to be payable until the trusts contained in this Deed are finally wound up and whether or not a Receiver has been appointed or the trusts contained in this Deed are in the course of administration by or under the direction of a court.

**11.2.4 Payment:** All expenses incurred and payments made by the Trustee or any Receiver in the lawful exercise of the rights conferred by this Deed and all remuneration payable to the

- (b) a certificate signed by the Chief Executive on behalf of the Council as to any fact or matter prima facie within the knowledge of such person or that any particular dealing, transaction, step or thing is expedient or commercially desirable and not detrimental to the interests of the Stockholders as sufficient evidence of such fact or matter or the expediency of such dealing, transaction, step or thing; or
- (c) the statements contained in any certificate, resolution or report given under this Deed as conclusive evidence of the facts stated therein;

**11.6.2 Reference on Record:** the Trustee shall not be responsible for acting or relying upon any resolution purporting to have been passed at any meeting of the Stockholders, or any class thereof, in respect of which a proper record has been made and which the Trustee believes to have been properly passed even though it afterwards appears that such resolution is not binding or valid by reason of a defect in the convening of the meeting or the proceedings of the meeting;

**11.6.3 Application:** the Trustee shall not be responsible for, or be bound to see to the application of, the money subscribed by applicants for, or subscribers of, the Stock;

**11.6.4 Title:** the Trustee shall not be bound or concerned to examine or enquire into, or be liable for any defects or failure in, the title of the Council to the Charged Assets, whether such defects or failure might have been discovered upon an examination or enquiry and remedied or not;

**11.6.5 Discretion:** except as otherwise expressly provided in this Deed, the Trustee shall have sole discretion as to the exercise of all trusts and rights vested in it by this Deed and as to the commencement, prosecution, variation, discontinuance or compromise of any action, proceeding or claim and, provided it has acted with reasonable care and diligence, it shall not be responsible for any loss or cost that may result from the exercise or non-exercise thereof;

**11.6.6 Delegation:** subject to clause 11.6.7, the Trustee, whenever it thinks it expedient in the interests of the Stockholders to do so, may:

- (a) delegate (with the prior written approval of the Council, except where the security created by this Deed has become enforceable) at any time, to any person, any of the trusts or rights vested in the Trustee by this Deed which cannot conveniently be exercised by it or through its employees, upon such terms and conditions and under such regulations (including power to sub-delegate) as the Trustee may think fit;
- (b) authorise (with the prior written approval of the Council, except where the security created by this Deed has become enforceable) any person it thinks fit

for in this Deed, and the Trustee shall, to the extent permitted by law, have a charge on the Charged Assets for all money payable to it under this clause 11.7 or otherwise however properly arising out of or in connection with this Deed or the issue of the Stock.

## 11.8 **Fiduciary Relationship:**

**11.8.1 Stockholder:** Nothing in this Deed shall be deemed to prohibit the Trustee or any related company of the Trustee (all of whom in this clause 11.8 where the context permits are included in the expression **the Trustee**), or its directors, or officers, from being a Stockholder or the holder of any other security (including any Stock issued under this Deed) issued by the Council or from acting in any representative capacity for a Stockholder, or other such holder.

**11.8.2 Own Account:** Without limiting the generality of clause 11.8.1, it is expressly declared that the Trustee may so act on its own account or as executor, administrator, trustee, receiver, committee, attorney or agent or in any other fiduciary, vicarious or professional capacity and the acting in such capacity shall not be deemed a breach of any of the obligations under, or arising in respect of, this Deed or otherwise imposed or implied by law arising out of the fiduciary relationship between the Trustee and the Council, or between the Trustee and the Stockholders as the case may be.

**11.8.3 Other Transactions:** The Trustee shall not by reason of its fiduciary capacity be precluded from making any contracts or entering into any transactions with the Council or with itself as trustee in the ordinary course of the business of the Trustee or from undertaking any insurance, financial or agency service with the Council or for itself as trustee, and the Trustee shall not be accountable either to the Council or the Stockholders for any profits arising from such contracts, transactions or services.

**11.9 Represent Stockholders:** The Trustee may at any time, either of the Trustee's own volition or pursuant to any direction or in accordance with any policy given or indicated by any meeting of Stockholders, represent Stockholders in any investigation, negotiation, action, transaction or proceedings concerning the interests of the Stockholders generally in the affairs of the Council or in the enforcement of the rights of the Stockholders or any of them, and in particular in obtaining legal, accountancy or other professional advice as to the rights of the Stockholders or the Trustee, the duties of the Trustee and the liabilities of the Council and in enforcing the rights of the Stockholders or the Trustee under any demand, action or proceeding.

**11.10 Retirement:** Subject to applicable law, the Trustee may without assigning any reason therefor, and shall if requested to do so pursuant to an Extraordinary Resolution or if requested by the Council, retire at any time by giving 90 days (or such shorter period as the Council may agree) notice in writing to the Council of its intention to do so, subject to the due appointment of a new Trustee previously approved in writing by the Council and the transfer to such new Trustee of the money, records and investments held by the Trustee under this Deed.

to the contrary, whether in the form of the information and reports provided to the Trustee pursuant to clause 10.2 or otherwise.

- 11.16 Trustee's Indemnity by Stockholders:** If the Trustee receives a direction or request pursuant to an Extraordinary Resolution, in accordance with the provisions of this Deed the Trustee shall not be bound to comply with it unless the Trustee has first been indemnified (subject to section 105 of the FMC Act if applicable) to its satisfaction against any actions, proceedings, claims and demands to which the Trustee may be rendered liable and all costs, charges, damages and expenses which it may incur by doing so.
- 11.17 Not Bound to Give Notice:** The Trustee shall not be bound to give notice to any person of the execution of this Deed.
- 11.18 Disclosure and Confidentiality:** Except where the Trustee, in its reasonable opinion, considers it necessary for the purposes of this Deed to disclose such to Stockholders, or to any person referred to in clause 11.6.1(a), the Trustee shall treat, and maintain, as confidential all information which it receives from, or in respect of, the Council pursuant to this Deed.

## **12. ENFORCEMENT OF SECURITY ON DEFAULT**

- 12.1 Enforcement Events:** Subject to clause 11.5 and clause 13, the security created by this Deed shall become enforceable following the occurrence of any one or more of the following events, and while such is continuing unremedied or unwaived:

### **12.1.1 Non-Payment:**

- (a) default is made by the Council in the payment on due date or, where payable on demand, promptly following proper demand therefor (or on the expiration of any applicable grace period) of any Principal Money of the Stock, or on any earlier date that the Principal Money shall become payable to a Stockholder, and such default continues unremedied for two business days; or
- (b) default is made by the Council for a period of seven business days in the payment of any interest on or secured by the Stock; or
- (c) default is made by the Council for a period of 30 days after final demand in writing in the payment of any other material amount due and payable by the Council pursuant to this Deed;

- 12.1.2 Receivership:** if a receiver, or receiver and manager, is appointed of (or the Council requests any such appointment), or an encumbrancer takes possession of or exercises its powers of sale in respect of, all or any material part of the Charged Assets unless the Council demonstrates to the satisfaction of the Trustee that such appointment or taking of possession or exercising of power will not have a material adverse effect on

- 12.4 Security Trust Deed:** The Council agrees that this Deed is a security trust deed for the purposes of the PPSA, and consents to any registration of a financing statement in respect of the security interest created pursuant to this Deed disclosing that this Deed is a security trust deed.

### 13. TRUSTEE'S POWERS OF ENFORCEMENT OF SECURITY

- 13.1 Trustee's Powers to Act:** At any time after the security created by this Deed has become enforceable (but subject to clauses 13.3, 13.5 and to the Act), and while it remains enforceable, the Trustee may, and shall forthwith upon being directed to do so by an Extraordinary Resolution, take one or more of the following steps:
- 13.1.1 Accelerate:** subject to the conditions or limitations applicable to any particular Stock, declare the whole or any affected part of the Stock and Secured Money to have become immediately due and payable, whereupon such money shall forthwith become due and payable;
  - 13.1.2 Take Possession:** enter into or take possession of all or any part of the Charged Assets;
  - 13.1.3 Realise:** either with or without taking possession sell, call in, collect and convert into money all or any part of the Charged Assets in such manner and for such consideration as the Trustee thinks fit;
  - 13.1.4 Apply:** apply in accordance with section 108 of the PPSA, Charged Assets in the form of Accounts Receivable, Money (as the term "Money" is defined in the PPSA) or Negotiable Instruments in or towards satisfaction of the Secured Money; and
  - 13.1.5 Meeting:** call a meeting of Stockholders for determining what action (if any) the Trustee should take in the circumstances.
- 13.2 Decrystallisation:** At any time after the floating charge created by this Deed has taken effect as a fixed charge in respect of any part of the Charged Assets, it shall resume the status of a floating charge in respect of that part of the Charged Assets which the Trustee identifies in a notice to that effect to the Council.
- 13.3 Notice of Exercise of Powers:** The powers conferred by clause 13.1 shall be exercisable by the Trustee without further notice to the Council. However, before exercising any of the powers contained in clauses 13.1.1 to 13.1.4 (the **powers of conversion**) the Trustee shall, except where it certifies in writing to the Council that, in its opinion, delay would imperil the interests of Stockholders or except upon the happening of any one or more of the events referred to in clauses 12.1.1(a), 12.1.1(b), 12.1.2 or 12.1.3, give written notice of its intention to the Council and shall not enforce the security created by this Deed or exercise the powers of conversion until the expiration of 14 days after the giving of such notice or if within such period the breach or event so specified is remedied to the reasonable satisfaction of the Trustee or the Trustee notifies the Council in writing that the particular breach or event relied upon no longer in the reasonable opinion of the Trustee detrimentally



the Act and the Receiverships Act the Trustee may in its discretion and shall upon being directed to do so by an Extraordinary Resolution, (and in any such case without any further notice to or consent on the part of the Council) appoint in writing one or more Receivers (whether severally, jointly or both) of all or any part of the Charged Assets with power from time to time to remove any Receiver so appointed and in case of removal, retirement or death to appoint another in his or her place. Any such Receiver may be appointed either before or after the Trustee has entered into or taken possession of all or any part of the Charged Assets.

**14.2 Rights of Receiver:** Following an appointment of a Receiver, the Receiver shall (subject to the provisions of the Act, and the Receiverships Act and except where precluded or limited by law) have power to do all or any of the following which are not specifically excluded by his or her appointment:

**14.2.1 Take Possession:** take possession of, demand, collect, or get in all or any part of the Charged Assets and exercise the rights conferred on Receivers by the Act (and, in particular, section 115 of the Act), and the Receiverships Act, in respect of the Charged Assets;

**14.2.2 Deal with Charged Assets:** deal with and exploit all or any part of the Charged Assets in any manner;

**14.2.3 Dispose of Charged Assets:** dispose of or concur in the disposal of all or any part of the Charged Assets and any interest in the Charged Assets generally upon such terms and conditions as the Receiver may consider necessary or expedient;

**14.2.4 Acquire Property:** acquire an asset or an interest in an asset for inclusion in the Charged Assets;

**14.2.5 Appoint Agents:** appoint and employ officers, managers, employees, advisers, contractors or agents for any purpose and on the terms which the Receiver may consider necessary or expedient;

**14.2.6 Borrow Money:** advance money to, or borrow or raise money from, any person with or without a charge or other security interest over or affecting the Charged Assets;

**14.2.7 Settle Disputes:** bring, defend, submit to arbitration, negotiate, compromise, abandon or settle a claim or a proceeding, or make an arrangement or compromise, in relation to the Charged Assets;

**14.2.8 Execute Documents:** (subject to the Receiverships Act) execute or do, or cause or authorise to be executed or done, on behalf of or in the name of the Council or otherwise and under the common seal of the Council or otherwise, all agreements, acts or things which the Receiver may reasonably consider necessary or expedient in relation to the Charged Assets;

**14.2.9 Give Receipts:** give a receipt for money paid to or an asset received by the Trustee or Receiver (which receipt shall

- 14.6.5 Borrow:** may, for the purpose of defraying any costs, losses, charges or expenses (including his or her remuneration) which shall be incurred by him or her in the exercise of rights vested in him or her, and for all or any other purposes of this Deed raise and borrow money by way of any transaction which is lawfully entered into by the Council on the security of all or any part of the Charged Assets either in priority to the Secured Money and the security created by this Deed as may be permitted by the Act or otherwise, at such rate or rates of interest and generally on such terms and conditions as he or she thinks fit (and no person lending any such money shall be concerned to enquire as to the propriety or purpose of the exercise of this power or to see to the application of any money so raised or borrowed) and for those purposes may execute and do all such assurances and things as he or she thinks fit **PROVIDED ALWAYS THAT** a Receiver shall not exercise any such power without first obtaining the written consent of the Trustee thereto but the Trustee shall incur no responsibility or liability to the lender or otherwise by reason of its giving or refusing such consent whether absolutely or subject to any limitation or condition.
- 14.7 Trustee's Right to Sell Concurrently:** The Trustee may, upon such terms as it thinks proper, join in exercising its rights under this Deed with any other secured creditor of the Council and in particular may on such terms as it thinks proper join in appointing a common Receiver of all or any part of the Charged Assets, subject to the Trustee retaining such priority as is enjoyed by it in respect of the Charged Assets but with liberty for the Trustee to make any arrangement it thinks proper for the purpose of ensuring the respective priorities.
- 14.8 No Liability as Mortgagee in Possession:** The Trustee or any Receiver shall not be liable, by reason of an entry into possession of all or any part of the Charged Assets, to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on reallocation or for any default or omission for which a mortgagee in possession might be liable.
- 14.9 Protection of Third Parties:** No person dealing with the Trustee or any Receiver, or their respective agents, shall be concerned to enquire:
- 14.9.1 Enforceability:** whether the security created by this Deed has become enforceable; or
  - 14.9.2 Right Exercisable:** whether any right exercised or purported to be exercised pursuant to this Deed has become exercisable; or
  - 14.9.3 Money Due:** whether any money remains due upon the security of this Deed; or
  - 14.9.4 Conditions:** as to the necessity or expediency of the conditions subject to which any sale shall be made; or
  - 14.9.5 Property:** otherwise as to the propriety or regularity of any exercise of the powers of conversion; or
  - 14.9.6 Application:** as to the application of any money paid to the Trustee or to any Receiver.

Amount) and interest thereon, as in any case entitled thereto  
**PROVIDED ALWAYS** that:

- (a) the interest payable to each Holder of Security Stock shall be limited to the Priority Interest Amount;
- (b) before making any payment referred to in paragraph (a) above, the Trustee shall, in the case of each Holder of Security Stock but subject to the following provisions, set aside an amount (or the proper proportion thereof in the event of the amount available for distribution and application in accordance with this clause in respect of the abovementioned amounts owing to the Stockholders respectively being less than one hundred cents in the dollar) equal to the aggregate of the contingent liabilities (if any) which are determinate or limited in amount forming part of the Priority Principal Amount in the case of that Security Stock, but so that the amount set aside under this paragraph (b) in respect of any Stockholder shall not, when aggregated with money paid by the Trustee to the Stockholder on account of principal, exceed the Priority Principal Amount for the relevant Stock;
- (c) in the event of all or part of a contingent liability being indeterminate or unlimited in amount, the Trustee shall, subject to the following provisions, set aside as referred to above such amount as shall be nominated by the Holder of the relevant Security Stock as its reasonable estimate of that contingent liability or the proper proportion thereof (in the event of the amount available for distribution and application in accordance with this clause in respect of the abovementioned amounts owing to the Stockholders respectively being less than one hundred cents in the dollar) as the case may be but so that the amount set aside under this paragraph (c) in respect of any Stockholder shall not, when aggregated with money paid by the Trustee to the Stockholder on account of principal, exceed the Priority Principal Amount for the relevant Stock; and
- (d) any amount set aside in accordance with these provisos shall be held by the Trustee and applied in the following manner:
  - (i) each time all or part of a contingent liability becomes an absolute ascertained liability the Trustee shall pay to the Holder of the relevant Security Stock the amount or a proportionate part of such absolute and ascertained liability as referred to above as if the same had been a debt presently payable to such Holder at the Date of Enforcement;
  - (ii) each time any portion of the amount set aside pursuant to these provisos is no longer required for the purposes of paragraph (i) above then it shall become

other information prove to have been incorrect, or for failing to request or obtain such a certificate or other information.

**15.5 Notice of Distribution:** The Trustee shall give not less than 14 days' notice to the Stockholders of the day, place and time fixed for any payment to them under clauses 15.1 or 15.2 and after the day so fixed the Stockholders shall be entitled to interest on the balance only (if any) of the Principal Money owing on the Stock held by them (or in the case of the Security Stock on the actual balance secured thereby) after deducting the amount (if any) payable in respect thereof on the day so fixed.

**15.6 Postponement of Distribution:** If the amount of the money at any time available under clause 15.1 for payment of the Principal Money owing on the Stock is less than ten percent of the amount of such Stock, the Trustee may at its discretion invest that money upon any of the investments authorised in this Deed with power from time to time to vary such investments, and such investments (with the resulting income) may be accumulated until the accumulations together with any other funds for the time being under the control of the Trustee and applicable for the purpose amount to a sum sufficient to pay at least ten percent of the amount of such Stock.

**15.7 Certificates of Indebtedness:**

**15.7.1 Determinations:** For the purposes of determining the appropriate payment to be made to any Stockholder pursuant to clause 15.1, or the voting entitlement of any Stockholder under this Deed, the Trustee may (but need not) require any Stockholder to provide it with a certificate giving details of all amounts of any particular kind due or alleged to be due in respect of the Stockholder's Stock as at any date. The Trustee shall be entitled to rely upon the accuracy and correctness of any such certificate.

**15.7.2 Information:** Each Stockholder shall also provide the Trustee with whatever information it may require for the purpose of this clause 15.7. The Trustee shall incur no liability in so acting or for the consequences of so acting should any such certificate or information prove to have been incorrect, or for failing to request or obtain any such certificate or information.

## **16. ALTERATIONS**

**16.1 Trustee May Consent to Certain Alterations:** Subject to the FMC Act and Financial Markets Supervisors Act (if applicable), the provisions of this Deed or the terms of any Stock may be added to or varied by deed executed by the Council and the Trustee:

**16.1.1 Without Consent:** without the consent of the Stockholders, if in the opinion of the Trustee it is necessary or desirable:

- (a) to correct a manifest error or omission, or it is of a minor, formal or technical nature; or

having a Registered Facsimile Number, its Registered Facsimile Number;

- (b) the Council, shall be given or made to the Council's address or facsimile number stipulated or otherwise advised in accordance with clause 17.1.2; and
- (c) the Trustee, shall be given or made to the Trustee's address or facsimile number stipulated or otherwise advised in accordance with clause 17.1.2.

**17.1.2 Deemed Notice:** Subject to written advice being given as to an alteration of the address and facsimile number for the Council or for the Trustee appearing below their respective signatures to this Deed, a notice shall be deemed to have been given or made (in the case of a notice given or made by facsimile) when transmitted to such facsimile number (as to which a transmission confirmation report showing the transmission of the relevant facsimile in its entirety produced by the transmitting facsimile machine shall be prima facie evidence) and (in the case of a notice given or sent by post) two business days after being placed in the post, properly addressed to such address and postage prepaid. Any notice received or deemed to have been received after 5 pm on a business day, or at any time on a day which is not a business day, shall be deemed not to have been received until 9 am on the next business day.

**17.1.3 Joint Holders:** In the case of joint Holders of Stock, a notice given to any Stockholder in the Register in respect of such holding shall be sufficient notice to all the joint Holders.

**17.1.4 Council:** Any notice to be given by the Council may, where authorised by the Council, be given on its behalf by the Trustee, the Registrar or the Paying Agent.

**17.2 Authenticity of Notices:** The recipient of a notice shall be entitled to rely on, without the need to carry out any investigation or make further inquiry, any notice which purports to have been given by any person pursuant to clause 17.1 and shall not be liable to that person or any other person in any way should any such notice subsequently be proved not to have been authorised by that person or to have been made, given or signed by someone other than an officer, employee, agent or attorney of that person or any solicitor.

**17.3 Registration of Deed:** The Trustee may at the Council's cost, or may require the Council at its own cost to, register or procure the registration and recording of this Deed as may be required by law or as may be necessary to perfect the security interest created by this Deed to give it full legal effect.

**17.4 Release of Trust Deed:** Upon proof being given to the reasonable satisfaction of the Trustee that all Stockholders have been paid or satisfied in respect of both Principal and interest, or that provision for such payment or satisfaction has been made in accordance with the provisions of this Deed and the requirements of any Stock and upon payment or retention of all costs, charges and expenses incurred by or payable to the Trustee or any Receiver in relation to this Deed, and the remuneration of the Trustee and of any Receiver and all other Secured

**IN WITNESS OF WHICH** this Deed has been executed and delivered.

**SIGNED** for and on behalf of **RANGITIKEI DISTRICT COUNCIL** by:

\_\_\_\_\_  
**Elected Member/Councillor**

\_\_\_\_\_  
**Elected Member/Councillor**

Address:  
Rangitikei District Council  
46 High Street  
MARTON 4741

Facsimile: (06) 327 6970  
For: George McIrvine

**SIGNED** by  
**TRUSTEES EXECUTORS LIMITED**  
under its common seal by

-----  
Sign **Authorised Signatory**

-----  
Print name in full

-----  
Sign **Authorised Signatory**

-----  
Print name in full

**Witness to Authorised Signatory's signature:**

**Witness to Authorised Signatory's signature:**

Signature: \_\_\_\_\_  
Print name in full

Signature: \_\_\_\_\_  
Print name in full

Occupation: \_\_\_\_\_

Occupation: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

Address: Level 5, 10 Customhouse Quay, PO Box 3222, Wellington 6140

**Name and Address of Stockholder:** [ ]

**Principal Amount of Stock:** [ words ] [ figures ]

**Interest Rate:** [ ] per cent per annum

**Issue Date:** [ ]

**Redemption Date:** [ ]

**GIVEN** by or on behalf of the Council this [ ] day of [ ]

**[Execution Block]**

**NOTES:**

- (1) The Holder is entitled to the benefit of, is bound by, and is deemed to have notice of, all the provisions of the Trust Deed (including the Conditions) (which may be inspected at the Principal Office of the Council).
- (2) This Certificate must be surrendered to the Council or the Registrar before transfer of the whole or any part of the Stock can be registered, and prior to redemption of the whole or any part of the Stock.
- (3) All sums specified in this Certificate relate to New Zealand currency.
- (4) No interest coupons are issued in respect of the Stock.
- (5) Words and expressions used in this Certificate and in the Conditions shall have the same definition as in the Trust Deed unless otherwise defined or the context otherwise requires.

Registrar will register the transfer in accordance with the Registrar and Paying Agency Agreement (as defined in the Trust Deed) and will recognise the transferee as the Holder entitled to the amount of Stock comprised in the transfer;

- (c) all instruments of transfer which are registered will be retained by the Council or the Registrar, but any instrument of transfer which the Registrar may decline (on reasonable grounds) to register shall be returned to the person who has delivered the same together with the reasons for non-registration;
- (d) the Registrar shall not be obliged to, but may, register any transfer of Stock during the period between the Registrar's close of business on the Record Date immediately preceding the date for repayment of the Principal Money (or any part of the Principal Money) or payment of interest and the date for repayment of the Principal Money (or any part of the Principal Money) or payment of interest, or the period between the Registrar's close of business on the date 14 days before any meeting (inclusive of the date on which such meeting is held) of Stockholders is convened in accordance with the Trust Deed and the date of such meeting. For the purposes of these Conditions, **Record Date** means the tenth day before the relevant date for payment of any Principal and/or interest in respect of any Stock or, if such day is not a business day then such day as determined by the Paying Agent in accordance with its usual practice;
- (e) no fee shall be charged by the Council for the registration of a transfer;
- (f) the Council, the Trustee, the Paying Agent and the Registrar will recognise only the Holder as the absolute owner thereof and, except as ordered by a court of competent jurisdiction or by statute, shall not be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Stock may be subject. The receipt of such Holder, or in the case of joint Holders the receipt of any of them, of the Principal Money and the interest from time to time accruing due in respect thereof or for any other money payable in respect thereof, or the compliance with the payment directions of the Holder or any one of joint Holders, shall be a good discharge to the Council, the Trustee, the Paying Agent or the Registrar, as the case may be, notwithstanding any notice it may have whether express or otherwise of the right, title, interest (including security interest) or claim of any other person to or in respect of such Stock, interest or money. No notice of any trust express, implied or constructive, nor of any security interest, shall be entered on the Register in respect of any Stock,

provided that the requirements for transfer in paragraphs (b), (c) and (d) shall not apply to the extent that the Council and the Registrar agree a different method of transfer either with the Trustee or, in respect of a particular transfer, with the relevant transferor and transferee.



*re-exchanges, legal expenses and other usual and proper banking and/or commercial charges];*

*[\*The words in the above brackets may be varied to suit the particular circumstances for which Security Stock is issued.]*

*[\*\*This bracketed wording to be used where the security is only for obligations under one or more specified agreements.]*

3. **THE** Stock is issued on the special condition that at any date (**Relevant Date**) the Stock shall secure as the Priority Total Amount not more than:

(a) as principal the lesser of:

(i) the aggregate amount (as finally determined) of all the liabilities, advances and other accommodation or obligations referred to in clause 2 of this Certificate at the Relevant Date, including capitalised interest owing at the Relevant Date but excluding any uncapitalised interest owing at the Relevant Date; and

(ii) the nominal amount of the Stock,

(such lesser amount being referred to in this Certificate as the **Priority Principal Amount**); and

(b) as interest, all interest payable to the Holder on the principal referred to in paragraph (a)(i) above (up to the Priority Principal Amount) but excluding any interest (except to the extent that it is capitalised into the Priority Principal Amount) which has been due and owing since a date more than six months prior to the Date of Enforcement, and if the amount referred to in paragraph (a)(i) above exceeds the amount referred to in paragraph (a)(ii) above, the Holder may, in its sole discretion, determine which of the liabilities, advances, accommodation and obligations secured by the Stock the Priority Principal Amount is applied to the payment of, and the interest referred to in this paragraph will be calculated on that basis,

**AND** upon any distribution of the money available to Stockholders pursuant to the provisions of clause 15 of the Trust Deed the Stock shall entitle the Holder to payment pari passu with the other Stockholders in respect only of their Priority Principal Amount together with interest calculated pursuant to the provisions of paragraph (b) above **PROVIDED ALWAYS** in the event of the amount referred to in paragraph (a)(i) above exceeding the Priority Principal Amount then the aggregate of the following amounts:

(i) such excess (if any);

(ii) the interest owing in respect of such excess; and

(iii) any other interest as Secured Money but excluded pursuant to paragraph (b) above,

shall rank for payment subsequent to the Priority Total Amounts of the other Stockholders but pari passu with any amounts as referred to in the equivalent to this proviso in Security Stock Certificates held by other Stockholders (and as consistent with clause 6.3.1(c) of the Trust Deed);

all in accordance with the Trust Deed (including the Conditions).

## CONDITIONS

1. **SUBJECT** as herein provided, the Holder of the Stock is entitled *pari passu* and rateably with the holders of all other Stock constituted by the Trust Deed to the benefit of, and is subject to, the provisions of the Trust Deed (including the Conditions).
2. **EVERY** Holder shall, as a condition precedent to receiving payment of the amount of Stock comprised in the Holder's Stock Certificate produce, in the case of part payment, and surrender, in the case of payment in full, such Stock Certificate to the Council or the Registrar or, in case of contemplated payment by the Trustee or the Paying Agent on behalf of the Council, to the Trustee or the Paying Agent as the case may require **PROVIDED ALWAYS** that this Condition shall not preclude payment by the Council, the Trustee or the Paying Agent, on behalf of the Council with the consent of the Council, without production of such Certificate if the Council or the Trustee so elects. Upon payment in part, the Certificate shall be, or be deemed to be, endorsed accordingly and returned to the Holder, and upon payment in full, the Certificate shall be deemed to have been cancelled and surrendered to the Council. This Condition shall not apply if the Trustee requires payment to it of the Principal Money in respect of any Stock in accordance with the provisions of the Trust Deed.
3. **INTEREST** payable shall, where it has not earlier ceased to accrue, cease to accrue on the money secured by any Stock from the date fixed for payment of the Principal Money unless upon production of this Certificate the Council wrongfully fails to make payment in which case interest shall run until actual redemption or payment. This condition shall not apply if the Trustee requires payment to it of the Principal Money or interest in respect of any Stock in accordance with the provisions of the Trust Deed.
4. **EVERY** Holder will be recognised by the Council, the Paying Agent and the Registrar as entitled to its Stock and to the Principal Money and interest payable thereon free from any equity, security interest, set-off or cross-claim or counter-claim between the Council and the original or any intermediate holder of the Stock (not being the Holder).
5. **THE** Stock may, to the same extent as the debts, liabilities, advances or other accommodation or obligations to which it relates, be transferred in accordance with the Trust Deed by an instrument in writing in the usual or common form, and the following provisions shall apply:
  - (a) every instrument of transfer must be executed by the transferor in the manner required by the Council or the Registrar or as required by the FMC Act and the transferor shall be deemed to remain the owner of the Stock until the name of the transferee is entered in the Register (as defined in the Trust Deed) in respect thereof;
  - (b) every instrument of transfer must be left at the registered office of the Registrar for registration accompanied by any Certificate in respect of the Stock to be transferred and such other evidence as the Council or the Registrar may require to prove the title of the transferor or its right to transfer the Stock. Upon being satisfied as to the due execution of the transfer, and the due compliance with the provisions of any Act relating to stamp duties, the Registrar will register the transfer in accordance with the Registrar and Paying Agency Agreement (as defined in the Trust Deed) and will recognise the transferee as the Holder entitled to the amount of Stock comprised in the transfer;

## FIRST SCHEDULE

### PART III

Stock Certificate No: [ ]

**RANGITIKEI DISTRICT COUNCIL**  
(the Council)

**Principal Office:** Rangitikei District Council  
46 High Street  
MARTON 4741

**Stock Transfer Office:** Link Market Services Limited  
Level 11  
Deloitte Centre  
80 Queen Street  
AUCKLAND 1010  
(the Registrar and Paying Agent)

**[Description of Stock Issue]**

#### Security Stock Certificate

The Security Stock referred to in this Certificate is Security Stock constituted and secured by a debenture trust deed (**Trust Deed**) dated on or about [ ] between the Council and Trustees Executors Limited and is issued with the benefit and subject to the provisions of the Trust Deed, the conditions endorsed on and/or otherwise applicable to such Stock and this Certificate, including the further conditions (included in the term **Conditions**).

#### THIS IS TO CERTIFY THAT

1. *[name of holder]* (**Holder**) will, upon registration of the Stock pursuant to the Trust Deed, be the registered Holder of Security Stock (**Stock**) in a nominal amount equal to the aggregate amount, from time to time, of the liabilities, advances and other accommodation or obligations referred to in clause 2 of this Certificate;
2. **SUBJECT** to the provisions of clause 3 of this Certificate, the Stock is issued by way of continuing security for *\*[the due payment and satisfaction to the Holder of all liabilities of the Council to the Holder \*\*[in respect of [insert details of specific agreement(s)] (Agreement(s))]* whether incurred before or after the issue of the Stock and whether matured or not and whether incurred by the Council alone or jointly with others and whether as principal or surety and whether absolute or contingent and whether incurred within or outside the scope of the relationship of banker and customer and shall include, but not by way of limitation, liabilities in respect of advances and in respect of cheques, bills, notes and other negotiable or non-negotiable instruments drawn, accepted, endorsed or guaranteed and in respect of interest (whether capitalised or otherwise compounded or current) and as regards current interest including interest on capitalised interest or on interest otherwise

**NOTES:**

- (1) The Holder is entitled to the benefit of, is bound by, and is deemed to have notice of, all the provisions of the Trust Deed (including the Conditions) (which may be inspected at the Principal Office of the Council).
- (2) This Certificate must be surrendered to the Council or the Registrar before transfer of the whole or any part of the Stock can be registered.
- [(3) All sums specified in this Certificate relate to New Zealand currency.]
- (4) Words and expressions used in this Certificate and in the Conditions shall have the same definition as in the Trust Deed unless otherwise defined or the context otherwise requires.

- (f) the Council, the Trustee, the Paying Agent and the Registrar will recognise only the Holder as the absolute owner thereof and, except as ordered by a court of competent jurisdiction or by statute, shall not be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Stock may be subject. The receipt of such Holder, or in the case of joint Holders the receipt of any of them, of the Principal Money and the interest from time to time accruing due in respect thereof or for any other money payable in respect thereof, or the compliance with the payment directions of the Holders or any one of joint Holders, shall be a good discharge to the Council, the Trustee, the Paying Agent or to the Registrar, as the case may be, notwithstanding any notice it may have whether express or otherwise of the right, title, interest (including security interest) or claim of any other person to or in respect of such Stock, interest or money. No notice of any trust express, implied or constructive, nor of any security interest, shall be entered on the Register in respect of any Stock,

provided that the requirements for transfer in paragraphs (b), (c) and (d) shall not apply to the extent that the Council and the Registrar agree a different method of transfer either with the Trustee or, in respect of a particular transfer, with the relevant transferor and transferee.

by direct credit or other payment means as notified in writing to the Paying Agent by the Council or the Stockholder. Any such notice shall be deemed to be automatically cancelled on transfer of the Stock.

7. **IF** several persons are entered in the Register as joint Holders of any Stock then without prejudice to condition 6 above the receipt, or compliance with the payment directions, of any one of such persons for any Principal Money (or any part of the Principal Money) or interest or other sums from time to time payable on or in respect of such Stock shall be as effective a discharge to the Council, the Registrar, the Paying Agent and the Trustee as if the person signing such receipt or giving such payment directions were the sole registered Holder of such Stock.
8. **IF** the date for any payment in respect of the Stock is not a business day, payment shall be made on the next succeeding business day and no additional interest or other sum shall be paid in respect of any period during which payment is so delayed.
9. **THE** Stockholder must at all times comply with, and not expose the Council or the Trustee to any immediate or possible liability under or in respect of, the FMC Act or any other law applicable to the advertising, offering, sale or transferring of Stock.
10. **THE** obligations of the Council in respect of the Stock may only be enforced in the circumstances provided for, and in accordance with the terms of, the Trust Deed.

Words and expressions in these further conditions shall have the same meaning as in the Trust Deed unless otherwise defined or the context otherwise requires.

wishes to make in relation to the meeting and the matters to be considered thereat.

- 4.2** (a) Notice of every meeting of Stockholders shall be given in the manner provided herein and in clause 17 of the Trust Deed to:
- (i) every Holder of Stock who is entered on the Register on the day two working days before the notice is sent; and
  - (ii) every legal personal representative or an assignee in bankruptcy or liquidator of a deceased or bankrupt Stockholder or Stockholder in liquidation who, but for the Stockholder's death or bankruptcy or liquidation would have been entitled to receive notice of the meeting.
- (b) Notice of every meeting shall be given to:
- (i) each Holder of Registered Stock whose Registered Address is in New Zealand, by ordinary post;
  - (ii) each Holder of Registered Stock whose Registered Address is outside New Zealand, by airmail post;
  - (iii) each Holder of Bearer Stock in such manner as may be provided in the Trust Deed or the conditions of such Bearer Stock;
  - (iv) every councillor of the Council;
  - (v) each other person required to be given notice by law.
- 4.3** In the case of any Extraordinary Resolution to be proposed at a meeting, the Council shall, at least 10 working days (or any lesser period approved by the Trustee) before Council gives notice of the meeting, provide to the Trustee a draft of the proposed notice of the meeting.
- 4.4** At least fifteen working days' notice (or such shorter period as the Trustee and Council shall otherwise agree) of every meeting shall be given to the Stockholders entitled to receive notice of the meeting. The notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given. The notice shall specify the place, day and hour of the meeting and the general nature of the business to be transacted (in sufficient detail to enable a Holder to form a reasoned judgment in relation to it) thereat but it shall not be necessary to specify in the notice the terms of any resolution to be proposed at the meeting except in the case of a resolution proposed to be passed as an Extraordinary Resolution in which case (except in respect of any notice to Holders of Bearer Stock) the text of the proposed resolution shall be set out (together with any of the Trustee's comments on the Extraordinary Resolution). The notice must also set out the right of a Holder to appoint a proxy and any authorised person with respect to voting under clause 14.10.

6. **Right to Speak:** Any director, officer of or solicitor for, the Trustee or any other person authorised in that behalf by the Trustee and any officer of, or solicitor for, the Council or any other person authorised in that behalf by the Council, may attend any meeting and all such persons shall have the right to speak at the meeting.
7. **Chairman:** A person nominated in writing by the Trustee shall preside at every meeting and if no such person is appointed, or if at any meeting the person nominated is not present within fifteen minutes after the time appointed for holding the meeting, the Stockholders present shall choose one of their number to be chairman.
8. **Adjournment:**
  - 8.1 The chairman may, with the consent of any meeting at which a quorum is present and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place.
  - 8.2 No business shall be transacted at any adjourned meeting except business which might have been lawfully transacted at the meeting from which the adjournment took place.
9. **Authority to Vote:** The person registered as a Stockholder in the Register shall be exclusively entitled to vote in respect of the Stock recorded as owned by that person provided however that a Stockholder who is an individual may vote personally or by his or her representative (being, for the purposes of this Schedule, a person either appointed by way of proxy or by power of attorney) and a Stockholder which is a company may vote by its representative (being, for the purposes of this Schedule, a person appointed either by way of proxy or by power of attorney or being a person authorised by the relevant provisions of the Companies Act).
10. **Proxies:**
  - 10.1 The instrument appointing a proxy shall be in writing signed by or, in the case of an electronic notice, sent by the appointor or by the appointor's attorney duly authorised in writing or, if the appointor is a company, either under its seal or signed by an officer or attorney so authorised or by any director, secretary, general manager, investment manager or other person who has actual authority to appoint a proxy on behalf of such company.
  - 10.2 A person appointed to act as a proxy need not be a Stockholder and has the right to speak at a meeting of Stockholders.
  - 10.3 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a copy of such power or authority certified by a solicitor or Notary Public or in such other manner as the Trustee shall approve, shall be either deposited at such place as the Trustee, or the Council with the approval of the Trustee, may in the notice convening the meeting direct or (if no such place is appointed) then at the principal office of the Council not less than forty-eight hours (or such shorter period as the Council may nominate in the notice convening the meeting) before the time appointed for holding the meeting or adjourned meeting at which the person named in the



powers on behalf of the company as that company could exercise if it were an individual Stockholder and shall be entitled to produce evidence of that person's authority to act at any time before the time appointed for the holding of, or at the meeting or adjourned meeting or for the taking of a poll at which that person proposes to vote.

**13. Rights of Representatives:**

**13.1** A representative shall have the right to speak at the meeting and to demand or join in demanding a poll and shall (except when 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 (or adjourned meeting) for the Stockholder concerned.

**13.2** The Trustee and any officer of the Trustee may be appointed a representative.

**14. Voting Procedure:**

**14.1** A resolution put to the vote at a meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, the Council or by the Trustee or any person acting on behalf of the Trustee or by any Stockholder. Unless a poll is so demanded, a declaration by the chairman that a resolution has been carried, carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. The chairman must take account of votes made pursuant to clause 14.10 in compliance with clause 11(6) of Schedule 11 of the FMC Regulations (if applicable).

**14.2** If a poll is duly demanded it shall be taken in such manner as the chairman may direct and the result of such poll shall be deemed to be the resolution of the meeting at which the poll is demanded.

**14.3** 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 takes place or at which the poll is demanded shall be entitled to a casting vote in addition to any other votes to which the chairman may be entitled.

**14.4** A poll demanded on the election of a chairman other than the nominee of the Trustee or on a question of adjournment shall be taken immediately. A poll demanded on any other question shall be taken either immediately or at such time (not being more than thirty days after the date of the meeting) and place as the chairman may direct. The result of such poll shall 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.

**14.5** The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

**14.6** On a poll votes may be given either personally or by representative. On a poll a person entitled to more than one vote need not use all its votes or cast all the votes it uses in the same way.

- (c) sign a certificate that it has carried out the duties set out in paragraphs 14.11(a) and (b) above and that sets out the results of the counts required by paragraph 14.11(b); and
  - (d) ensure that the certificate required by paragraph 14.11(c) above is presented to the chairman.
- 15. **Disqualification:** No Stockholder shall be entitled to be present or to vote on any question, either personally or by representative, and no person shall be entitled to be present or to vote by representative for any Stockholder at any meeting or upon a poll or be reckoned in a quorum in respect of any Stock held by such Stockholder, whether alone or jointly, whilst any call or other sum shall be due and payable to the Council in respect of any such Stock.
- 16. **Powers Exercisable by Extraordinary Resolution:** Without limiting the rights conferred on the Trustee by the Trust Deed, and subject to the proviso to this paragraph 16, a meeting of the Stockholders shall, in addition to all other rights which by the Trust Deed are specified as exercisable by Extraordinary Resolution, have the following rights exercisable by Extraordinary Resolution, namely right to:
  - (a) sanction either unconditionally or upon any conditions:
    - (i) the release of the Council from the payment of all or any part of the money secured by the Trust Deed; or
    - (ii) the surrender or release of the whole or any part of the Charged Assets;
  - (b) sanction the exchange of Stock for, or the conversion of Stock into shares, stock, debentures, debenture stock or other obligations or securities of the Council or any company or entity formed or to be formed;
  - (c) postpone, or with the concurrence of the Council accelerate, the day when the Principal Money of the Stock shall become payable and suspend or postpone for a time the payment of interest on the Stock;
  - (d) sanction any variation, release, waiver or compromise or any arrangement in respect of the rights of the Stockholders against the Council or against its assets howsoever such rights shall arise;
  - (e) assent to any variation or addition to or waiver of the provisions contained in the Trust Deed or any deed or other instrument collateral or supplemental thereto, or the conditions attaching to the Stock, proposed or agreed to by the Council;
  - (f) give any sanction, assent, release or waiver of any breach or default by the Council under any of the provisions of the Trust Deed;
  - (g) authorise the Trustee or any Receiver, where it shall have entered into possession of the Charged Assets or any part thereof, to give up possession of the same to the Council either unconditionally or upon any condition;

- 20. Only Persons on Register Recognised by Council:** The persons registered as Stockholders in the Register, and no other person or persons, shall be recognised and treated as the legal holders of the Stock therein mentioned whether such persons are or are not in fact the owners thereof. For the purpose of establishing voting entitlements at a meeting the Register shall be closed as of close of business one day prior to the final date proxies may be received pursuant to paragraph 10.3.
- 21. Classes of Stock:**
- 21.1** In addition to meetings of Stockholders in general, meetings of Classes of Stockholders may be held, and the provisions of this Second Schedule shall apply to any meeting of a Class of Stockholders as if references to "Stockholders" were references to Stockholders in that Class of Stockholders only and references to "Stock" were references to the relevant Class of Stock only.
- 21.2** A power which may be exercised by Stockholders by Extraordinary Resolution may only be exercised by an Extraordinary Resolution of a Class of Stockholders if the Trustee agrees, acting reasonably, that the exercise of that power only affects that Class of Stockholders, unless each affected Class of Stockholders passes the same, or substantially the same, Extraordinary Resolution.
- 21.3** The references to Extraordinary Resolution in clauses 11.10, 11.12.1, 11.12.2, 13.1 and 14.1 shall be read as references to an Extraordinary Resolution passed by Stockholders generally and not by one or more Classes of Stockholders only.

Unless otherwise defined or the context otherwise requires, terms with a defined meaning in the Trust Deed shall have the same meaning where used in this Certificate.

**Dated:**

---

Chief Executive  
Rangitikei District Council

5. [For the purposes of paragraph [4] of this Certificate, I have considered in particular:

- (a) the liability of the Council under the Security Stock Certificate(s) issued with a floating nominal amount;
- (b) the likelihood of the liabilities secured by those Security Stock Certificates being called on; and
- (c) the ability of the Council to recover or recoup from other parties in relation to any payments that the Council would be required to make in respect of those Security Stock Certificates.]

*[delete this paragraph if no Security Stock Certificate has been issued with a floating nominal amount]*

\*6. Since the date on which the last Reporting Certificate containing this certification was given [or on the case of the first Reporting Certificate, since the date of the Trust Deed] the Council has complied in all material respects with all the material provisions, covenants and obligations under the Trust Deed, and I am not aware of any reason [am aware of the following reasons/of reasons which have already been advised to the Trustee] why in the period of twelve months from the date of this Certificate the Council will not so comply with such provisions, covenants and obligations.

This Certificate is given by me as Chief Executive of the Council in good faith on behalf of the Council and I shall have no personal liability in connection with the issuing of this Certificate.

**Dated:**

\_\_\_\_\_  
Chief Executive  
Rangitikei District Council

*[\* These paragraphs are not required in a Reporting Certificate provided to the Trustee in respect of the end of the first and third quarters of the Council's financial year. Paragraph numbering should be updated accordingly.]*

## *Appendix 2*



**Dated:**

**REGISTRY CUSTOMER AGREEMENT**

between

**RANGITIKEI DISTRICT COUNCIL**

and

**LINK MARKET SERVICES LIMITED**

## REGISTRY CUSTOMER AGREEMENT

**AGREEMENT** dated

**RANGITIKEI DISTRICT COUNCIL LIMITED** ('Rangitikei District Council' or 'the Council') of 46 High Street, Marton 4741

**AND**

**LINK MARKET SERVICES LIMITED** ('LINK' or 'Registrar') of Level 11, Deloitte Centre, 80 Queen Street, Auckland

### **RECITALS**

The Council has requested that Link provide, and Link has agreed to provide, the Services to the Council on the terms and conditions of this agreement.

## **1. DEFINITIONS AND INTERPRETATION**

### **1.1 Definitions**

In this agreement, the following words and phrases have the meanings as set out below unless a contrary intention appears:

**'Amounts Payable'** means, on any date, the amount of interest (if any), principal or any other amount due to be paid to Holders of the Securities on that date under the Issue Documentation.

**'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 to enable the payment of that interest to be made to any non-resident for tax purposes with a deduction for New Zealand non-resident withholding tax at the rate of zero percent pursuant to section RF 12 of the Income Tax Act 2007 (or its successor provisions).

**'Authorised Signatory'** means, subject to clause 14, a person appointed by the Council and specified in Schedule B.

**'Business Day'** means a day (other than a Saturday or Sunday) that the NZX are open for trading.

**'Computer Systems'** means the computer systems required by clause 9.1.

**'Conditions'** means the terms and conditions applicable to any Securities as set out in the relevant Issue Documentation.

**'Confidential Information'** means the databases, computer programs, screen formats, screen designs, report formats, interactive design techniques, and other related information furnished to



**'Holder'** means a person or, as the case may be, persons in whose name Securities are or were inscribed in the Register and **'Holding'** has a corresponding meaning.

**'Issue Documentation'** means:

- (a) the Debenture Trust Deed;
- (b) the Multi-Issuer Deed ( from the date on which the Council accedes to it);
- (c) the Issue Notices for any securities; and
- (d) any other agreement entered into by the Council pursuant to which Securities are able to be constituted and issued by the Council and which the Council and Link agree to be **'Issue Documentation'**. **'Issue Notice'** means a notice in the form set out in Schedule D or any other substantially similar form or any other form agreed between the parties.

**'Liabilities'** means Link Liabilities and/or the Council Liabilities as the case may be.

**'Link'** includes, where the context permits, any delegate or agent that Link appoints in accordance with this agreement.

**'Link Liabilities'** includes:

- (a) Taxes, costs, expenses, liabilities, fees or any other amount incurred or payable by Link under this agreement;
- (b) the disbursements set out in the Fee Schedule;
- (c) Link's fees payable pursuant to clause 6;
- (d) any sum or amount in respect of which Link is entitled to be indemnified for under clause 11; and
- (e) any amount Link is entitled to be paid or reimbursed under clause 11.

**'Link Liability Limit'** means the greater of:

- (a) \$200,000; or
- (b) the amount of fees paid by the Council to Link under this agreement during the past 12 month period.

**'Multi-Issuer Deed'** means the multi-issuer deed the New Zealand Local Government Funding Agency Limited and various local authorities dated 7 December 2011 (as amended, supplemented or restated from time to time).

**'Non-standard Services'** means the services not specified in Schedule A, including corporate actions (such as takeovers or buy-backs) and additional projects.

**'Security'** means those securities issued by the Council under the Issue Documentation, including:

- (a) "Stock" as defined in the Debenture Trust Deed; and
- (b) "Securities" as defined in the Multi-Issuer Deed.

**'Services'** means the Standard Services and the Non-standard Services.

**'Standard Services'** means the services set out in clause 2.3 and more specifically set out in Schedule A.

**'Taxes'** includes any present or future tax, levy, impost, rate, duty, 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 and any interest, penalty, charge, fee, or other amount imposed or made on or in respect of any of the foregoing.

## **1.2 Interpretation**

In this agreement unless the context otherwise requires:

- (a) headings have been inserted only for convenience and do not affect the interpretation of this agreement;
- (b) a reference to any document includes reference to that document's attachments and schedules, the whole as amended from time to time;
- (c) a reference to a statute, ordinance, code or other law includes reference to the corresponding regulations, instruments, class orders and policy statements in all instances as amended, consolidated, re-enacted, replaced or re-written;
- (d) a reference to the parties, where relevant, includes their respective successors or permitted assigns;
- (e) the singular includes the plural and vice-versa;
- (f) words and expressions importing one gender include all other genders;
- (g) 'include' and any variation of it means including without limitation and does not exclude a reference to other items, whether of the same class or genus or not;
- (h) 'month' and any variation of it means a calendar month (whether or not beginning on the first day of the month);
- (i) 'person' includes a natural person, a firm, a body corporate, an unincorporated association or an authority and vice versa;
- (j) where a word or phrase is given a defined meaning in this agreement, any other part of speech or grammatical form in respect of such word or phrase has a corresponding meaning; and

- (h) holding RWT Exemption Certificates (or copies thereof) and similar documents received from Holders.

## **2.4 Other services**

The Registrar shall also perform such other services for the Council, whether or not of a similar nature to those referred to in clause 2.3 or Schedule A, as the Registrar may agree to perform from time to time, on such terms and conditions as the Registrar may agree.

## **3. THE REGISTER**

### **3.1 Establish Register**

From the Effective Date, Link establishes and maintains the Register on behalf of the Council.

### **3.2 Location of Register**

Link must keep the Register at its principal place of business in Auckland or at such other place in New Zealand as may be agreed by the Council and Link (such agreement not to be unreasonably withheld).

## **4. USE OF EXTERNAL SERVICE PROVIDERS**

### **4.1 Use of Service Providers**

- (a) In performing the Services, Link may in its discretion appoint and use the services of external service providers where Link considers the appointment to be necessary or expedient to assist Link in carrying out its obligations under this agreement.
- (b) the Council's consent is not required in relation to Link's use of any services provided by a holding company or subsidiary of Link, as defined in the Companies Act 1993.
- (c) Link will be responsible to the Council for the acts, omission or defaults of any external service provider appointed by Link, unless directed to use a particular service provider by the Council.

## **5. CORRECT INFORMATION**

- (a) The Council must use its best endeavours to supply Link with accurate and complete information to enable Link to perform the Services.
- (b) Link has no obligation to question or confirm the accuracy or completeness of any information provided to it by the Council or any other person including but not limited to Holders.

## **8. PAYMENTS ON BEHALF OF ISSUER**

### **8.1 Payment of Amounts Payable**

The Registrar shall pay, or cause to be paid, (subject to the provisions of clause 18 (taxes)) on behalf of the Council all payments of Amounts Payable on Securities on the relevant Payment Date in New Zealand and otherwise in accordance with the written instructions of the Holders appearing in the Register at the relevant Record Date.

### **8.2 Notice of Amounts Payable**

Not less than five days before a Payment Date for any Securities, the Registrar shall give the Council written notice of the Amounts Payable on that Payment Date.

### **8.3 Issuer Payment**

By no later than 12.00 noon (New Zealand time) on a Payment Date for any Security, the Council shall arrange for payment to be made, or make payment of, the Amounts Payable in respect of that Security to the NZClear Account. The Registrar acknowledges that any payments from the Council of the Amounts Payable shall not constitute the property of the Registrar for any purpose other than the payment to the Holders as herein contemplated, shall at all times be held on trust for that purpose, and, in the event of frustration of that purpose for any reason, shall be returned immediately and in full to the Council.

### **8.4 No Set-Off**

The Registrar shall not exercise any lien, or right of set-off over any moneys received by it pursuant to clause 8.3, or combine or consolidate those moneys with any other money or account.

### **8.5 Notice of Payment Date**

In setting the corporate financial calendar, the Council will ensure that there is a minimum of 10 calendar days between the Record Date for a payment and the date that payment is required to be made by Link under clause 8.1.

## **9. RECORDS AND INFORMATION**

### **9.1 Computer Systems**

Link agrees to formulate, install, implement, maintain and keep on-line computerised systems recording the transactions and matters contemplated by this agreement.

### **9.2 Full details of transactions**

The Records, including those maintained on the Computer Systems, must include details of any transaction or matter to be recorded in the Register by Link and must show each payment or

## **9.5 Inspection of Register**

Link shall, at all reasonable times during office hours, subject to any applicable laws or regulations, make the Register available to the Council and the Holders and any person authorised by the Council, in each case for inspection and for taking copies. Link shall deliver to the Council or any person authorised by the Council on request, any list of Holders, their addresses and holdings, as may be requested. Without limitation, Link must disclose to a Holder, as soon as practicable following any request by that Holder, such particulars on the Register relating to Securities registered in the name of that Holder as the Holder has requested.

## **10. TERM AND TERMINATION**

### **10.1 Initial Term**

This agreement commences on the Effective Date for a period to and including a date 7 years from that date ('Initial Term').

### **10.2 Renewal**

At the expiry of the Initial Term and each succeeding year, the agreement is automatically renewed for a further year ('Renewal Term') unless terminated in accordance with clause 10.3.

### **10.3 Time of Termination**

Either party may terminate this agreement at any time by giving at least 60 days' notice (or such other period as the parties agree) in writing. No such termination may take effect within 15 days of any Payment Date.

### **10.4 Events on Termination**

Upon any termination of this agreement for any reason (including default of either party), Link must provide to the new registrar all Records (other than copies of this agreement) and use its reasonable endeavours to assist the new registrar promptly to take over all the functions of Link under this agreement in an orderly manner. Further, Link must provide to the new registrar all files, records, ledgers and documentation and all stationery or office materials particular to the Council or the operation of the Register, and all other material of any kind which are the property of the Council. Upon or prior to any termination of the Registrar becoming effective, the Council must pay all Link Liabilities due but unpaid and all reasonable "out of pocket" fees (including legal fees) incurred by Link in transferring the Records and other materials as contemplated by this clause.

### **10.5 Obligations surviving Termination**

Notwithstanding any other provision of this agreement clauses 10.4, 11, 12 and 13 shall survive the termination of this agreement for any cause whatsoever.

11.4.2 Any liability of Link arising as a result of its misapplication of the Issuer's funds, whether deliberate or accidental, shall not be subject to the limitations contained in clause 11.4.1.

#### **11.5 No liability to agents**

Neither party is liable to an agent of the other party in any circumstances.

#### **11.6 No liability to holders of securities**

Link is not liable in any way to the Holder of any Security or any person who holds a lien, charge or any other legal or equitable interest over such Security.

### **12. KEEPING RECORDS**

**12.1** Link will retain all Records for completed transactions:

- (a) for a period of 7 years after the completion of the transactions to which the Records relate unless otherwise agreed between the parties; or
- (b) until the later of the date of termination of this agreement and the date on which it has complied with its obligations under clause 10.4,

whichever is the sooner.

**12.2** Link may destroy hard copies of Records held by it after 6 years (or such lesser period as agreed between the parties) if it has produced legible microfilm records of those Records or other records in such other form as may be agreed by the Council.

**12.3** Link must comply with all statutory obligations imposed upon it in relation to the retention of the Records and, to the extent that those obligations are inconsistent with the provisions of this agreement, it will comply with the statutory obligations.

**12.4** Link must maintain data storage facilities for the Records.

### **13. DISCLOSURE AND CONFIDENTIALITY**

#### **13.1 Disclosure**

The Registrar must disclose to a Holder, as soon as practicable following any request by that Holder, such particulars on the Register relating to the Securities registered in the name of that Holder as the Holder has requested.

#### **13.2 Confidential Information**

Subject to clause 13.1, each of the Council and Link:

- (a) agrees that it will treat as confidential the terms and conditions of this agreement and acknowledges the Confidential Information is passed to and received by it in the strictest confidence;

#### **14.2 Link entitled to rely**

Link is entitled to rely on the authenticity of the signatures and instructions given or purported to be given by the Council's Authorised Signatories and Link is not liable for any claim, damage, cost, expense, loss liability or demand arising from that reliance.

#### **14.3 Additions and deletions to list**

The Council must advise Link of any addition to, or deletion from, Schedule B by written notice signed by two Authorised Signatories who are not the subject of the variation or signed in such other manner as is satisfactory to Link in its reasonable discretion.

#### **14.4 Date variation takes effect**

Any variation of Schedule B takes effect on the date that Link provides written acknowledgment of receipt of the variation notice, which it must promptly provide.

### **15. LINK'S SERVICES NON EXCLUSIVE**

The services and appointment of Link under this agreement are not exclusive. Link is free to provide similar services to others, and is not obliged to disclose to the Council anything which comes to its notice in the course of providing services to others, in its general business operations or otherwise than in the performance of this agreement. The Council is free to obtain from others, services similar to the services provided by Link under this agreement.

### **16. LINK'S REPRESENTATIONS AND WARRANTIES**

Link represents and warrants to the Council as at the date of this agreement and during the term of this agreement that:

- (a) it will perform the Services in accordance with the Performance Standards;
- (b) it has the power, skill, facilities, financial ability and staff to enter into and perform its obligations under this agreement, and has duly executed this agreement so as to constitute the valid and binding obligations of Link;
- (c) it has all the power to enter into and perform this agreement and has obtained all necessary consents and corporate authorisations to enable it to do so;
- (d) it holds such licences and authorities as are necessary to lawfully perform its obligations under this agreement;
- (e) in the ordinary course of provision of the Services, it will comply with all applicable requirements specified by NZX; and
- (f) it will have in place from the date of signing by the parties of this agreement, and maintain at all times during the term of this agreement, policies of fidelity insurance and

- (b) is not carrying on business in New Zealand through a fixed establishment (as defined in the Income Tax Act 2007) in New Zealand;
- (c) is not an associated person (as defined in the Income Tax Act 2007) in respect of the Issuer; and
- (d) is not (or, where the Holder is not the beneficial holder of the Securities, no person who beneficially derives interest under the Securities is) deriving interest under the Securities jointly with one or more persons, where, in either case, one or more of whom are resident in New Zealand for tax purposes (as defined in the Income Tax Act 2007) or carrying on business in New Zealand through a fixed establishment in New Zealand (as defined in the Income Tax Act 2007),

and the Holder has not otherwise agreed with Rangitikei District Council (or the Registrar on its behalf), the Registrar shall deduct Approved Issuer Levy from the part of each payment made to that Holder which comprises interest and will pay the net amount to the Holder. For the avoidance of doubt, if Rangitikei District Council (or the Registrar on its behalf) is not entitled to deduct Approved Issuer Levy from any payment of interest to a Holder, clause 18.1 will apply.

#### **18.4 Statement**

The Registrar shall send to a Holder at the same time as it makes payment of any Amounts Payable to that Holder, a statement advising the gross amount paid and the amount of any deduction or withholding made from that amount for, or on account of, New Zealand resident or non-resident withholding tax or Approved Issuer Levy. In the case of a deduction of New Zealand resident withholding tax, the statement shall be prepared so as to constitute a resident withholding tax deduction certificate in terms of the Income Tax Act 2007 and the Tax Administration Act 1994 and shall include (without limitation) the information set out in section 25(6) of the Tax Administration Act 1994. The Registrar shall provide to Rangitikei District Council a summary and reconciliation of all amounts paid and withheld.

#### **19. AMENDMENT**

This agreement cannot be amended except in writing executed by each party.

#### **20. DISPUTE RESOLUTION**

- 20.1** In the event of any dispute arising between the parties in relation to this agreement, no party may commence any proceedings (except where the party seeks urgent interlocutory relief from a court of competent jurisdiction) unless the parties have first made genuine efforts to resolve the dispute in accordance with this clause 20.
- 20.2** A party will give the other party a notice of dispute arising in connection with this agreement. The parties acknowledge and agree to make the best and genuine efforts to resolve all disputes promptly.



- (c) facsimile transmission, and will be deemed to be given at the time specified in the facsimile transmission report of the facsimile from which the transmission was made which evidences full transmission free of errors, to the facsimile number of the party given notice; or
- (d) electronic messaging system, and will be deemed to be given at the time the recipient of the notice has confirmed receipt of the notice by way of a telephone call or voice message, to the addresses specified in Schedule C or if a written notice of change of address is given then to the new address,

except in the case of notice given under clause 10, which must be given in the manner specified in paragraphs (a) or (b) above.

## **22. SEVERABILITY**

Each part of this agreement is severable from the balance of this agreement and if any part of this agreement is illegal, void, invalid or unenforceable, then that will not affect the legality, effectiveness, validity or enforceability of the balance of this agreement.

## **23. GOVERNING LAW**

This agreement is governed by and must be construed in accordance with the laws of New Zealand. The parties irrevocably and unconditionally submit to the non-exclusive jurisdiction of the courts of New Zealand.

## **24. ENTIRE AGREEMENT AND COUNTERPARTS**

The agreement and the Fee Schedule constitute the complete and exclusive agreement between the parties. This agreement may be signed in two counterparts both of which when taken together shall constitute one and the same instrument.

## **SCHEDULE A**

### **STANDARD SERVICES FOR ALL REGISTERS UNDER MANAGEMENT**

The service elements of LINK's services are summarised below for your convenience.

#### **Debt registry issuance and paying agency services – new issues**

- Input on planning of issue and Tender Notice if applicable
- Receipt of tender instructions and term sheet for matching of trades on settlement day.
- Set-up of Security Stock Certificate (as defined in the Debenture Trust Deed) details on Link's systems
- Set up of new issuer/ security codes on LINK registry system and on-going maintenance of data such as: – security code, minimum & multiples, coupon payment date, maturity date etc.
- Liaison with Reserve Bank (NZClear) on new issuance, set up of the security, ISIN, initial lodgement and trades.
- Acceptance, validation and processing of all application forms (where applicable) from market participants, Institutions, others.
- Creation of investors on register, including all relevant personal data
- Facilitate settlement of the new issue via NZClear where required
- Payment of funds to issuer once settlement has occurred
- Confirmation register lists to legal advisers
- Processing & banking all cheques (if required)
- Reconciliation of applications and payments as received (if applicable)
- Facilitate uplifts via NZClear once security is down-sold to other investors if required

#### **Ongoing registry services**

Ongoing registry service will include the maintenance of debt register(s) and would cover aspects of day-to-day activities such as:

- Updating and maintaining all investor records;
- Attending to all investor inquiries via phone, correspondence, in person or, email;
- NZClear Uplifts and lodges;
- Off-market transfers and estates;
- Statement & FIN mailings and maintenance (where applicable);
- IRD number & tax elections;
- Annual tax statements;
- Calculations and payment of coupons and maturities – via banking system and NZClear;

**SCHEDULE B**  
**AUTHORISED SIGNATORIES**

The Council confirms that the persons specified below are authorised signatories on behalf of the Council for the purposes of this agreement.

Full Name	Responsibility (position)	Signature

**SCHEDULE D**  
**FORM OF ISSUE NOTICE**  
**ISSUE NOTICE**

**To:** Link Market Services Limited  
**Attention:**

**Facsimile:**

**Re:** Security Issuance – Rangitikei District Council

---

We confirm our instructions to you as Registrar to enter Securities on the Register as at the specified Issue Date with the details set out below:

**Details of Notes:**

**Issue Date:** [DATE]  
**Maturity Date:** [DATE]  
**Interest Dates:** [ ] ([Modified Following Business Day Convention])  
**Record Date:** [10 Calendar Days]  
**Interest Rate:** [ ]% per annum  
**First Interest Period:** [Full coupon payable to Holder as at Record Date]  
**Face Value:** \$[ ]  
**Minimum/Multiple:** \$500,000 & \$100,000

**Details of first registered Holder**

**Name:** [NAME]  
[ADDRESS]

Yours sincerely  
**RANGITIKEI DISTRICT COUNCIL**

By:

.....  
Authorised Officer

## SCHEDULE D

### FEES

#### SET-UP OF SECURITY STOCK CERTIFICATE (OR REGISTERED CERTIFICATE OF DEPOSIT) ONLY

Wholesale Issuance	Item/ Fee	Based on	Total fee per annum
Issuance of new Security Stock certificate/ RCD reflecting debt issuance  (where required, includes set-up of security details, allotment of Security Stock Certificate details, and provision of confirmation/ reporting to Rangitikei District Council and LGFA legal advisers where applicable)	\$250.00  Set up fee	Per Security Stock Certificate	\$250.00
Amendment to Security Stock Certificate (adjustment of amount/	\$75 per notification of adjustment	Per instruction	If required
Confirmation letter for audit purposes	\$75 per confirmation	Per instruction	If required
Maturity of Security Stock Certificate	\$250.00	Per Security Stock Certificate	\$250.00
<b>Total fee (issue &amp; maturity) for each Security Stock Certificate issued</b>			<b>\$500.00</b>

1. Excluded – NZClear (Reserve Bank) recovery fees – this will be charged on as a disbursement (to a maximum of \$30 per trade)
2. Excludes 3<sup>rd</sup> party print, mail house, stationery, postage, photocopying and other external disbursements

**Disbursements**

All out-of-pocket expenses are charged to clients. The following are examples of disbursements that will be charged to you separately:

- printing costs, stationery
- mailing house services,
- NZClear recovery fee charge (if applicable)
- postage and/or courier charges
- facsimiles, copying, or telephone calls related to maintenance of the register
- external storage costs.

**Invoicing Method & Information**

Invoices will be submitted monthly in arrears and must be paid by the 20<sup>th</sup> of the month in which the invoice is received.

**Goods and Services Tax**

The fees above are exclusive of GST. LINK will charge an additional amount in respect of GST payable on supply of its services when rendering invoices in accordance with this proposal. LINK reserves the right to apply to the fees, any charge in the rate of GST or any amendment to the GST law.

## *Appendix 3*

# **SECURITY TRANSITION DEED**

---

between

**RANGITIKEI DISTRICT COUNCIL**

and

**COVENANT TRUSTEE SERVICES LIMITED**



**Facilities** means all agreements between Westpac and the Council under which the Council has indebtedness (including contingent indebtedness) to Westpac, Westpac has agreed to advance funds to the Council, or the Council and Westpac have entered into derivatives transactions (in each case, as amended from time to time), and which have the benefit of the Covenant Deed and each of them is a **Facility**;

**PPSA** means the Personal Property Securities Act 1999;

**PPSR** means the Personal Property Securities Register;

**Trustee** means Trustees Executors Limited in its capacity as trustee under the Debenture Trust Deed;

**Trustee Financing Statement** is defined in clause 5.3(b);

**Westpac** means WNZL and WBC or either of them as the context requires; and

**Working Day** means any day which is not a Saturday, Sunday or public holiday (as defined in section 44(1) of the Holidays Act 2003) in Marton or Wellington.

**1.2 PPSA:** In this deed, unless the context otherwise requires, the terms **account receivable, collateral, financing statement, money, negotiable instrument** and **proceeds** have the meaning given to them in the PPSA.

**1.3 Debenture Trust Deed:** In this deed, **Charged Assets, Register, Security Stock, Security Stock Certificate, Stock** and **Stock Issuance Certificate** have the same meanings as in the Debenture Trust Deed;

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

the **Council** includes any delegate of the Council as referred to in clause 1.5;

a **clause** or **Schedule** is a reference to a clause of, or a Schedule to, this deed;

a **person** includes an individual, company, corporation, local authority, an association of persons whether corporate or not, a trust or a state or agency of a state whether of central government or local government (in each case, whether or not having separate legal personality); and

**written** and **in writing** include all means of reproducing words in a tangible and permanently visible form.

**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 the singular number also include the plural and vice versa.

## 5. CONDITIONS PRECEDENT

Covenant agrees to send a CP Confirmation to the Council within five Working Days of receiving (by email to Covenant or its solicitors) all of the following documents and other evidence, in a form and substance satisfactory to it:

- 5.1 a duly executed copy of this deed;
- 5.2 confirmation of payment, or retention, of all costs, charges and expenses incurred by or payable to Covenant (or any receiver in relation to the Covenant Deed), and the remuneration of Covenant (or any receiver in relation to the Covenant Deed);
- 5.3 confirmation from WNZL that:
  - (a) its Security Certificate (as that term is defined in the Covenant Deed) has been surrendered for cancellation in accordance with clause 2.14 of the Covenant Deed;
  - (b) it has received the results of a search of the PPSR on the name "Rangitikei District Council" which shows that:
    - (i) the Trustee has registered a financing statement on the PPSR (**Trustee Financing Statement**) in relation to the Charged Assets; and
    - (ii) the only financing statement which is registered on the PPSR before the Trustee Financing Statement and which describe collateral which includes some or all of the Charged Assets is the Covenant Financing Statements; and
  - (c) it has received a copy of a duly executed certificate from the chief executive of the Council substantially in the form set out in Schedule 1, a copy of the duly executed Debenture Trust Deed, a copy of the duly executed Security Stock Certificate in respect of all the Council's obligations to Westpac showing a nominal amount of \$100,000 together with an extract from the Register showing that the Security Stock evidenced by the relevant Security Stock certificate has been registered.

## 6. DISCHARGE OF EXISTING FINANCING STATEMENTS

- 6.1 Covenant undertakes to, within ten Working Days of the Effective Date discharge the Covenant Financing Statements.
- 6.2 For the purposes of the Contracts (Privity) Act 1982, this deed is for the benefit of, and is intended to be enforceable by, any person entitled to give written demand to Covenant in respect of the Covenant Financing Statements under section 162(b) of the PPSA.

## 7. TRUSTEE

The parties may not vary this deed without the consent of the Trustee. This clause is intended to create, for the purposes of the Contracts (Privity) Act 1982, an obligation enforceable at the suit of the Trustee.

**EXECUTED AND DELIVERED AS A DEED**

**SIGNED** for and on behalf of **RANGITIKEI**  
**DISTRICT COUNCIL** by:

---

Elected Member

---

Elected Member

**SIGNED** for and on behalf of **WESTPAC  
BANKING CORPORATION**  
by its attorneys:

---

in the presence of:

---

---

Witness' signature

---

Witness' name

---

Witness' occupation

---

Witness' address

**SCHEDULE**  
**"Documents"**

1. Debenture Trust Deed dated on or about the date of this certificate between the Council and Trustees Executors Limited.
2. Security Transition Deed dated on or about the date of this certificate between the Council, Westpac New Zealand Limited, Westpac Banking Corporation and Covenant Trustee Services Limited.
3. Security Stock Certificate in favour of Westpac New Zealand Limited and Westpac Banking Corporation for a nominal amount of \$100,000.
4. Stock Issuance Certificate in respect of the issue of Security Stock evidenced by the Security Stock Certificate described in 3. above.

## *Appendix 4*

## SECURITY STOCK CERTIFICATE

**Stock Certificate No:** 1

**RANGITIKEI DISTRICT COUNCIL**  
(the **Council**)

**Principal Office:** Rangitikei District Council  
46 High Street  
MARTON 4741

**Stock Transfer Office:** Link Market Services Limited  
Level 11  
Deloitte Centre  
80 Queen Street  
AUCKLAND 1010  
(the **Registrar** and **Paying Agent**)

### Security Stock Certificate

The Security Stock referred to in this Certificate is Security Stock constituted and secured by a debenture trust deed (**Trust Deed**) dated on or about [August] 2017 between the Council and Trustees Executors Limited and is issued with the benefit and subject to the provisions of the Trust Deed, the conditions endorsed on and/or otherwise applicable to such Stock and this Certificate, including the further conditions (included in the term **Conditions**).

### THIS IS TO CERTIFY THAT

1. New Zealand Local Government Funding Agency Limited (**Holder**) will, upon registration of the Stock pursuant to the Trust Deed, be the registered Holder of Security Stock (**Stock**) in a nominal amount equal to the aggregate amount, from time to time, of the liabilities, advances and other accommodation or obligations referred to in clause 2 of this Certificate;
2. **SUBJECT** to the provisions of clause 3 of this Certificate, the Stock is issued by way of continuing security for the due payment and satisfaction to the Holder of all liabilities of the Council to the Holder in respect of:
  - (a) the Accession Deed – Multi-Issuer Deed between the Council and the Holder dated on or about the date of this Certificate; and
  - (b) the Multi-Issuer Deed between various local authorities and the Holder dated 7 December 2011 (as amended and restated on 4 June 2015),

**GIVEN** by or on behalf of the Council this                      day of                      2017

**SIGNED** for and on behalf of  
**RANGITIKEI DISTRICT COUNCIL**

\_\_\_\_\_  
Chief Executive

**Witness:**

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Full name of witness

\_\_\_\_\_  
Occupation of witness

\_\_\_\_\_  
Address of witness

**NOTES:**

- (1) The Holder is entitled to the benefit of, is bound by, and is deemed to have notice of, all the provisions of the Trust Deed (including the Conditions) (which may be inspected at the Principal Office of the Council).
- (2) This Certificate must be surrendered to the Council or the Registrar before transfer of the whole or any part of the Stock can be registered.
- (3) Words and expressions used in this Certificate and in the Conditions shall have the same definition as in the Trust Deed unless otherwise defined or the context otherwise requires.



- (f) the Council, the Trustee, the Paying Agent and the Registrar will recognise only the Holder as the absolute owner thereof and, except as ordered by a court of competent jurisdiction or by statute, shall not be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Stock may be subject. The receipt of such Holder, or in the case of joint Holders the receipt of any of them, of the Principal Money and the interest from time to time accruing due in respect thereof or for any other money payable in respect thereof, or the compliance with the payment directions of the Holders or any one of joint Holders, shall be a good discharge to the Council, the Trustee, the Paying Agent or to the Registrar, as the case may be, notwithstanding any notice it may have whether express or otherwise of the right, title, interest (including security interest) or claim of any other person to or in respect of such Stock, interest or money. No notice of any trust express, implied or constructive, nor of any security interest, shall be entered on the Register in respect of any Stock,

provided that the requirements for transfer in paragraphs (b), (c) and (d) shall not apply to the extent that the Council and the Registrar agree a different method of transfer either with the Trustee or, in respect of a particular transfer, with the relevant transferor and transferee.

# *Appendix 5*

**Stock Certificate No: 2**

**RANGITIKEI DISTRICT COUNCIL**  
(the Council)

**Principal Office:** Rangitikei District Council  
46 High Street  
MARTON 4741

**Stock Transfer Office:** Link Market Services Limited  
Level 11  
Deloitte Centre  
80 Queen Street  
AUCKLAND 1010  
(the **Registrar** and **Paying Agent**)

**Security Stock Certificate**

The Security Stock referred to in this Certificate is Security Stock constituted and secured by a debenture trust deed (**Trust Deed**) dated on or about the date of this certificate between the Council and Trustees Executors Limited and is issued with the benefit and subject to the provisions of the Trust Deed, the conditions endorsed on and/or otherwise applicable to such Stock and this Certificate, including the further conditions (included in the term **Conditions**).

**THIS IS TO CERTIFY THAT**

1. Westpac New Zealand Limited and Westpac Banking Corporation (together the **Holder**) will, upon registration of the Stock pursuant to the Trust Deed, be the registered Holder of \$100,000 in nominal amount of Security Stock (**Stock**);
2. **SUBJECT** to the provisions of clause 3 of this Certificate, the Stock is issued by way of continuing security for the due payment and satisfaction to the Holder of all liabilities of the Council to the Holder whether incurred before or after the issue of the Stock and whether matured or not and whether incurred by the Council alone or jointly with others and whether as principal or surety and whether absolute or contingent and whether incurred within or outside the scope of the relationship of banker and customer and shall include, but not by way of limitation, liabilities in respect of advances and in respect of cheques, bills, notes and other negotiable or non-negotiable instruments drawn, accepted, endorsed or guaranteed and in respect of interest (whether capitalised or otherwise compounded or current) and as regards current interest including interest on capitalised interest or on interest otherwise compounded to accrue from day to day at the rate or respective rates from time to time without prior or other notice to the Council determined upon by the Holder or otherwise agreed with the Holder and in respect of fees, commissions, exchanges, re-exchanges, legal expenses and other usual and proper banking and/or commercial charges;
3. **THE** Stock is issued on the special condition that at any date (**Relevant Date**) the Stock shall secure as the Priority Total Amount not more than:
  - (a) as principal the lesser of:

**SIGNED** for and on behalf of  
**RANGITIKEI DISTRICT COUNCIL**

\_\_\_\_\_  
**CHIEF EXECUTIVE**

**Witness:**

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Full name of witness

\_\_\_\_\_  
Occupation of witness

\_\_\_\_\_  
Address of witness

**NOTES:**

- (1) The Holder is entitled to the benefit of, is bound by, and is deemed to have notice of, all the provisions of the Trust Deed (including the Conditions) (which may be inspected at the Principal Office of the Council).
- (2) This Certificate must be surrendered to the Council or the Registrar before transfer of the whole or any part of the Stock can be registered.
- (3) All sums specified in this Certificate relate to New Zealand currency.
- (4) Words and expressions used in this Certificate and in the Conditions shall have the same definition as in the Trust Deed unless otherwise defined or the context otherwise requires.

- 
- (c) all instruments of transfer which shall be registered will be retained by the Council or the Registrar, but any instrument of transfer which the Registrar may decline (on reasonable grounds) to register shall be returned to the person who has delivered the same together with the reasons for such non-registration;
  - (d) the Registrar shall not be obliged to, but may, register any transfer of Stock during the period between the Registrar's close of business on the Record Date immediately preceding the date for repayment of the Principal Money (or any part of the Principal Money) or payment of interest and the date for repayment of the Principal Money (or any part of the Principal Money) or payment of interest, or the period between the Registrar's close of business on the date 14 days before any meeting (inclusive of the date on which such meeting is held) of Holders is convened in accordance with the Trust Deed and the date of such meeting. For the purposes of these Conditions, **Record Date** means the tenth day before the relevant date for payment of any Principal and/or interest in respect of any Stock or, if such day is not a business day then such day as determined by the Paying Agent in accordance with its usual practice;
  - (e) no fee shall be charged by the Council for the registration of a transfer;
  - (f) the Council, the Trustee, the Paying Agent and the Registrar will recognise only the Holder as the absolute owner thereof and, except as ordered by a court of competent jurisdiction or by statute, shall not be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Stock may be subject. The receipt of such Holder, or in the case of joint Holders the receipt of any of them, of the Principal Money and the interest from time to time accruing due in respect thereof or for any other money payable in respect thereof, or the compliance with the payment directions of the Holders or any one of joint Holders, shall be a good discharge to the Council, the Trustee, the Paying Agent or to the Registrar, as the case may be, notwithstanding any notice it may have whether express or otherwise of the right, title, interest (including security interest) or claim of any other person to or in respect of such Stock, interest or money. No notice of any trust express, implied or constructive, nor of any security interest, shall be entered on the Register in respect of any Stock,

provided that the requirements for transfer in paragraphs (b), (c) and (d) shall not apply to the extent that the Council and the Registrar agree a different method of transfer either with the Trustee or, in respect of a particular transfer, with the relevant transferor and transferee.

## *Appendix 6*

## STOCK ISSUANCE CERTIFICATE

I, **Ross McNeil**, the Chief Executive of Rangitikei District Council (the **Council**) hereby certify that:

1. the issue of Security Stock with a nominal amount equal to the aggregate amount, from time to time, of the liabilities, advances and other accommodation or obligations referred to in the Stock Certificate for that Stock (the **New Stock**) under the terms of the Debenture Trust Deed dated on or about **the date of this certificate** (the **Trust Deed**) has been duly authorised by the Council, or has been authorised by a person or persons within the delegated authorities approved by the Council;
2. as at the date of this certificate (but prior to the issuance of the New Stock if it is to be issued on the date of this certificate) the total nominal amount of Stock issued and outstanding under the Trust Deed (showing separately the respective total nominal amounts) is as follows:

(i)	Debenture Stock of:	\$0.00
(ii)	Security Stock (issued with a fixed nominal amount) of:	\$0.00
(iii)	Bearer Stock of:	\$0.00

together with:

(iv)	Security Stock (issued with a floating nominal amount), which as at August 2017 amounted to:	\$0.00
------	--	--------
3. no Enforcement Event has occurred and remains unremedied;
4. for the purposes of section 115(3) of the Act, the loans or obligations secured by the New Stock have been raised for the benefit of all of the Council's district;
5. for the purposes of section 118 of the Act, the Council has complied with the Act in entering into and the performance of its obligations under the Trust Deed, the Registrar and Paying Agency Agreement and all other obligations entered into by the Council in connection with the Council's borrowing and granting security under the Trust Deed, including in respect of the New Stock.

This Certificate is given by me as Chief Executive of the Council in good faith on behalf of the Council and I shall have no personal liability in connection with the issuing of this Certificate.

Unless otherwise defined or the context otherwise requires, terms with a defined meaning in the Trust Deed shall have the same meaning where used in this Certificate.

**Dated:** **2017**

---

Chief Executive  
Rangitikei District Council

## *Appendix 7*



## STOCK ISSUANCE CERTIFICATE

I, **Ross McNeil**, the Chief Executive of Rangitikei District Council (the **Council**) hereby certify that:

1. the issue of Security Stock with a maximum aggregate nominal amount of \$100,000 (the **New Stock**) under the terms of the Debenture Trust Deed dated on or about the date of this certificate (the **Trust Deed**) has been duly authorised by the Council, or has been authorised by a person or persons within the delegated authorities approved by the Council;
2. as at the date of this certificate (but prior to the issuance of the New Stock if it is to be issued on the date of this certificate) the total nominal amount of Stock issued and outstanding under the Trust Deed (showing separately the respective total nominal amounts) is as follows:

(i)	Debenture Stock of:	\$0
(ii)	Security Stock (issued with a fixed nominal amount) of:	\$0
(iii)	Bearer Stock of:	\$0

together with:

(iv)	Security Stock (issued with a floating nominal amount), which as at August 2017 amounted to:	\$0
------	--	-----
3. no Enforcement Event has occurred and remains unremedied;
4. for the purposes of section 115(3) of the Act, the loans or obligations secured by the New Stock have been raised for the benefit of all of the Council's district;
5. for the purposes of section 118 of the Act, the Council has complied with the Act in entering into and the performance of its obligations under the Trust Deed, the Registrar and Paying Agency Agreement and all other obligations entered into by the Council in connection with the Council's borrowing and granting security under the Trust Deed, including in respect of the New Stock.

This Certificate is given by me as Chief Executive of the Council in good faith on behalf of the Council and I shall have no personal liability in connection with the issuing of this Certificate.

Unless otherwise defined or the context otherwise requires, terms with a defined meaning in the Trust Deed shall have the same meaning where used in this Certificate.

**Dated:** **2017**

---

Chief Executive  
Rangitikei District Council

# *Appendix 8*

## CHIEF EXECUTIVE CERTIFICATE

I, Ross McNeil, the Chief Executive of Rangitikei District Council (**Council**) certify as follows:

### 1. RESOLUTIONS

1.1 The Council has, by all necessary resolutions duly passed (**Resolutions**):

- (a) approved the transactions contemplated by the documents referred to in the schedule to this certificate (**Documents**), or delegated sufficient authority to the person(s) who has approved those transactions to give that approval; and
- (b) authorised execution of the Documents by the Council, or delegated sufficient authority to the person(s) who authorised execution of the Documents to give that authorisation.

1.2 The Resolutions remain in full force and effect.

### 2. COMPLIANCE WITH THE ACT

For the purposes of section 118 of the Local Government Act 2002 (**Act**), in entering into the Documents and performing its obligations under the Documents, and all other documentation contemplated by or entered into in connection with the Documents, the Council has complied with the Act.

### 3. DUE EXECUTION

The Documents have been properly executed by the Council.

This certificate is given by me in my capacity as Chief Executive of the Council in good faith on behalf of the Council and I shall have no personal liability in connection with the issuing of this certificate.

**Dated:**

**2017**

---

Ross McNeil  
Chief Executive

## CHIEF EXECUTIVE CERTIFICATE

I, \_\_\_\_\_, the Chief Executive of Rangitikei District Council  
(Council) certify as follows:

### 1. RESOLUTIONS

1.1 The Council has, by all necessary resolutions duly passed (**Resolutions**):

- (a) approved the transactions contemplated by the documents referred to in the schedule to this certificate (**Documents**), or delegated sufficient authority to the person(s) who has approved those transactions to give that approval; and
- (b) authorised execution of the Documents by the Council, or delegated sufficient authority to the person(s) who authorised execution of the Documents to give that authorisation.

1.2 The Resolutions remain in full force and effect.

### 2. COMPLIANCE WITH THE ACT

For the purposes of section 118 of the Local Government Act 2002 (**Act**), in entering into the Documents and performing its obligations under the Documents, and all other documentation contemplated by or entered into in connection with the Documents, the Council has complied with the Act.

### 3. DUE EXECUTION

The Documents have been properly executed by the Council.

This certificate is given by me in my capacity as Chief Executive of the Council in good faith on behalf of the Council and I shall have no personal liability in connection with the issuing of this certificate.

Dated: 2017

\_\_\_\_\_

Chief Executive

## CHIEF EXECUTIVE CERTIFICATE

I, Ross McNeil, the Chief Executive of Rangitikei District Council (**Council**) certify as follows:

### 1. RESOLUTIONS

1.1 The Council has, by all necessary resolutions duly passed (**Resolutions**):

- (a) approved the transactions contemplated by the documents referred to in the schedule to this certificate (**Documents**), or delegated sufficient authority to the person(s) who has approved those transactions to give that approval; and
- (b) authorised execution of the Documents by the Council, or delegated sufficient authority to the person(s) who authorised execution of the Documents to give that authorisation.

1.2 The Resolutions remain in full force and effect.

### 2. COMPLIANCE WITH THE ACT

For the purposes of section 118 of the Local Government Act 2002 (**Act**), in entering into the Documents and performing its obligations under the Documents, and all other documentation contemplated by or entered into in connection with the Documents, the Council has complied with the Act.

### 3. DUE EXECUTION

The Documents have been properly executed by the Council.

This certificate is given by me in my capacity as Chief Executive of the Council in good faith on behalf of the Council and I shall have no personal liability in connection with the issuing of this certificate.

Dated:

2017

---

Ross McNeil  
Chief Executive

## *Appendix 9*

## Officer's Certificate

TO: **New Zealand Local Government Funding Agency Limited**

I, \_\_\_\_\_, a duly authorised officer of Rangitikei District Council (**Council**), hereby certify that all necessary regulatory or statutory authorisations, consents, approvals and licenses in relation to:

- a) the Council's entry into the Accession Deed – Multi-Issuer Deed (**MID Accession Deed**) dated on or about the date of this certificate between the Council and New Zealand Local Government Funding Agency Limited (**LGFA**) and the Multi-Issuer Deed dated 7 December 2011 (as amended and restated on 4 June 2015) between LGFA and various local authorities (**Multi-Issuer Deed**);
- b) the Council's entry into the Accession Deed – Notes Subscription Agreement dated on or about the date of this certificate between the Council and LGFA and the Notes Subscription Agreement; and
- c) the issuance of Security Stock and Security Stock Certificates in respect of the Council's obligations under the MID Accession Deed and the Multi-Issuer Deed,

have been obtained and are current and satisfactory.

Words and expressions defined in the Multi-Issuer Deed have the same meanings in this certificate.

**DATED:** 2017

**SIGNED:**

---

Chief Executive  
Rangitikei District Council

# *Appendix 10*



# Accession Deed to Notes Subscription Agreement

---

## **PARTIES**

Rangitikei District Council

**Acceding Party**

New Zealand Local Government Funding Agency Limited

**Issuer**

- 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

- 3.1 The details for notices for the Acceding Party for the purposes of the Notes Subscription Agreement are:

Delivery Address: Rangitikei District Council  
46 High Street  
Marton 4741

Attention: George McIrvine

Email: [•]

Postal Address: PO Box 1102  
Marton 4741

### 4. GOVERNING LAW

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

### 5. NO CROWN GUARANTEE

- 5.1 The obligations and liabilities of the Acceding Party and Issuer under this deed and the Notes Subscription Agreement 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

**RANGITIKEI DISTRICT COUNCIL** by:

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

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

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

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

# *Appendix 11*

# Accession Deed to Multi-Issuer Deed

---

## **PARTIES**

Rangitikei District Council

**Acceding Party**

New Zealand Local Government Funding Agency Limited

**Subscriber**

- 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:

Delivery Address: Rangitikei District Council  
46 High Street  
Marton 4741

Attention: George McIrvine

Email: [•]

Postal Address: PO Box 1102  
Martin 4741

### 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 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

**RANGITIKEI DISTRICT COUNCIL** by:

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

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

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

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

## **ANNEX TO THE ACCESSION DEED**

1. The Acceding Party will not make any alteration to its Debenture Trust Deed without the prior written consent of the Subscriber.