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Constitution			
Page/Clause	Previous Version	Final Version	Comments
			Updated header to final version and date
			Updated footer document and version number
Fist Page Heading	CONSTITUTION OF [Insert Name] LIMITED	CONSTITUTION OF <b>CENTRAL DISTRICTS WATER</b> LIMITED	Update
1.1	Company means [insert name] Limited.	Company means <b>Central Districts Water</b> Limited.	Update
15			Updated number 15.1

Shareholders' Agreement			
Page/Clause	Previous Version	Final Version	Comments
			Removed header version number
			Updated footer document and version number
Fist Page Heading	[Insert Name]	<b>CENTRAL DISTRICTS WATER</b>	Update
First Page	[Insert Name]	<b>HOROWHENUA DISTRICT COUNCIL PALMERSOTN NORTH CITY COUNCIL RANGITIKEI DISTRICT COUNCIL</b>	Update
First Page SG Notes	This draft does not currently deal with asset transfers or how those assets will be valued/shareholding of councils will be determined.	Removed	Removing a note
Contents Page			Page numbers updated
Second Page	[Insert Name] (Company)	<b>HOROWHENUA DISTRICT COUNCIL (HDC) PALMERSOTN NORTH CITY COUNCIL (PNCC) RANGITIKEI DISTRICT COUNCIL (RDC)</b>	Update
Background A. (i)	On or around the date of this agreement ( <b>Day Zero</b> ) <b>have incorporated</b> the Company to become the water organisation responsible for delivering water services in the Service Area; and	<b>Intend to incorporate</b> the Company to become the water organisation responsible for delivering water services in the Service Area; and	Change to accommodate delayed signing by CDW
Background C	<b>The</b> Company <b>is</b> a party to this agreement to record certain obligations owed to it by, and owed by it to, the Shareholders.	<b>Once incorporated, the</b> Company <b>will accede and become</b> a party to this agreement to record certain obligations owed to it by, and owed by it to, the Shareholders.	Change to accommodate delayed signing by CDW
1.1		<b>Company means Central District Water Limited.</b>	Addition
1.1	<b>Day Zero</b> has the meaning given to it in Background A	<b>Day Zero means the date the Company is incorporated.</b>	Change to accommodate delayed signing by CDW
2.1	<b>Initial Shares on Issue:</b> As at the date of incorporation, the Company <b>has</b> the number of Shares set out in Schedule 1 which are held by the Shareholders set out in Schedule 1.	<b>Initial Shares on Issue:</b> As at the date of incorporation, the Company <b>will have</b> the number of Shares set out in Schedule 1 which are held by the Shareholders set out in Schedule 1.	Change to accommodate delayed signing by CDW
2.2	<b>Ordinary Shares:</b> As at <b>the date of this agreement</b> , all Shares on issue <b>are</b> fully paid, ordinary shares ranking equally in all respects.	<b>Ordinary Shares:</b> As at <b>Day Zero</b> , all Shares on issue <b>will be</b> fully paid, ordinary shares ranking equally in all respects.	Change to accommodate delayed signing by CDW
4.2	<b>Existing Directors:</b> As at the date of this agreement, the Directors named in Schedule 1 are deemed to have been nominated by the Shareholders to be the Directors.		Removed Change to accommodate delayed signing by CDW
4.3 updated to 4.2 as above removed			
6.1 (a) (i)	in relation to the appointment of Directors to the Board of the Company	in relation to the appointment of Directors to the Board of the Company, <b>including Directors to be appointed on incorporation;</b>	Change to accommodate delayed signing by CDW
6.3 (a)	The Shareholders Committee may, by unanimous vote, appoint an independent chairperson, to act as the chairperson of the Shareholders Committee	The Shareholders Committee may, by unanimous vote, appoint an independent chairperson, to act as the chairperson of the Shareholders Committee <b>(Independent Chairperson).</b>	Clarification

9.6	<b>Amalgamation of Local Authorities:</b> In the event of an amalgamation <i>or any other change in the governance structure of a Shareholder</i> -( <b>Amalgamation Event</b> ), the Shareholders Committee will meet and discuss the effect of the amalgamation on the shareholding structure of the Company and will exercise their voting rights to ensure that the shareholding percentages for the Shares remain reasonable as agreed by all Shareholders.	<b>Amalgamation of Local Authorities:</b> In the event of an amalgamation ( <b>Amalgamation Event</b> ), the Shareholders Committee will meet and discuss the effect of the amalgamation on the shareholding structure of the Company and will exercise their voting rights to ensure that the shareholding percentages for the Shares remain reasonable as agreed by all Shareholders.	Removed To limit to WS-CCO amalgamating																								
9.7 (b) (i)			Addition of ‘and’ at end of sentence																								
9.7 (b) (ii)			Remove ‘; and’ at end of sentence and added a full stop.																								
10.1	<b>Term:</b> Subject to clause 11.2, the <b>Term</b> of this agreement commences on the date signed by all <i>parties</i> and continues until the first date on which:	<b>Term:</b> Subject to clause <b>Error! Reference source not found.</b> , the <b>Term</b> of this agreement commences on the date signed by all <u>Shareholders</u> and continues until the first date on which:	Change to accommodate delayed signing by CDW																								
11.2			Updated clause numbers																								
14.1	<i>[Note: Distribution principles on liquidation to be developed]</i>	<i>Principles: The principles which govern the distribution on liquidation of the Company (which are intended to be legally binding) include:</i> (a) <i>each Shareholder would be entitled to have the original Water Services assets it transferred to the Company (or representative equivalent assets) transferred back to it along with the relevant debt apportioned to those assets;</i> (b) <i>an adjustment amount may be payable on liquidation by any Shareholder to reflect effective compensation for the costs of any new Water Services assets that may transfer to such Shareholder, less the allocation and assumption of a share of the Company’s debt (and other liabilities) for the new Water Services assets; and</i> (c) <i>the basis on which that adjustment amount is set will be determined by the Shareholders Committee.</i>	Clarification on how the assets and debt gets distributed back to the Shareholders in the even the company is wound up. Basically, the assets in a council’s geographic area will need to go back to that council. Debt relating to any new assets will need to go with the assets. There will be other details that will need to be negotiated and agreed at the time.																								
16.1 (a) and (b)			Formatting																								
16.3			Formatting																								
17.1		<i><b>Company incorporation:</b> The Shareholders agree to take all steps necessary to incorporate the Company at a time to be agreed by the Shareholders (and, in any case, by no later than 31 May 2026) and to procure that, on or as soon as reasonably practicable after incorporation, the Company becomes a party to this agreement.</i>	Addition Change to accommodate delayed signing by CDW																								
17.2 – 17.13			Clause numbers updated due to 17.1 addition																								
Page 18			Removal of Insert Water Organisation Name, Signature and Name of Authorised Signatory																								
Schedule 1 Service Area(s) for provision of "Water Services"	<i>(Clause 1.1, and Schedule 6)</i>	<i>(Clause 1.1)</i>	Removed Schedule 6																								
Schedule 1 Initial share issue and shareholding	<i>(Clause 2.2)</i> Total Shares to be issued on incorporation:   Initial Shareholders, their shareholdings and voting percentages are: <table><tr><th>Shareholder</th><th>Number of Shares</th><th>Voting %</th></tr><tr><td>Horowhenua District Council</td><td></td><td></td></tr><tr><td>Palmerston North City Council</td><td></td><td></td></tr><tr><td>Rangitikei District Council</td><td></td><td></td></tr></table>	Shareholder	Number of Shares	Voting %	Horowhenua District Council			Palmerston North City Council			Rangitikei District Council			<i>(Clause 2.1)</i> Total Shares to be issued on incorporation: <u>100</u>  Initial Shareholders, their shareholdings and voting percentages are: <table><tr><th>Shareholder</th><th>Number of Shares</th><th>Voting %</th></tr><tr><td>Horowhenua District Council</td><td><u>25</u></td><td><u>25%</u></td></tr><tr><td>Palmerston North City Council</td><td><u>65</u></td><td><u>65%</u></td></tr><tr><td>Rangitikei District Council</td><td><u>10</u></td><td><u>10%</u></td></tr></table>	Shareholder	Number of Shares	Voting %	Horowhenua District Council	<u>25</u>	<u>25%</u>	Palmerston North City Council	<u>65</u>	<u>65%</u>	Rangitikei District Council	<u>10</u>	<u>10%</u>	Updated clause number.  Added number of shares and voting% numbers.
Shareholder	Number of Shares	Voting %																									
Horowhenua District Council																											
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Rangitikei District Council	<u>10</u>	<u>10%</u>																									
Schedule 1 header	Schedule 1 [insert]	Schedule 1 Further Details	Updated																								

Schedule 1 Price payable for each share issued ( <i>Clause 2.3</i> ) Name of Company ( <i>Clause 2.4</i> ) Registered office and address for service of Company ( <i>Clause 2.4</i> )	Price payable for each share issued ( <i>Clause 2.3</i> ) Name of Company ( <i>Clause 2.4</i> ) Registered office and address for service of Company ( <i>Clause 2.4</i> )	<i>Removed</i>	Tidy up
Schedule 1 Initial business set up activities ( <i>Clause 3.2</i> )	[Insert the initial business set up, operational steps and transactions to be undertaken. This will be specific to the relevant Councils, but could include: entering into the Transfer Agreement; novation of existing services agreements; financing planning arrangements etc.].	In addition to the matters expressly covered elsewhere in this document: (a) <b>Service Level Agreements:</b> Each Shareholder and the Company will, prior to Day One, agree and enter into appropriate service level agreements, under which each Shareholder shall provide support services to the Company as required by the Company on an interim basis before its own systems, processes and capabilities are in place. (b) <b>Transfer Agreements:</b> Each Shareholder and the Company will, prior to Day One, agree and enter into a separate Transfer Agreement (as between each Shareholder and the Company), for the transfer of that Shareholder's Water Services obligations (and associated assets, liabilities and debts) to the Company on the terms contained in the relevant Transfer Agreement. (c) <b>Shared Services:</b> Determine which services (if any) will be shared between the Company and any Shareholder.	Updated  Just notes the things relating to the Transfer Agreement that will need to be agreed over the coming 18 months.
Schedule 1 Initial Directors ( <i>Clause 4.2</i> )	<i>Initial Directors:</i> <b>Director(s)</b> <i>[X]</i> <i>[X]</i>	<i>Removed</i>	Change to accommodate delayed signing by CDW  Will be added when Directors appointed and CDW sign the agreement.
Schedule 1  Other matters to be included in the Statement of Expectations  ( <i>Clause 8.1(d)</i> )	( <i>Clause 8.1(b)</i> )  [insert any matters that should be specified in the Statement of Expectations, in addition to the matters included in the LG(WS) Act.]	( <i>Clause 8.1(d)</i> )  <i>The following matters will be addressed in the Statement of Expectations (unless otherwise determined by the Shareholders Committee):</i> (a) <i>relationships with Shareholders, the communities of each Shareholder, and customers;</i> (b) <i>performance indicators;</i> (c) <i>strategic priorities for the Water Services Strategy;</i> (d) <i>third party obligations;</i> (e) <i>specific obligations of the Shareholders; and requirement to undertake community and/or customer engagement.</i>	Updated  This list is considered to be the minimum discretionary additions matters, in addition to the mandatory matter in the LG(WS) Act, that should be included in the SoE. It does not limit what other things the Shareholder Committee can agree to include.
Schedule 1  Principles for share issue  ( <i>Clause 9.3</i> )	[insert any principles which must be complied with when the Water Organisation issues shares]	<b>New Shareholders</b> <i>The principles which govern the process for additional Local Authorities joining after the establishment of the Company (which are intended to be legally binding) include:</i> (a) <i>additional Local Authorities may become shareholders in the Company;</i> (b) <i>additional Local Authorities would be issued shares in same manner as Horowhenua District Council, Palmerston North City Council, and Rangitikei District Council, as the founding shareholding councils;</i> (c) <i>a "buy in" price will be payable;</i> (d) <i>the "buy in" price will be set on a basis that takes into account a proportionate share of the costs incurred by the founding shareholding councils to establish the Company; and</i> (e) <i>the basis on which that "buy in" price is set will be determined by the Shareholders Committee.</i>	Updated  Clarify some matters when a new Council, or other WS-CCO joins. Key matter is that the new council will need to pay its share of the establishment costs already incurred. Note – this is not exhaustive. There will be many other matters that will need to be negotiated and agreed with all parties when a council joins.

Schedule 1  Principles for exiting shareholders	(d) {a “buy out” price may be payable on the Shareholder Exit to reflect effective compensation for the costs of any new water services assets that may transfer to the exiting Shareholder, less the allocation and assumption of a share of the Company’s debt (and other liabilities) for the new water services assets; and  (e) the basis on which that “buy out” price is set will be determined by the Shareholders.}	(d) a “buy out” price may be payable <u>by the exiting Shareholder</u> on the Shareholder Exit to reflect effective compensation for the costs of any new water services assets that may transfer to the exiting Shareholder, less the allocation and assumption of a share of the Company’s debt (and other liabilities) for the new water services assets; and  (e) the basis on which that “buy out” price is set will be determined by the Shareholders <u>Committee</u> .	Clarification
Schedule 1  Interest rate payable on payment default  (Clause 12.3(a))	[eg-Bill Rate plus 3% per annum}	<i>For the purposes of this paragraph, <b>Bill Rate</b> means:</i> <i>(a) the bank bill reference (bid) rate (rounded upwards, if necessary, to the nearest two decimal places) administered by the New Zealand Financial Benchmark Facility (or any other person which takes over the administration of that rate) for the relevant period and displayed on page BKBM of the Bloomberg screen or Thomson Reuters equivalent (or its or their successor page); or</i> <i>(b) if this rate does not appear on page BKBM of the Bloomberg screen or Thomson Reuters equivalent (or its or their successor page) or if such page is not available, the average of the mean bid and offered rates of Westpac New Zealand Limited for bank bills of exchange having a tenor of 90 days at 10.45 am on that Business Day, provided always that if such rate would be less than zero, it will be zero.</i>	Updated  Boilerplate clause
Schedule 1  <b>Place of arbitration</b>  (Clause 13.3(c))	(Clause 13.4(c))  [insert]	(Clause 13.3(c))  <u>Palmerston North</u>	Updated
Schedule 1  Address for notices  (Clause 15.1)			Updated each Council and Central Districts Water Limited address and contact details.
Schedule 1  Shareholders Committee membership  (Schedule 3)	Total number of members of the Shareholders Committee: up to <del>{10}</del> . Initial members of the Shareholders Committee: <del>+</del> members appointed by Horowhenua District Council; <del>+</del> members appointed by Palmerston North City Council; <del>+</del> member appointed by Rangitikei District Council; and <del>+</del> independent member appointed pursuant to Terms of Reference}.  Quorum for meetings of the Shareholders Committee: at least one Shareholders Committee Representative that is an elected member of each appointing Council.	Total number of members of the Shareholders Committee: up to 10. Initial members of the Shareholders Committee: 3 members appointed by Horowhenua District Council; 3members appointed by Palmerston North City Council; 3member appointed by Rangitikei District Council; and 1 independent member appointed pursuant to Terms of Reference.  Quorum for meetings of the Shareholders Committee: <i>at least five members (or their Alternates) in total, including</i> at least one Shareholders Committee Representative that is an elected member of each appointing Council.	Updated for the final recommendation on membership.
Schedule 2  Special Resolution matters	The terms of any Shareholder Exit <i>[or Amalgamation Event]</i> .	The terms of any Shareholder Exit.	Removed As per clarification is C I9.6
Schedule 2  Unanimous Resolution matters	Amalgamation <i>of the Company</i> .	Amalgamation <i>Event</i> .	Tidy up
Schedule 3  1 (a)	(a) Provide governance oversight of the Company which <i>provides</i> Water Services in the Service Area set out in <b>Error! Reference source not found.</b> 1; and	(a) Provide governance oversight of the Company, <i>once established</i> , which <i>will provide</i> Water Services in the Service Area set out in in Schedule 1; and	Change to accommodate delayed signing by CDW
Schedule 3  6 (a)	(a) For a meeting of the Shareholders Committee to have a quorum, <del>{five}</del> members <i>(excluding the Independent Chairperson)</i> , or their appointed Alternates, must be present.	(a) For a meeting of the Shareholders Committee to have a quorum, five members, or their appointed Alternates, must be present, <i>including at least one Shareholders Committee Representative that is an elected member of each appointing Council</i> .	Clarification
Schedule 3  12	<b>Company</b> means [insert]	<b>Company</b> means <u>Central Districts Water Limited</u> .	Tidy up

Schedule 3 12	<b>Shareholders' Agreement</b> means the agreement relating to the Company between the Shareholders and the Company, as amended from time to time.	<b>Shareholders' Agreement</b> means the agreement relating to the Company between the Shareholders and the Company, <i>once incorporated</i> , as amended from time to time.	Change to accommodate delayed signing by CDW
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