

Report 11.629
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Committee Council
Author Mike Timmer, Treasurer

Debenture Trust Deed – Delegations

1. Purpose

To seek delegations from Council that will allow the Chief Executive and the Chief Financial Officer to sign Debenture stock and Security stock certificates in relation to Greater Wellington's Debenture Trust Deed when borrowing money.

2. The decision-making process and significance

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

2.1 Significance of the decision

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

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

3. Background

As part of the Local Government Funding Agency (LGFA) set up, the Council adopted a Debenture Trust Deed which gives lenders to Greater Wellington a charge over rates and rates income.

We have currently issued \$216,000,000 of Security Stock to existing bankers and term debt holders.

Security stock will be issued to the LGFA to cover any future borrowings and the delegation to sign these documents has already been given to the Chief Executive by Council in June this year.

Lenders previously had security via a Negative Pledge Deed. This Deed provided that we would not give any preferential security to lenders and consequently they gained comfort from this. There was no delegation or paper work required when monies were borrowed.

4. Comment

In order to raise debt in the future from sources other than the LGFA, we will be required by our lenders to provide them with some form of security. Thus all lenders get security, so they all rank equally.

If we are to raise funds from a bank or the wholesale market via a bond issue, we will need to issue either Security Stock, or Debenture stock respectively, to the lenders.

Any borrowings by the Council will be within the current annual plan. The ability to borrow within the annual plan has been delegated by Council to the Chief Financial Officer and is renewed annually.

The delegation sought in this paper will also form part of the Treasury Risk Management Policy, which was recently received by the Audit, Risk and Assurance Committee. The Treasury Risk Management Policy has yet to be approved by Council and is scheduled for final approval in early 2012, prior to going out for consultation as part of the Council's Long Term Plan.

5. Communication

No communication is necessary at this time.

6. Recommendations

That the Council:

1. *Receives the report.*
2. *Notes the content of the report*
3. *Delegates the signing of any certificates granting security under Greater Wellington's Debenture Trust Deed to the Chief Executive or the Chief Financial Officer.*

Report prepared by:

Report approved by:

Mike Timmer
Treasurer

Bruce Simpson
Chief Financial Officer