



Ref: [REDACTED]

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6 July 2022

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Dear [REDACTED]

OFFICIAL INFORMATION REQUEST FOR BRIEFING NOTES

I refer to your official information request dated 2 May 2022.

Further to Council's previous response letters, we have now received and been able to make a decision on notes from Tasman District Council attendees of the 2 May 2022 briefing.

In completion of our response to your request, the information you have asked for is enclosed below.

You have the right to seek an investigation and review by the Ombudsman of this response. Information about how to make a complaint is available at www.ombudsman.parliament.nz or Freephone 0800 802 602.

If you wish to discuss this decision with us, please feel free to contact LGOIMA@ncc.govt.nz.

Yours sincerely

Devorah Nicuarta-Smith
Manager Governance and Support Services

Encl: Briefing notes 2 May 2022 – Tasman District Council

Internal Document ID: [REDACTED]

Infrastructure Holdings Ltd. 2/5/22

~~Joint Shareholders~~ - Joint Council Briefing

- Service level agreement between IHL & Libco basis.

PWC - Brett Johansen & Mike Shirley.

- Structure

SS - Josh Cairns & ~~Magg Seawright~~ ^{Garridge}
↳ land agreements & Banks.

Councils not joint & severally liable re obligations to call incalled capital.
↳ being negotiated with lenders.

"Sweep" NA has + balance of Bank A/c
⇒ off-sets against - balance in Bank A/c
of others in the group

DCA Piper - to attend meeting on 19th May 2022
with Councils

- Bespoke Constitution issue - Nelson.

Shareholder oversight & via Statements of J. Hunt
stepping back process.

17th May - JSH

19th May - Individual Council meetings

Mike - full reports to JSH ⇒ recommendations
to individual Councils

? will Constitution & JSH Agreement need to
go back to JSH or just straight to Councils

? JSH public meeting - some info OK but
other info. Commercially sensitive
⇒ 2 papers - public
- public excluded.

Joint Council 2/5/22.

Infrastructure Holdings - LTP process consulted
Funding vehicle for Ports.

↓ Lending costs from LGFA

17th May meeting decision to be made.

Brett + Mike PWC

Josh + Marc Gorrings & Co - funding docs. re LGFA & Westpac

Simon Orr Airport

Constitution prepared by Steering Group & Pitt & Moore.

Uncalled Capital

Holdco Costs picked up by subsidiaries for running costs.
the % not yet known.

PWC

Brett Johanson

Mike Shirley

Josh Cairns

Marc Gorrings

Debt ↑ 2028 0% more savings for Hold Co.
Assumptions around inflation look very low - John Peters

Sale & purchase of ~~shares~~ shares by July 1st.
Security Structure - access to local Govt funding

Debt to equity to borrowing from LGFA
at 2.5% (lent back to LGFA)

Infrastructure Holdings

Uncalled Capital

Local Authorities forbidden to guarantee

Cap

~~STDA~~

NCL TDC

But ^{can} promise to support the CCO

50/50

(General Security Agreements = GSA's)

(ie unpaid shares)

Creditors rights to call up shares

* rate payers ~~and~~ ^(default) fly & freight users 0% in the event of
a downturn at the company they could effectively

pay £2.

* Debt could be claimed against the
Council

If either CCO is in need of calling in Capital
then the economy would in general likely be
struggling 0% why would Councils want to be

* a backstop to this debt as ~~they~~ ^{rate payers} would be in
a struggling situation also

✓ Treasury & Funding Strategy - Debt levels
Risk mitigation
Levels of funding

Financial Framework Built upon:

linked to objectives in Principle Statements

Supports level of funding Statement of Intent

timely reporting processes

recognised credit profiling methodology & peer benchmarking
Clear defined risk statements & objectives.

Framework embedded into Board approved Group Treasury Policy.

Shadow Credit Profiling

Rationale to consider current & future credit profile of
Infrastructure Holding Ltd.

Methodology used is similar to LGFA & Banks

Outcome determined "no less than BBB-" as a target
for the group over 10 yr business plan

Uncalled capital facility must exceed the total secured liabilities of
the group.
Changes will require review & be approved
to facilitate planned capital expenditure beyond 2026.
Consistent w the target credit profile, serves to constrain
group borrowing capacity.

Treasury Framework efficient / effective management of liquidity
& debt along w control & management of costs that can
influence LTPs, operational budgets & financial equity.
Less reliance on banks

Outcomes can spread risks over 10 yrs
benefits PNL & ANL.

Similar to other parts in NZ.

Group can access funding as a "AA" rated group

Control limits ~~etc~~ to minimise operational risk &
protect group assets & trading activities

timely, accurate reporting of group resources

What about taxation of the group?

" " accounting implications for the group?

No orange or red flags raised. Deloitte's report still to be worked on.

Debt \$230M?
cira \$120M Debt for both ports
\$90m PNL ANL \$30M

PNL Science & Technology Project will bring in Revenue

Crane cost \$11M

Circa Wharf cost \$20M

ANL New Fire appliance station } need to confirm
Sh. Rise Jenkins Creek }

PNL Credit Rating work -
not formally rated
but seen as "BBB"

ANL = "BB+"

Potential Effects on Credit Rating of Councils

S & P perspective

uncalled capital is a liability as an implicit obligation.

* Clarification on 1 notch downgrade

* ¹²1 DC ~~was~~ already downgraded 1 notch
at last S & P rating

Councils stepping into more risk but
many risks are being mitigated in this
process.

* Elected members need all information for
19th May meeting

2.1 level of uncalled capital Basic Steps.

- * Biggest Risk to councils
a legally binding agreement - decision has been made to support the Ports.
PWC ^{Standard & Poor's} already take into account our support for the Ports as they do believe we would support them to not fail..

19th May meeting
* Capacity ↑ Capacity does reflect ↑ risk

- * "Constitution is to be light to keep costs down
Why do we not have a full legal review"
Saving pennies!

Answer DLA Pipel did a review but no formal sign off given to council.

"Bespoke v General Constitution"

Hopefully ↑ borrowing is for ↑ revenue reasons!

- * How does it affect TDC & WCC ratepayers?

- * It is a new area of LGF but other councils have uncalled capital available with other creditors.
eg. Dunedin.

Holding Company

- 2nd May

Benefits

- Constitution

as - operational

- funding vehicle only

Judene

- LGFA -

- working capital - introduce other financing
for capital & transactional funding

- Swap transactions

- consistency of terms

? Shadow credit profile.

Explain to rate payers

LGFA -

- \$233m & uncalled capital

- on balance sheet, credit rating

Uncalled Capital - (not a guarantee)

? diff to a guarantee -

Shares subscribe for but not paid for

cap

Statement - Corporate intent

- principles

- reporting

- framed debt profile

- Risk statements & objectives

- approved Group Treasury Policy

Briefing Holding Co. briefing 02/05

PNC - note on corporate structure

Singapore Gresair - Funding document

\$ 980k pa - \$158k to
21-5 implement.

\$6.7 max \$2m

190 - 1.2% differential

Unallocated capital - promise to
support CEO's

to Infrastructure Holdings Ltd
% confidence that boards will support CEO's

It's not a guarantee - it's not promising
to pay out to creditors.
~~Allows councils to delay~~
Regardless councils would not let
the CCO's fail.

It's not joint & several - i.e. if Nelson
defaulted on call on uncalled capital
Tanner & B is not liable for
Nelson's default.

\$50m borrowing

↳ \$1.25m (lent back to
LGFA as borrower note)

\$48.75m

to Hold Co.

Nelson Airport - can join with LGFA
Port Co. - cannot join with LGFA

What is the biggest risk to the
councils from the status quo.

On paper V's in substance

Nelson

Legal-
infrastr

standa
ne now
in case

\$233
to
Existi
cont

Part

Airpo