

Nathan Surridge

From: Jenny Livschitz
Sent: Friday, 27 September 2019 5:44 PM
To: [REDACTED]
Subject: RE: Official Information Act request
Attachments: Swaps Trading 1 July 2017 to 30 June 2019.pdf; Swaps Trading External Advice from PWC. 1 July 2017 to 30 June 2019.pdf
Importance: High

Hi [REDACTED]
Our Treasury Officer has provided some information in response to your query. Here is the first part and a second part will follow.

Regards
Jenny

From: [REDACTED]
Sent: Thursday, 26 September 2019 9:52 PM
To: Jenny Livschitz
Cc: Brent Kibblewhite
Subject: Official Information Act request

Good evening,

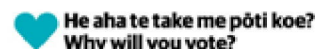
Could you please supply me with:

1. Details of all interest rate swaps entered into by the Hutt City Council for the period 1 July 2016 – 30 June 2019.
2. The external advice received in connection with these swaps.
3. The accumulated surplus/negative revaluation of these swap during the same period.
4. Any actual profit/loss on swaps undertaken during this period.
5. The total reset payments/receipts made or received in connection with these swaps.

Thank you,

Jenny Livschitz
Chief Financial Officer

Hutt City Council, 30 Laings Road, Private Bag 31912, Lower Hutt 5040, New Zealand
T 04 570 6736, M 027 238 5980, W www.huttcity.govt.nz



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Swaps Trading for the period 1 July 2017 to 30 June 2019

Deal Date	Deal Reference	Bank	Pay / Receive Fixed	Notional (NZD \$m)	Start Date	Maturity Date	Last reset date	Next reset date	Interest Rate (Pay)	Interest rate (Rec)	Net Interest Rate
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Current

13-Jun-19	Swap 76	BNZ	Pay	4.00	2-Aug-19	2-Nov-26	2-Aug-19	4-Nov-19	3.7975%	1.4600%	2.3375%
13-Jun-19	Swap 83	BNZ	Pay	2.00	28-Jun-19	28-Mar-28	28-Jun-19	30-Sep-19	4.5500%	1.64%	2.9100%
19-Apr-17	Swap 114	BNZ	Pay	4.00	15-Jan-19	15-Jul-28	15-Jul-19	15-Oct-19	3.5750%	1.580%	1.9950%
19-Apr-17	Swap 115	BNZ	Pay	4.00	15-Jan-18	15-Jan-29	15-Jul-19	15-Oct-19	3.4600%	1.580%	1.8800%
11-Apr-18	Swap 124	BNZ	Pay	4.00	29-Jun-18	28-Jun-29	28-Jun-19	30-Sep-19	4.5850%	1.64%	2.9450%
10-Apr-18	Swap 123	BNZ	Pay	6.00	28-Jun-18	28-Sep-29	28-Jun-19	30-Sep-19	4.6025%	1.64%	2.9625%
19-Apr-17	Swap 117	KIWI	Pay	4.00	15-Mar-19	15-Sep-28	16-Sep-19	16-Dec-19	3.6000%	1.14%	2.4600%
19-Apr-17	Swap 116	KIWI	Pay	4.00	15-Mar-18	15-Mar-29	16-Sep-19	16-Dec-19	3.5025%	1.14%	2.3625%
13-Jun-19	Swap 85	WPC	Pay	3.00	28-Jun-19	28-Sep-26	28-Jun-19	30-Sep-19	4.5050%	1.64%	2.8650%
13-Jun-19	Swap 96	WPC	Pay	3.00	17-Jun-19	16-Dec-27	16-Sep-19	16-Dec-19	3.8250%	1.14%	2.6850%

Total Current 38.00

Forward Start

10-Apr-18	Swap 122	ANZ	Pay	10.00	22-Feb-20	22-Feb-33	22-Feb-20	22-Feb-20	3.5900%	3.5900%	0.0000%
23-Nov-17	Swap 118	ANZ	Pay	2.00	28-Dec-22	28-Sep-32	28-Dec-22	28-Dec-22	3.8475%	3.8475%	0.0000%
23-Nov-17	Swap 119	BNZ	Pay	3.00	28-Mar-23	30-Mar-32	28-Mar-23	28-Mar-23	3.8550%	3.8550%	0.0000%
23-Nov-17	Swap 121	KIWI	Pay	3.00	28-Sep-23	28-Sep-32	28-Sep-23	28-Sep-23	3.8700%	3.8700%	0.0000%
23-Nov-17	Swap 120	KIWI	Pay	3.00	15-Mar-24	15-Mar-32	15-Mar-24	15-Mar-24	3.8800%	3.8800%	0.0000%

Total Forward Start 21.00

Total Swaps 59.00



Hutt City Council

To: Glenn Phillips, Jenny Livschitz

From: Sarah Houston-Eastergaard, Matt Stewart – PwC

Date: 13 June 2019

Subject: Update to Interest Rate Strategy Discussion

Background

Further to the strategy provided on 6 June 2019, we have now received and reviewed pricing of the swaps recommended in that strategy and have also considered additional blend and extend activity with the ANZ bank.

Strategy Recommendation

Our original recommendation was to target a blend and extend strategy targeting the following swaps:

Bank	Notional (NZD \$m)	Start Date	Maturity Date	Interest Rate	Notional to be Extended (NZD \$m)	Extended Date	Extension in Term (years)	Indicative Rate	Decrease in Coupon Rate
WPC	3	30-Mar-15	28-Sep-23	5.8900%	3	28-Sep-26	3	4.4200%	1.47%
WPC	3	15-Mar-16	16-Dec-24	4.4475%	3	16-Dec-27	3	3.7400%	0.71%
BNZ	2	30-Mar-15	28-Mar-25	5.5000%	2	28-Mar-28	3	4.5000%	1.00%
BNZ	4	2-Feb-15	4-Nov-24	4.2500%	4	4-Nov-26	2	3.7200%	0.53%

With an immediate initial indicative interest cost saving of \$106,525

The following pricing has been received and we have repriced (via Bloomberg) to confirm the wholesale pricing is fair.

Bank	Notional	Start Date	Maturity Date	Interest Rate	Extended Date	Indicative Rate	Bank Wholesale Pricing	XVA	Bank All Up Pricing	Difference In Wholesale	Reduction In Rate
WPC	\$3m	30/03/2015	28/09/2023	5.8900%	28/09/2026	4.4100%	4.4600%	0.1300%	4.5900%	0.0500%	1.3000%
WPC	\$3m	15/03/2016	16/12/2024	4.4475%	16/12/2027	3.7400%	3.7900%	0.1250%	3.9150%	0.0500%	0.5325%
BNZ	\$2m	30/03/2015	28/03/2025	5.5000%	28/03/2028	4.4900%	4.4675%	0.1175%	4.5850%	-0.0225%	0.9150%
BNZ	\$4m	2/02/2015	4/11/2024	4.2500%	4/11/2026	3.7300%	3.7075%	0.0975%	3.8050%	-0.0225%	0.4450%

The above transactions represent an immediate annual cost savings of ~\$91,075 based on updated pricing and including the pricing adjustments made by the banks (XVA) in light of the large Marked to Market positions currently held.

We recommend that Council consider transacting the swaps as shown above.

Other considerations

In addition to the above, the ANZ has provided blend and extend pricing on the some swaps for which they are the counterparty. At this time the offered pricing does not align with the pricing we are seeing from the other two banks (Westpac and BNZ) in relation to the XVA components.

We therefore recommend considering holding off on transacting any blend and extend strategies with the ANZ at this time.

This could be revisited at a later time as market conditions allow (i.e. a lower all up interest rate if they will not be more accommodating with the XVA pricing offered).



We believe an incremental approach to managing the interest rate portfolio is prudent given current market conditions.

Please feel free to get in touch if you have any questions regarding this updated memo.



Disclaimer

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This memo should not be reproduced or supplied to any other party without first obtaining our (PwC New Zealand) written consent. We accept no responsibility for any reliance that may be placed on our memo should it be used for any purpose other than that set out below and in any event we will accept no liability to any party other than you in respect of its contents.

In the course of our work we have not verified any of the information provided to us by you, nor have we carried out anything in the nature of an audit. Accordingly, we express no opinion on the reliability, accuracy or completeness of the information provided to us and upon which we have relied. The statements and opinions contained in this memo are based on data obtained from the financial markets and are so contained in good faith and in the belief that such statements, opinions and data are not false or misleading.

In preparing this memo, we have relied upon information which we believe to be reliable and accurate. We reserve the right (but will be under no obligation) to review our assessment and if we consider it necessary, to revise our opinion in the light of any information existing at the date of this memo which becomes known to us after that date.

This memo must be read in its entirety. Individual sections of this report could be misleading if considered in isolation from each other.

Glenn Phillips

From: [REDACTED]
Sent: Wednesday, 11 April 2018 4:17 PM
To: Glenn Phillips
Cc: [REDACTED]
Subject: Re: FW: Other swaps to look at.... maybe..

Hi Glen

We have just calculated the blend manually and got to 4.51% so not very far away from the bank.

Would agree that you should go ahead and transact

Regards

Sarah

Sarah J Houston-Eastergaard

[REDACTED]

From: Glenn Phillips <Glenn.Phillips@huttcity.govt.nz>
To: [REDACTED]
Date: 11/04/2018 04:05 PM
Subject: FW: Other swaps to look at.... maybe..

Hi Sarah,

Here is the firm pricing including KVA, rates have rallied a couple of pips !!.

Ready to pull the trigger.

Cheers

From: Dick G Borgdorff [REDACTED]
Sent: Wednesday, 11 April 2018 4:02 PM
To: Glenn Phillips
Subject: FW: Other swaps to look at.... maybe..

Firm pricing as follows:

1. Closeouts
384366004, 1m at 5.60% maturing 30/9/2021 to be closed out for zero as at 29/9/18
384327806, 3m at 5.73% maturing 28/9/2022 to be closed out for zero as at 28/6/18

Above 2 closeouts to be replaced by the following new IRS. Current cash flows due 29/6 and 28/6 on the above swaps are still due on those dates.

2. New replacement IRS
HCC pays q/q vs bkbm fra at 4.585%, 29/6/18-28/6/29 on 4m. (incl KVAs: 5.5pts)

Cheers
Dick

Dick Borgdorff | Director Sales | BNZ Markets
[REDACTED]

Important information: Any rates and pricing included in this communication are indicative only and subject to change. The information in this communication is general market commentary only, and is not personalised financial advice under the Financial Advisers Act 2008. It does not take into account your particular financial situation or goals.

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From: Dick G Borgdorff
Sent: Wednesday, 11 April 2018 10:54 a.m.
To: Glenn Phillips (glenn.phillips@huttcity.govt.nz)
Subject: Other swaps to look at.... maybe..

Hey Glenn, just had a look at the other swaps here and given your push towards merging as many as you can to cut down admin hassle these two work as well.

1. Closeouts

384366004, 1m at 5.60% maturing 30/9/2021 to be closed out for zero as at 29/9/18

384327806, 3m at 5.73% maturing 28/9/2022 to be closed out for zero as at 28/6/18

Above 2 closeouts to be replaced by the following new IRS.

2. New replacement IRS

HCC pays q/q vs bkbm fra at 4.60%, 29/6/18-28/6/29 on 4m.

Have think and let me know if you want firm pricing.

Cheers

Dick

Important information: Any rates and pricing included in this communication are indicative only and subject to change. The information in this communication is general market commentary only, and is not personalised financial advice under the Financial Advisers Act 2008. It does not take into account your particular financial situation or goals.

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Glenn Phillips

From: [REDACTED]
Sent: Tuesday, 10 April 2018 9:49 AM
To: Glenn Phillips
Cc: Mark de Haast; [REDACTED]
Subject: RE: Updated Interest rate strategy

Hi Glenn

The swaps are from your portfolio, they are labelled as Swap-65, Swap-92 and Swap-112. Sorry, I think I may have picked up the roll date instead of the start date in the analysis below.

Happy to discuss if you want me to give you a call?

Regards

Sarah

Sarah J Houston-Eastergaard

[REDACTED]

From: Glenn Phillips <Glenn.Phillips@huttcity.govt.nz>
To: [REDACTED]
Cc: [REDACTED]
Date: 10/04/2018 09:39 AM
Subject: RE: Updated Interest rate strategy

Hi Sarah,

Sorry but I am a bit confused in relation to the blend and extend swaps mentioned below.
Looking through my swap book I cannot find any of the 3 BNZ swaps you are suggesting we B & E ??

Regards
Glenn

From: [REDACTED]
Sent: Monday, 9 April 2018 3:30 PM
To: Glenn Phillips; Mark de Haast
Cc: [REDACTED]
Subject: Updated Interest rate strategy

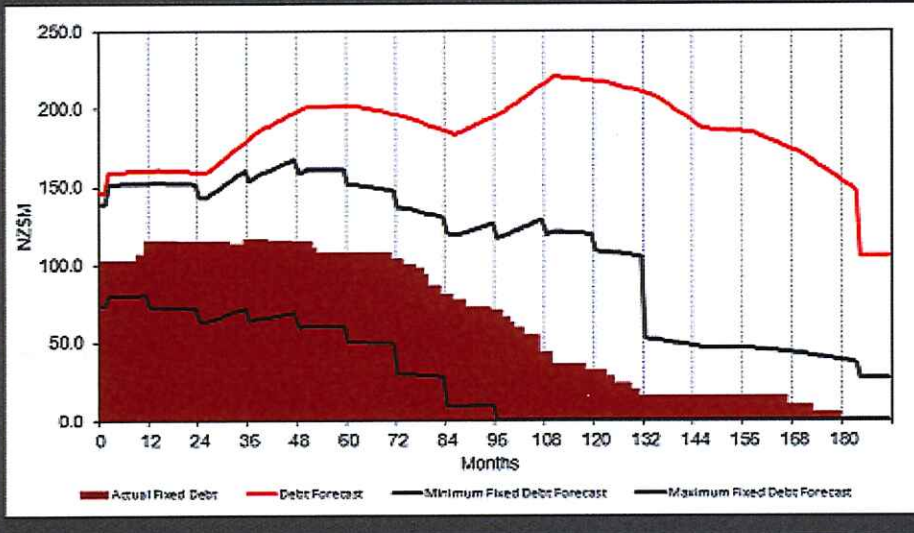
Good afternoon Glenn / Mark

Alternative Recommendation – Blend and Extend

Based on recent conversations with Glenn, and further internal discussions with Stuart, we have identified a number of swaps which could be used in a 'blend and extend' arrangement (subject to that bank's pricing of credit value adjustments) with the intention to obtain efficiency and cost savings in the Council's interest rate swap portfolio.

Based on the most recent forecast provided by Council, we see your Interest rate risk position as follows:

30 April 2018

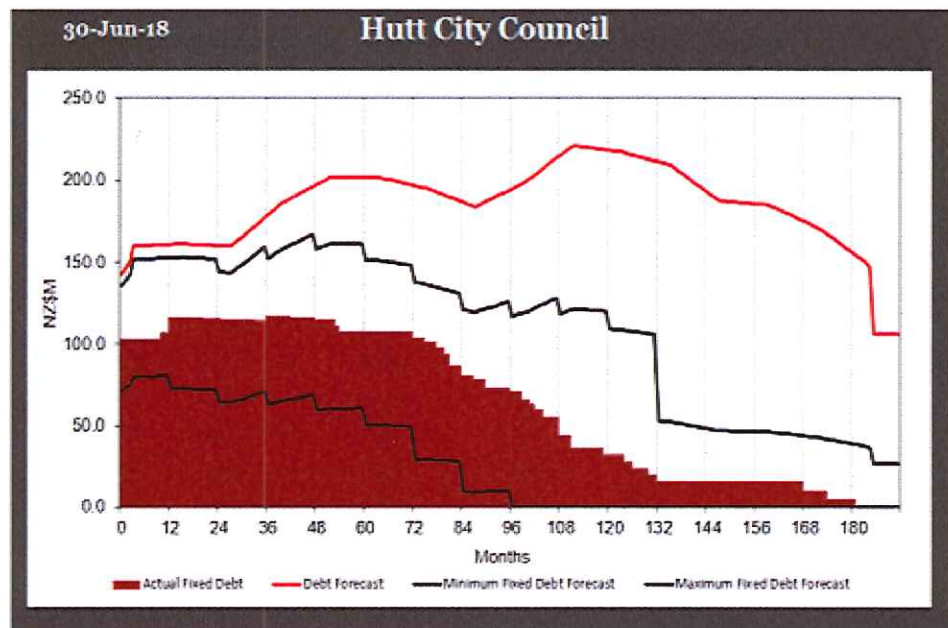


Debt Interest Rate Policy Parameters

(calculated on rolling monthly basis)

Debt Period Ending	Debt Forecast	Minimum %	Maximum %	Actual	Compliant (Y/N)
0 Current	146	50%	95%	71%	Yes
12 Year 1	161	45%	95%	72%	Yes
24 Year 2	160	40%	90%	71%	Yes
36 Year 3	181	35%	85%	64%	Yes
48 Year 4	199	30%	80%	52%	Yes
60 Year 5	202	25%	75%	49%	Yes
72 Year 6	196	15%	70%	41%	Yes
84 Year 7	186	5%	65%	38%	Yes
96 Year 8	196	0%	60%	22%	Yes
108 Year 9	217	0%	55%	15%	Yes
120 Year 10	218	0%	50%	7%	Yes
132 Year 11	210	0%	25%	8%	Yes
144 Year 12	191	0%	25%	8%	Yes
156 Year 13	185	0%	25%	5%	Yes
168 Year 14	174	0%	25%	0%	Yes
180 Year 15	153	0%	25%	0%	Yes

And as at year end, **30 June 2018**, Interest rate position would be as follows:



Debt Interest Rate Policy Parameters

(calculated on rolling monthly basis)

Debt Period Ending	Debt Forecast	Minimum %	Maximum %	Actual	Compliant (Y/N)
0 Current	146	50%	95%	71%	Yes
12 Year 1	161	45%	95%	72%	Yes
24 Year 2	160	40%	90%	71%	Yes
36 Year 3	181	35%	85%	64%	Yes
48 Year 4	199	30%	80%	52%	Yes
60 Year 5	202	25%	75%	49%	Yes
72 Year 6	196	15%	70%	41%	Yes
84 Year 7	186	5%	65%	38%	Yes
96 Year 8	196	0%	60%	22%	Yes
108 Year 9	217	0%	55%	15%	Yes
120 Year 10	218	0%	50%	7%	Yes
132 Year 11	210	0%	25%	8%	Yes
144 Year 12	191	0%	25%	8%	Yes
156 Year 13	185	0%	25%	5%	Yes
168 Year 14	174	0%	25%	0%	Yes
180 Year 15	153	0%	25%	0%	Yes

Council are currently compliant to policy but have some capacity to move closer to mid points of policy on a longer term basis. Based on this, PwC recommends \$10m of new outright forward starting swaps and \$6m of swaps (comprising of 3 swaps) to blend in to one new swap which will provide a relief in cash flow from a reduced interest rate cost and begin the process of making the Council's interest rate swap portfolio more efficient and manageable from a transactional perspective.

New outright quarterly/quarterly swap:

Notional (NZ\$m)	Start Date	Maturity Date	Indicative Rate
10.00	22-Feb-20	22-Feb-33	3.56%

Existing swaps to be extended

Current Counterparty	Notional (NZ\$m)	Start Date	Maturity Date	Current Rate
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BNZ	2.00	31-Jul-18	31-Dec-22	5.990%
BNZ	1.00	30-Jun-18	31-Mar-22	6.050%
BNZ	3.00	30-Jun-18	31-Mar-23	5.155%

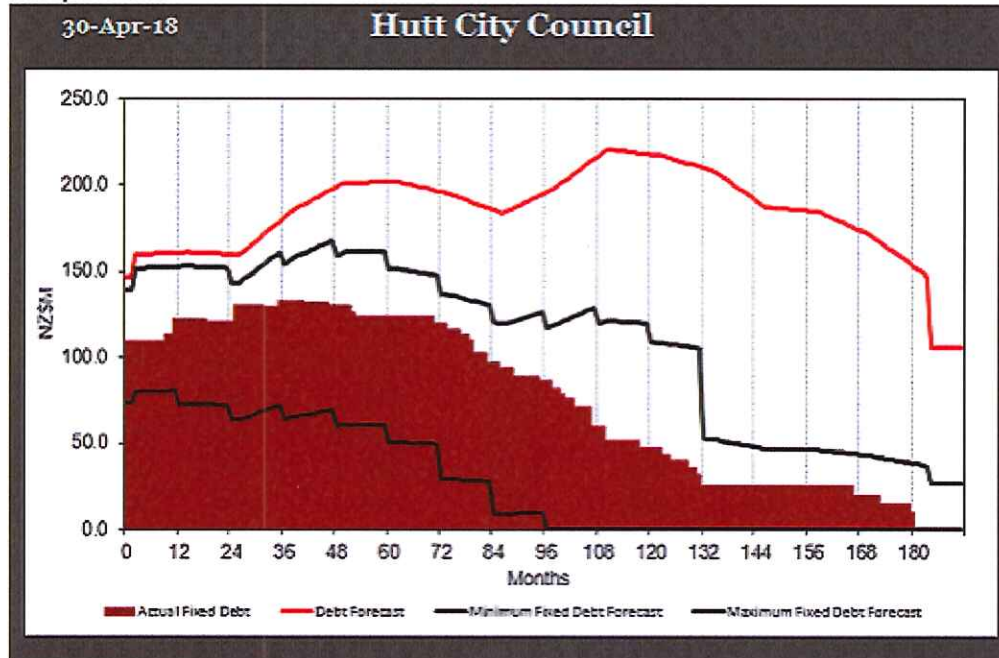
In to a new blended swap as follows:

Notional (NZ\$m)	Start Date	Maturity Date	Indicative post blend Base rate	Indicative cost for blend
6.00	22-Aug-18*	22-Aug-29	4.50%	0.095%

*Note the start date on this new swap could be flexible based on the fact that the existing swaps are still in a forward start position.

After execution of the above strategy, Council's profile will look as follows:

30 April 2018



Debt Interest Rate Policy Parameters

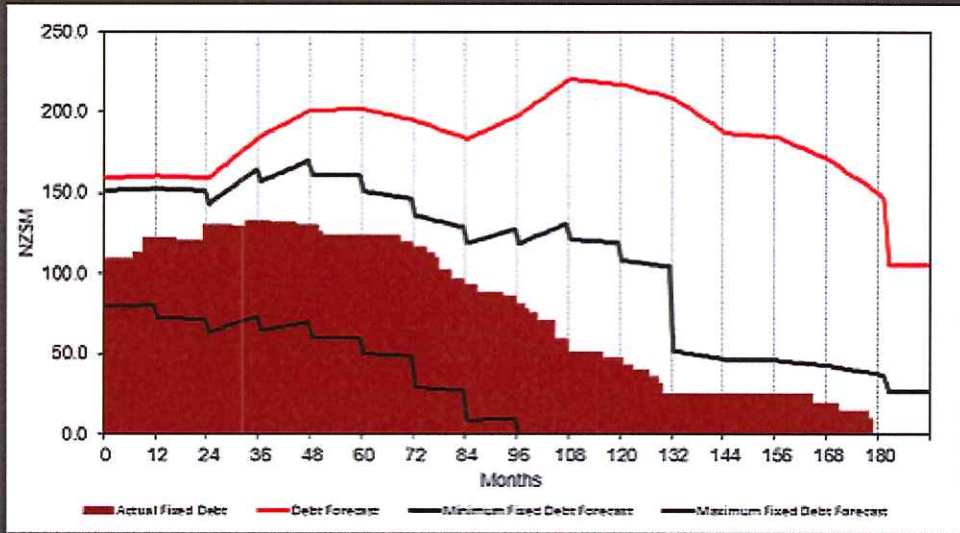
(calculated on rolling monthly basis)

Debt Period Ending	Debt Forecast	Minimum %	Maximum %	Actual	Compliant (Y/N)
0 Current	146	50%	95%	75%	Yes
12 Year 1	161	45%	95%	75%	Yes
24 Year 2	160	40%	90%	75%	Yes
36 Year 3	181	35%	85%	72%	Yes
48 Year 4	199	30%	80%	60%	Yes
60 Year 5	202	25%	75%	57%	Yes
72 Year 6	196	15%	70%	49%	Yes
84 Year 7	186	5%	65%	47%	Yes
96 Year 8	196	0%	60%	31%	Yes
108 Year 9	217	0%	55%	22%	Yes
120 Year 10	218	0%	50%	12%	Yes
132 Year 11	210	0%	25%	12%	Yes
144 Year 12	191	0%	25%	14%	Yes
156 Year 13	185	0%	25%	11%	Yes
168 Year 14	174	0%	25%	6%	Yes
180 Year 15	153	0%	25%	0%	Yes

At 30 June 2018

30-Jun-18

Hutt City Council



Debt Interest Rate Policy Parameters

(calculated on rolling monthly basis)

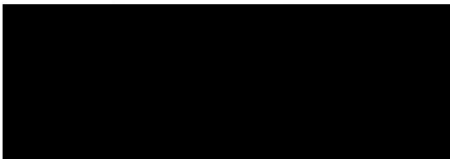
Debt Period Ending	Debt Forecast	Minimum %	Maximum %	Actual	Compliant (Y/N)
0 Current	160	50%	95%	68%	Yes
12 Year 1	161	45%	95%	75%	Yes
24 Year 2	160	40%	90%	81%	Yes
36 Year 3	185	35%	85%	71%	Yes
48 Year 4	201	30%	80%	59%	Yes
60 Year 5	202	25%	75%	55%	Yes
72 Year 6	195	15%	70%	48%	Yes
84 Year 7	184	5%	65%	45%	Yes
96 Year 8	198	0%	60%	26%	Yes
108 Year 9	221	0%	55%	22%	Yes
120 Year 10	217	0%	50%	12%	Yes
132 Year 11	209	0%	25%	12%	Yes
144 Year 12	187	0%	25%	14%	Yes
156 Year 13	185	0%	25%	11%	Yes
168 Year 14	171	0%	25%	0%	Yes
180 Year 15	150	0%	25%	0%	Yes

Please get in touch if you want to discuss this further

Regards

Sarah

Sarah J Houston-Eastergaard



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Glenn Phillips

From: [REDACTED]
Sent: Friday, 27 September 2019 11:53 AM
To: Glenn Phillips
Subject: Fw: Interest rate strategy - Hutt City Council

Hi Glenn

This is the advice sent on 28 March 2018.

Regards

Sarah

Sarah J Houston-Eastergaard

Principal Manager, Corporate Treasury



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----- Forwarded by Sarah J Houston-Eastergaard/NZ/FAS/PwC on 27/09/2019 11:51 AM -----

From: [REDACTED]
To: [REDACTED]
Cc: [REDACTED]
Date: 28/03/2018 05:04 PM
Subject: Interest rate strategy - Hutt City Council

Good afternoon Glen / Darrin / Mark

Further to our Treasury meeting this afternoon, we have updated the interest rate strategy based on our discussions.

Economic rationale

Over the past few months, US short-term bank borrowing costs have lifted to their highest level since 2008. On top of the movement higher in the underlying risk-free rate (the Fed Funds Rate), the 3 month LIBOR-OIS spread has spiked to above 50 basis points, implying a higher risk premium over the projected Fed Funds Rate. Typically, these movements occur when the market is fragile or under stress, such as during the Global Financial Crisis, or European debt crisis, when banks become nervous that other banks might fold. However, factors this time around are more esoteric and less dramatic, such as an increased supply of US Treasury bills, the repatriation of foreign cash into shorter-term US securities and the US Federal Reserve shrinking its balance sheet. This dynamic in US markets is also spreading across other risk-free-rate markets, with New Zealand's 3 month BKBM now over 20 bps above the projected path of the OCR, and New Zealand short-term swaps have risen as a result.

Separately, New Zealand long-term interest rates have recently moved lower as US 10-year Treasury bonds retreat back from near-3% to 2.80%. The spread between US and NZ interest rates has also continued to narrow to record lows, helping suppress New Zealand interest rates despite rising US rates. Looking ahead, we expect US 10-year Treasury yields to increase above 3% as financial markets price-in continued Federal Reserve rate increases and as inflation pressures gradually build. We also fear that New Zealand interest rates could jump higher if/when international bond holders stop buying New Zealand debt when it trades at a lower risk premium than the US.

Taken together, the swap curve has flattened - helping to increase the attractiveness of forward-starting borrower

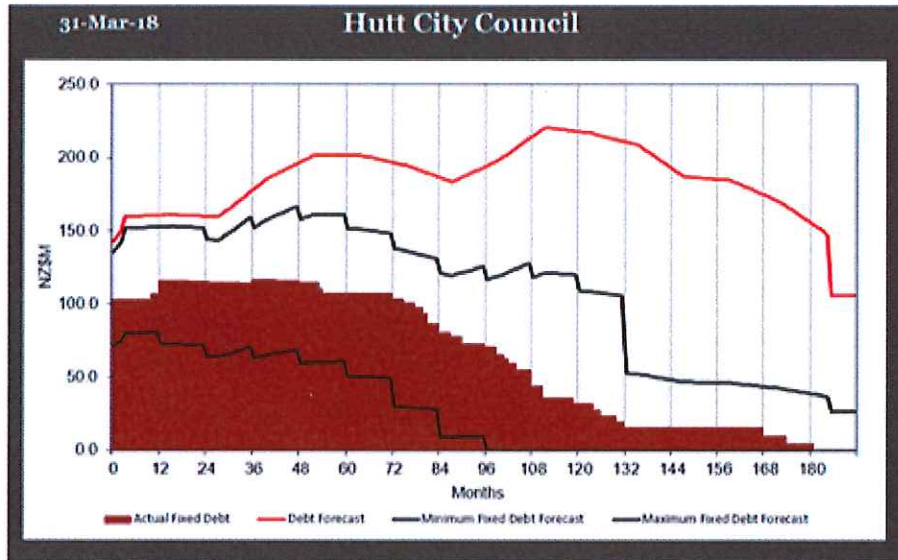
swaps. With one- and two-year swaps having risen above where we expect the OCR to track, this is creating a sweet spot for forward-starting strategies.

Recommendation

Based on the above rationale, we see this as a good opportunity for Hutt City Council (Council) to add to the existing portfolio of swaps with some larger notional forward starting swaps as described below:

Based on the most recent forecast provided by Council, we understand your Interest rate risk position is as follows:

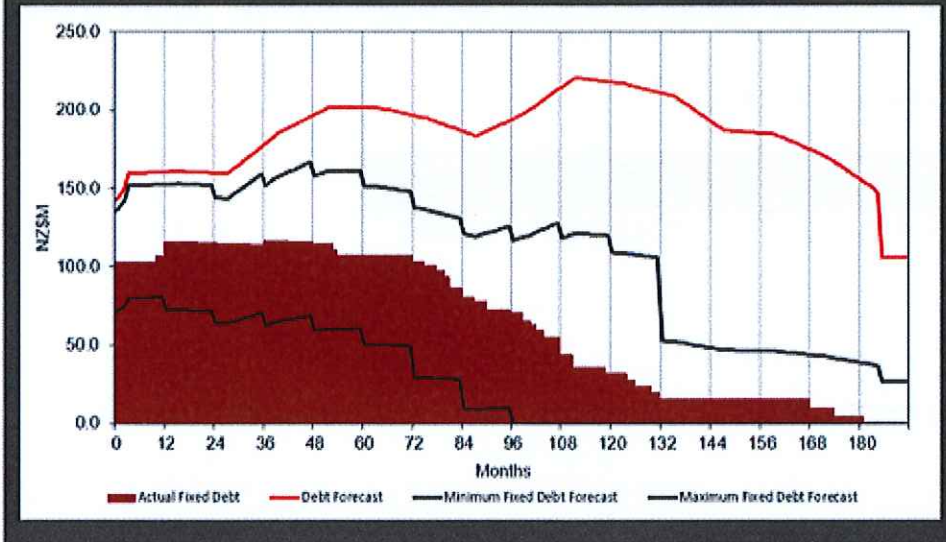
31 March 2018



Debt Interest Rate Policy Parameters
(calculated on rolling monthly basis)

Debt Period Ending	Debt Forecast	Minimum %	Maximum %	Actual	Compliant (Y/N)
0 Current	143	50%	95%	72%	Yes
12 Year 1	161	45%	95%	72%	Yes
24 Year 2	160	40%	90%	71%	Yes
36 Year 3	179	35%	85%	64%	Yes
48 Year 4	197	30%	80%	52%	Yes
60 Year 5	202	25%	75%	49%	Yes
72 Year 6	197	15%	70%	41%	Yes
84 Year 7	186	5%	65%	38%	Yes
96 Year 8	195	0%	60%	23%	Yes
108 Year 9	215	0%	55%	15%	Yes
120 Year 10	218	0%	50%	7%	Yes
132 Year 11	211	0%	25%	8%	Yes
144 Year 12	193	0%	25%	8%	Yes
156 Year 13	185	0%	25%	5%	Yes
168 Year 14	175	0%	25%	3%	Yes
180 Year 15	155	0%	25%	0%	Yes

And as at year end, **30 June 2018**, Interest rate position would be as follows:



Debt Interest Rate Policy Parameters

(calculated on rolling monthly basis)

Debt Period Ending	Debt Forecast	Minimum %	Maximum %	Actual	Compliant (Y/N)
0 Current	160	50%	95%	65%	Yes
12 Year 1	161	45%	95%	71%	Yes
24 Year 2	160	40%	90%	71%	Yes
36 Year 3	185	35%	85%	62%	Yes
48 Year 4	201	30%	80%	51%	Yes
60 Year 5	202	25%	75%	47%	Yes
72 Year 6	195	15%	70%	40%	Yes
84 Year 7	184	5%	65%	36%	Yes
96 Year 8	198	0%	60%	18%	Yes
108 Year 9	221	0%	55%	14%	Yes
120 Year 10	217	0%	50%	7%	Yes
132 Year 11	209	0%	25%	8%	Yes
144 Year 12	187	0%	25%	9%	Yes
156 Year 13	185	0%	25%	5%	Yes
168 Year 14	171	0%	25%	0%	Yes
180 Year 15	150	0%	25%	0%	Yes

Council are currently compliant to policy but have some capacity to move closer to Policy mid points on a longer-term basis.

Based on this, we recommend \$10m of new hedging and an \$8m extension of existing swaps to take advantage of current rates.

Please note indicative pricing does not include bank transaction costs

New outright quarterly/quarterly forward starting borrower swap as follows:

Notional (NZ\$m)	Start Date	Maturity Date	Indicative Rate
10.00	22-Feb-20	22-Feb-33	3.50%



Please note that the start date of the borrower swap does not coincide with the maturity dates of an existing borrower swap.

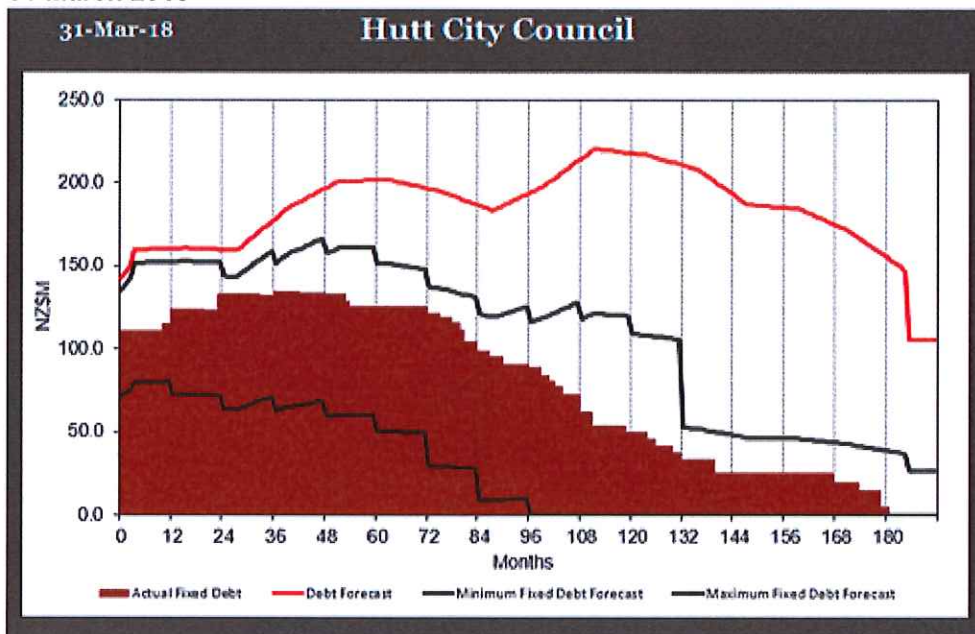
Linked quarterly/quarterly) forward starting borrower swap:

Notional (NZ\$m)	Start Date	Maturity Date	Indicative Rate
8.00	22-Nov-22	22-Nov-29	3.60%

Please note that the start dates of the forward starting borrower swaps are derived from and blended from maturity dates of existing borrower swaps.

After execution of the above strategy, Council's profiles will look as follows:

31 March 2018

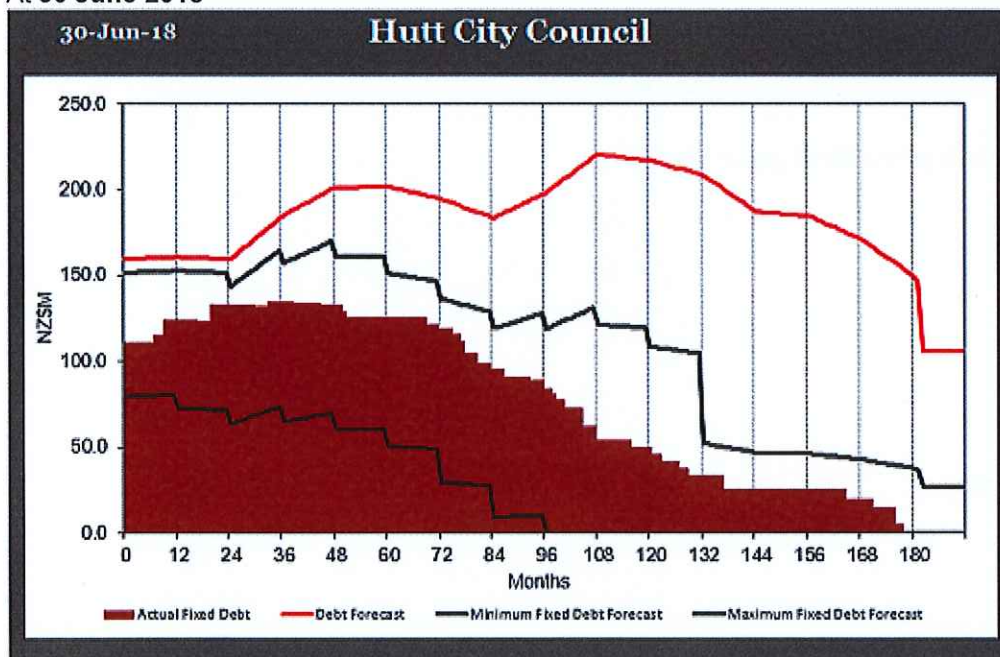


Debt Interest Rate Policy Parameters

(calculated on rolling monthly basis)

Debt Period Ending	Debt Forecast	Minimum %	Maximum %	Actual	Compliant (Y/N)
0 Current	143	50%	95%	78%	Yes
12 Year 1	161	45%	95%	77%	Yes
24 Year 2	160	40%	90%	83%	Yes
36 Year 3	179	35%	85%	74%	Yes
48 Year 4	197	30%	80%	61%	Yes
60 Year 5	202	25%	75%	58%	Yes
72 Year 6	197	15%	70%	50%	Yes
84 Year 7	186	5%	65%	48%	Yes
96 Year 8	195	0%	60%	32%	Yes
108 Year 9	215	0%	55%	23%	Yes
120 Year 10	218	0%	50%	16%	Yes
132 Year 11	211	0%	25%	12%	Yes
144 Year 12	193	0%	25%	13%	Yes
156 Year 13	185	0%	25%	11%	Yes
168 Year 14	175	0%	25%	3%	Yes
180 Year 15	155	0%	25%	0%	Yes

At 30 June 2018



Debt Interest Rate Policy Parameters
(calculated on rolling monthly basis)

Debt Period Ending	Debt Forecast	Minimum %	Maximum %	Actual	Compliant (Y/N)
0 Current	160	50%	95%	70%	Yes
12 Year 1	161	45%	95%	76%	Yes
24 Year 2	160	40%	90%	83%	Yes
36 Year 3	185	35%	85%	72%	Yes
48 Year 4	201	30%	80%	60%	Yes
60 Year 5	202	25%	75%	56%	Yes
72 Year 6	195	15%	70%	49%	Yes
84 Year 7	184	5%	65%	46%	Yes
96 Year 8	198	0%	60%	27%	Yes
108 Year 9	221	0%	55%	23%	Yes
120 Year 10	217	0%	50%	16%	Yes
132 Year 11	209	0%	25%	12%	Yes
144 Year 12	187	0%	25%	14%	Yes
156 Year 13	185	0%	25%	11%	Yes
168 Year 14	171	0%	25%	0%	Yes
180 Year 15	150	0%	25%	0%	Yes

PwC recommends requesting pricing from your panel of banks, as we have recently observed differences in pricing between banks as a result of XVA margin adjustments.

When requesting pricing from your panel of banks please ensure to ask what right-to-break clauses the banks are requiring along with a breakdown of the wholesale and XVA components.

If you have any questions please do not hesitate to get in contact.

Regards

Sarah

Sarah J Houston-Eastergaard



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Glenn Phillips

From: [REDACTED]
Sent: Friday, 27 September 2019 12:27 PM
To: Glenn Phillips
Subject: Fwd: Fw: Hutt interest rate and funding strategy

Hi Glenn

This is the advice that was sent to Council in August 2017.

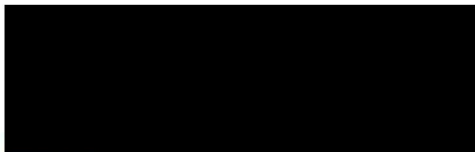
Regards

Sarah

----- Forwarded message -----

From: <[REDACTED]>
Date: Fri, 27 Sep 2019 at 12:23
Subject: Fw: Hutt interest rate and funding strategy
To: <[REDACTED]>

Stuart R Henderson



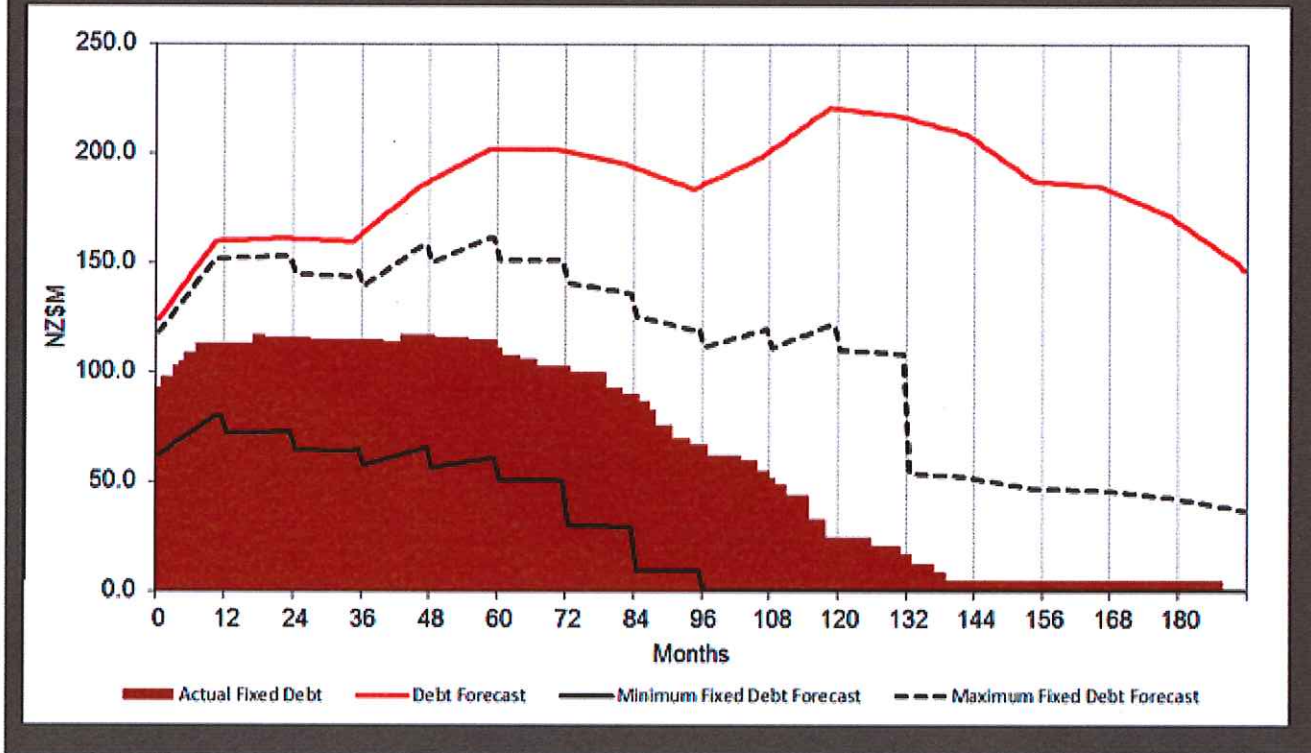
[Test your FX sensitivity at https://fxsnap.nz/](https://fxsnap.nz/)

----- Forwarded by Stuart R Henderson/NZ/FAS/PwC on 27/09/2019 12:22 PM -----

From: Jason P Bligh/NZ/FAS/PwC
To: Glenn Phillips <Glenn.Phillips@huttcity.govt.nz>@INTL, "Brent Kibblewhite" <Brent.Kibblewhite@huttcity.govt.nz>, "Darrin Newth" <Darrin.Newth@huttcity.govt.nz>
Cc: Stuart R Henderson/NZ/FAS/PwC@ASIAPAC
Date: 22/08/2017 10:44 AM
Subject: Hutt interest rate and funding strategy

Hi team, here is the suggested interest rate and funding strategies for your review.

Councils existing fixed rate profile is shown below.



In order to lengthen the fixed rate profile we recommend the following forward start swaps.

Current Notional (NZD \$m)	Start Date	Maturity Date	Interest Rate	Suggested forward start swaps			22/08/2017 Maturity (years)
				Start Date	Maturity Date	Interest Rate	
2.00	28-Mar-14	28-Dec-22	5.9900%	28-Dec-22	28-Jun-32	3.89%	15
3.00	30-Mar-15	28-Sep-23	5.8900%	28-Sep-23	28-Jun-29	3.85%	12
3.00	28-Jun-16	28-Mar-23	5.1550%	28-Mar-23	28-Jun-29	3.85%	12
3.00	15-Dec-16	15-Mar-24	4.4650%	15-Mar-24	15-Jun-31	3.92%	14
11.00			5.32%			3.88%	

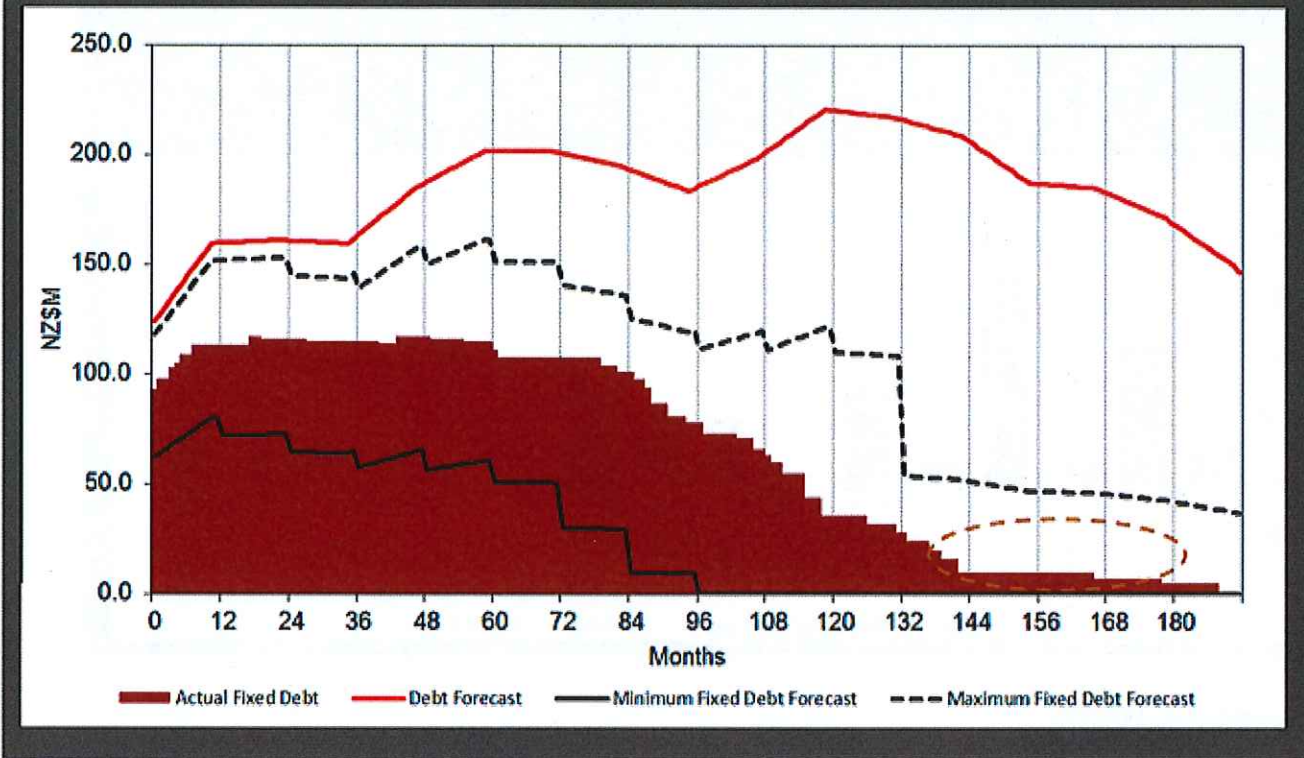
The forward start periods have been limited to between 5-7 years in order to achieve wholesale market swap rates below 4.0%.

Maturity of forward start swaps range between 12-15 years from today.

We recommend having the banks provide firm pricing, including the breakdown between the wholesale market mid-rate the XVA cost adjustment.

Once pricing has been received, we will assess whether to transact, or leave call orders to target lower rates.

Profile following execution is illustrated below. We would see this strategy as ongoing over time.



The following descriptions of the swap details can be copied into an email to the banks:

Notional (NZD \$m)	Start Date	Maturity Date
2.00	28-Dec-22	28-Jun-32
3.00	28-Sep-23	28-Jun-29
3.00	28-Mar-23	28-Jun-29
3.00	15-Mar-24	15-Jun-31

With regards to the required \$10m of debt funding. We recommend this is raised on a Floating Rate Note (FRN) basis and a bespoke issuance achieved mid September. We suggest 2028 and 2029 maturities as follows:

\$5m, 15-Sep-2028 (FRN)

\$5m, 15-Sep-2029 (FRN)

Profile following execution is illustrated below.

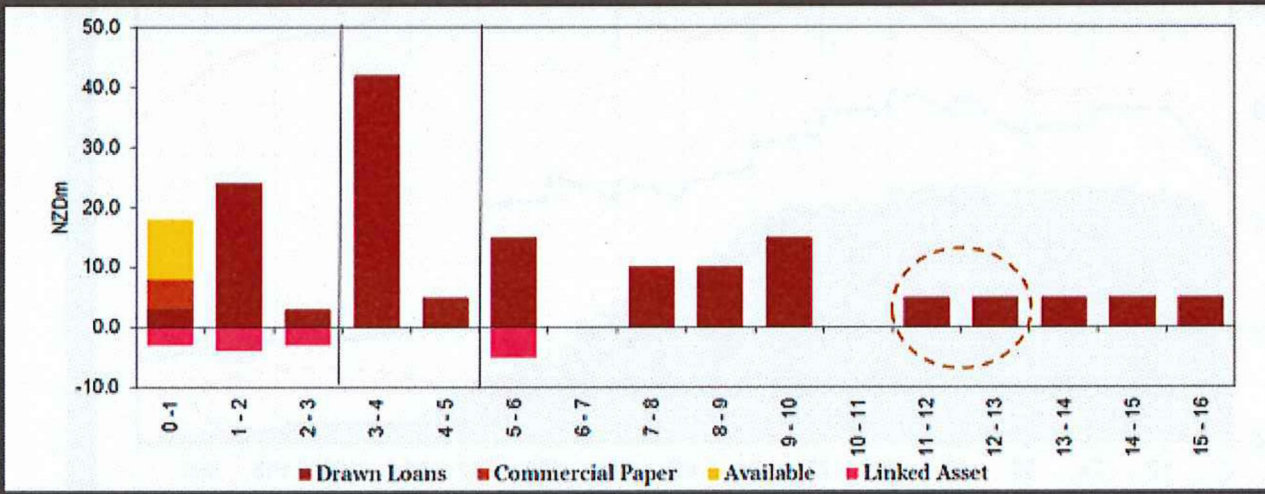
31-Aug-17

Hutt City Council

Committed Loan/Stock/Facilities/Investments \$173m
Current External Debt \$157m
Current Net Debt (ex pre-funding/linked asset) \$136m

Policy Liquidity Ratio >= 110%
Current Liquidity Ratio 110%

0 - 3 years	3 - 5 years	5 years plus
15% - 60%	15% - 60%	10% - 60%
27%	28%	45%



Happy to discuss as required.

Cheers
Jas

Jason P Bligh

Be green. Print less.

Glenn Phillips ---22/08/2017 10:15:45 a.m.---Hi Jason, Banks as follows:

From: Glenn Phillips <Glenn.Phillips@huttcity.govt.nz>
 To: [REDACTED]
 Date: 22/08/2017 10:15 a.m.
 Subject: RE: LGFA tender

Hi Jason,

Banks as follows:

BNZ = Clean lines out to 12 years

WBC = Lines out to 12 years

ANZ = Lines out to 10 years – RTB after 5 years (can push for clean lines out to 10 years)

Kiwi = Clean out to 10 years – RTB for longer tenor.

Cheers
G

From: jason.p.bligh@nz.pwc.com [<mailto:jason.p.bligh@nz.pwc.com>]

Sent: Tuesday, 22 August 2017 10:02 a.m.

To: Glenn Phillips

Subject: RE: LGFA tender

Hi Glenn

We are looking at the swap strategy, what is the longest tenor the banks will provide swap dealing lines to? i.e. Up to 15years?

Jason P Bligh



Be green. Print less.

From: Glenn Phillips <Glenn.Phillips@huttcity.govt.nz>

To: [Redacted]

Date: 16/08/2017 11:47 a.m.

Subject: RE: LGFA tender

Hi Jason,

My recollection was that we agreed to a Bespoke Issue for \$10m Face Value for settlement between 10 – 20 September. Just looking for your input as to splitting the \$10m (\$5 X \$5), Tenor and whether Fixed or Floating.

Cheers

G

From: [Redacted]

Sent: Wednesday, 16 August 2017 11:19 a.m.

To: Glenn Phillips

Subject: LGFA tender

Hi Glenn. Did we need to get back to you on the funding strategy or had we agreed the action yesterday?

I know we need to come back on the IR strategy later.

Sent from my iPhone

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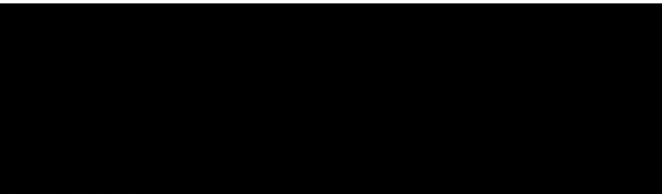
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--

Sarah J Houston-Eastergaard



pwc.co.nz

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Glenn Phillips

From: [REDACTED]
Sent: Wednesday, 19 April 2017 10:17 AM
To: Brent Kibblewhite; Glenn Phillips; Darrin Newth
Cc: stuart.r.henderson@nz.pwc.com
Subject: Hutt interest rate strategy 19-April

Good morning Gents,

Please find below the interest rate strategy as discussed for the current debt profile. Additionally, we have also included the profile based on the increased debt profile (rhs).

Current Debt Profile

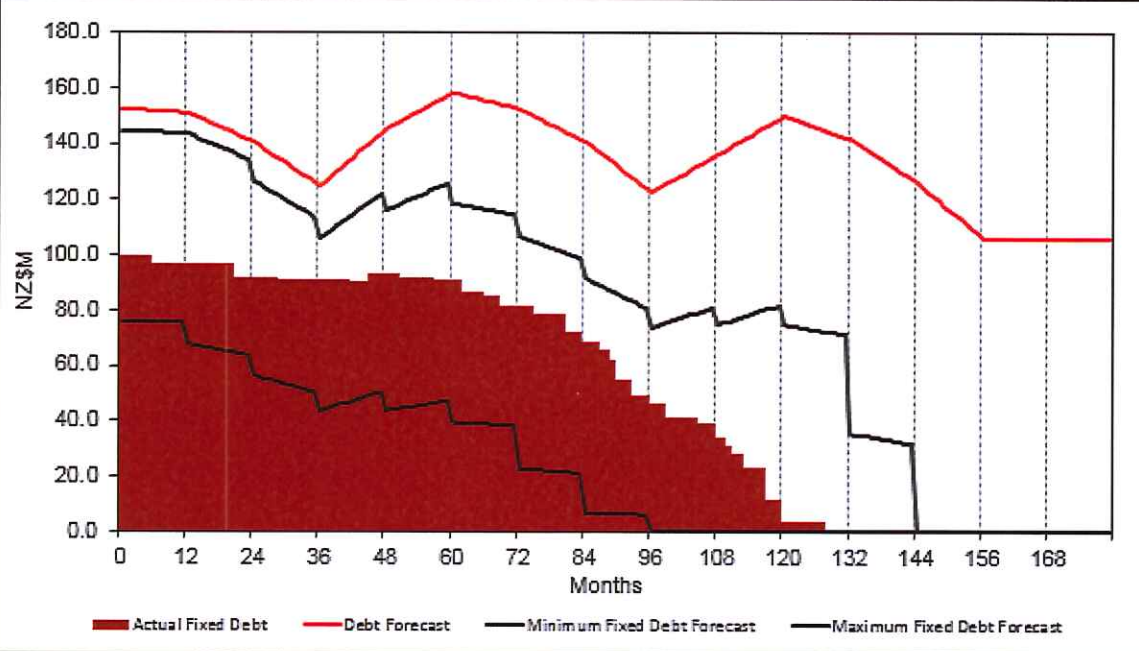
Current risk position as at 30 June 2017:

Increased Debt Profile

Current risk position as at 30 June 2017:

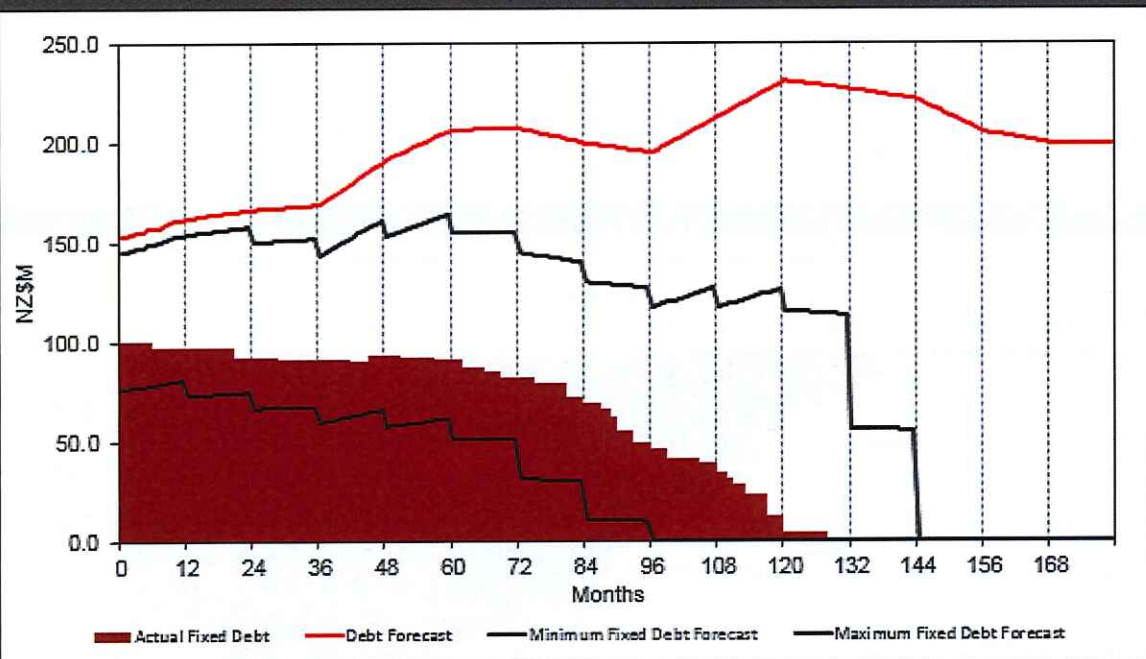
30-Jun-17

Hutt City Council



30-Jun-17

Hutt City Council



Given the rally lower in term rates, we recommend the following forward start borrower swaps to lengthen the hedge portfolio. The swaps are on forward start basis, therefore there are no cash flows until the start date of the swaps. Therefore, Council can secure current low rates for periods up to 11-12 years over the upcoming LTP, however continue to participate in current lower floating interest rates up to the start date of the swap.

Current indicative swap pricing is below the existing portfolio's weighted average hedge rate of 4.72%

Recommended forward start q/q borrower swaps (BKBM:FRA)

Notional Amount (NZDm)	Start Date	Maturity Date	Indicative Swap Rate
4.00	15-Jan-18	15-Jan-29	3.64%
4.00	15-Mar-18	15-Mar-29	3.55%
4.00	15-Jan-19	15-Jul-28	3.67%
4.00	15-Mar-19	15-Sep-28	3.71%

Note that all pricing is at 19 April 2017 and based on market wholesale rates, excludes bank costs. We have used the 15th of the month to align with existing debt roll dates (and typically LGFA dates), however you might want to confirm start dates of the swaps with existing debt tranches before executing.

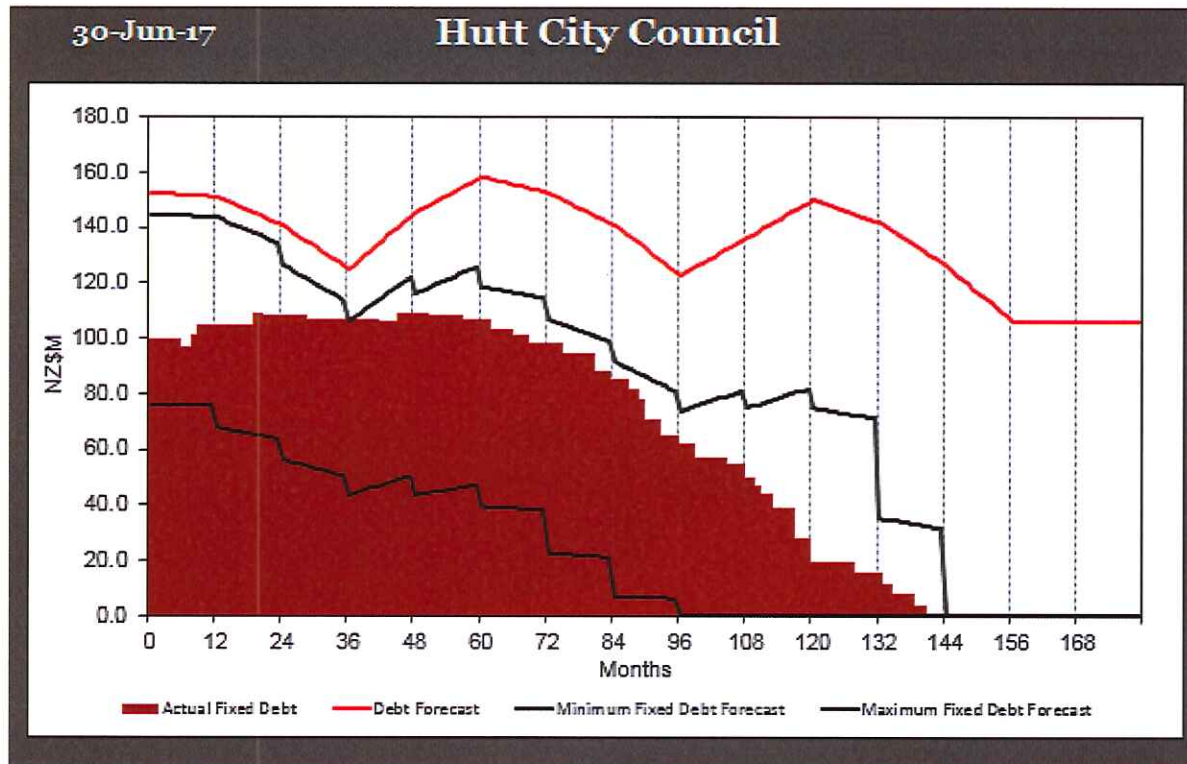
Once executed the following profiles are illustrated.

Current Debt Profile

Risk position post execution as at 30 June 2017:

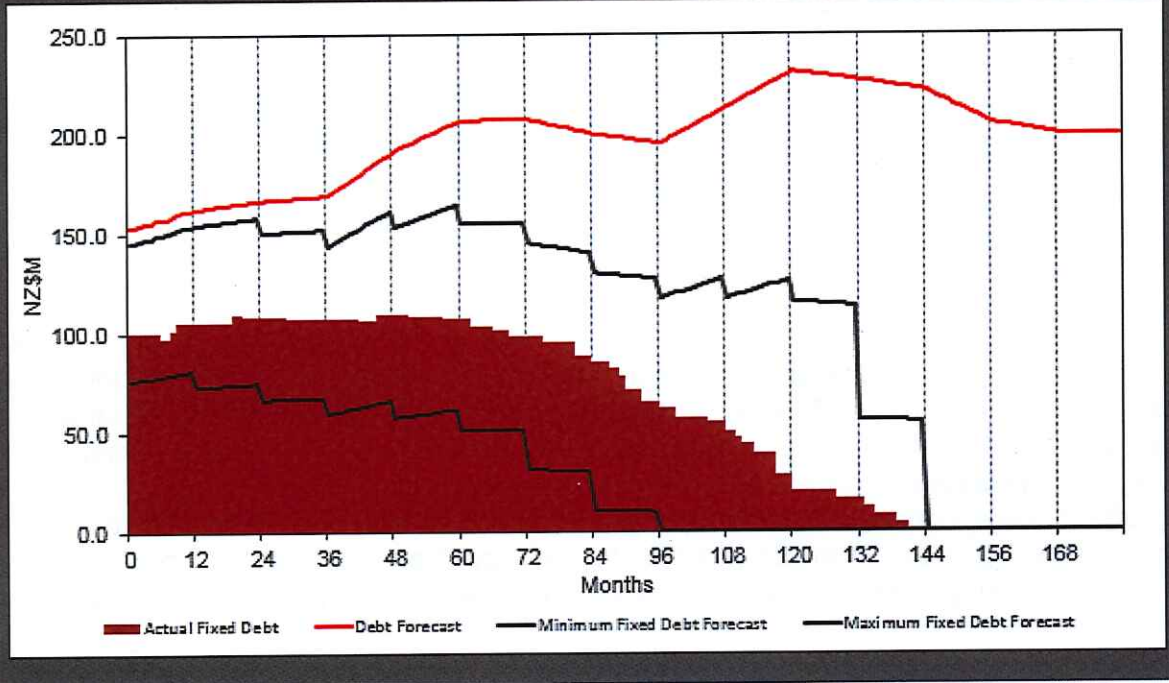
Increased Debt Profile

Risk position post execution as at 30 June 2017:



30-Jun-17

Hutt City Council



As these are new swaps, Council is able to have initial firm pricing providing by all of Council's bank swap counterparties. Tactically you might consider transacting half of the swaps today, and target a lower rate on the remaining (given the current trend in market rates).

The email language to the banks will be;

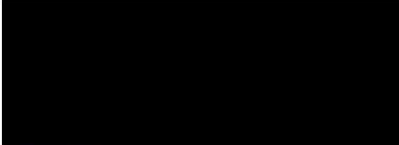
Please provide firm pricing for the following Q/Q forward start borrower swaps (BKBM:FRA):

Notional Amount (NZDm)	Start Date	Maturity Date
4.00	15-Jan-18	15-Jan-29
4.00	15-Mar-18	15-Mar-29
4.00	15-Jan-19	15-Jul-28
4.00	15-Mar-19	15-Sep-28

Happy to discuss any aspect of the above and review bank pricing once you have these.

Cheers
Jas

Jason P Bligh



Be green. Print less.

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Nathan Surridge

From: Jenny Livschitz
Sent: Friday, 27 September 2019 5:45 PM
To: [REDACTED]
Subject: RE: Official Information Act request
Attachments: Independant Swap Valuations and AR Note 13. 30 June 2016 to 30 June 2019.pdf;
Example Swap Confirmation and Rate Reset Notices.pdf

Importance: High

Hi

Second part in response to your query.

Regards
Jenny

From: [REDACTED]
Sent: Thursday, 26 September 2019 9:52 PM
To: Jenny Livschitz
Cc: Brent Kibblewhite
Subject: Official Information Act request

Good evening,

Could you please supply me with:

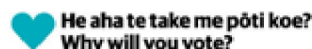
1. Details of all interest rate swaps entered into by the Hutt City Council for the period 1 July 2016 – 30 June 2019.
2. The external advice received in connection with these swaps.
3. The accumulated surplus/negative revaluation of these swap during the same period.
4. Any actual profit/loss on swaps undertaken during this period.
5. The total reset payments/receipts made or received in connection with these swaps.

Thank you,

[REDACTED]

Jenny Livschitz
Chief Financial Officer

Hutt City Council, 30 Laings Road, Private Bag 31912, Lower Hutt 5040, New Zealand
T 04 570 6736, M 027 238 5980, W www.huttcity.govt.nz



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Hutt City Council - Interest Rate Swaps Position Report

(30 Jun 2019)

NZD Hedging

Maturity Date	Ccy	Notional Amount	Fixed Rate	Swap Type	Floating Rate	Frequency	Valuation	Next Reset Date	Last Reset Date	Counterparty	Deal Number	Reference
02 Aug 2019	NZD	4,000,000.00	4.25000%	Pay Fixed	1.78500%	Quarterly	-24,807	02 Aug 2019	02 May 2019	BNZ	212207	Swap 76 Terminated
02 Nov 2019	NZD	1,000,000.00	4.31500%	Pay Fixed	1.78500%	Quarterly	-13,492	02 Aug 2019	02 May 2019	BNZ	101864	Swap 105
23 Dec 2020	NZD	1,000,000.00	4.95500%	Pay Fixed	1.58000%	Quarterly	-53,153	23 Sep 2019	24 Jun 2019	ANZ	101850	Swap 104
21 Aug 2022	NZD	4,000,000.00	5.20000%	Pay Fixed	1.70500%	Quarterly	-488,391	21 Aug 2019	21 May 2019	BNZ	101867	Swap 110
15 Mar 2024	NZD	3,000,000.00	4.46500%	Pay Fixed	1.58000%	Quarterly	-419,619	16 Sep 2019	17 Jun 2019	ANZ	101836	Swap 101
18 Mar 2024	NZD	4,000,000.00	4.02000%	Pay Fixed	1.58500%	Quarterly	-478,203	18 Sep 2019	18 Jun 2019	ANZ	101848	Swap 69
15 Jun 2024	NZD	3,000,000.00	4.46250%	Pay Fixed	1.58000%	Quarterly	-439,184	16 Sep 2019	17 Jun 2019	ANZ	101837	Swap 99
15 Sep 2024	NZD	3,000,000.00	4.46000%	Pay Fixed	1.58000%	Quarterly	-457,561	16 Sep 2019	17 Jun 2019	ANZ	101838	Swap 97
23 Dec 2024	NZD	4,000,000.00	4.63000%	Pay Fixed	1.58000%	Quarterly	-669,733	23 Sep 2019	24 Jun 2019	ANZ	101849	Swap 79
15 Mar 2025	NZD	3,000,000.00	4.44500%	Pay Fixed	1.58000%	Quarterly	-491,087	16 Sep 2019	17 Jun 2019	ANZ	101839	Swap 95
28 Mar 2025	NZD	1,000,000.00	5.09000%	Pay Fixed	1.64000%	Quarterly	-198,960	30 Sep 2019	28 Jun 2019	BNZ	101853	Swap 81
15 Jun 2025	NZD	3,000,000.00	4.43500%	Pay Fixed	1.58000%	Quarterly	-506,795	16 Sep 2019	17 Jun 2019	ANZ	101840	Swap 94
15 Sep 2025	NZD	3,000,000.00	4.42250%	Pay Fixed	1.58000%	Quarterly	-521,317	16 Sep 2019	17 Jun 2019	ANZ	101841	Swap 89
29 Sep 2025	NZD	2,000,000.00	5.40000%	Pay Fixed	1.64000%	Quarterly	-464,059	30 Sep 2019	28 Jun 2019	WPC	101859	Swap 113
30 Mar 2026	NZD	2,000,000.00	4.99000%	Pay Fixed	1.64000%	Quarterly	-441,311	30 Sep 2019	28 Jun 2019	BNZ	101856	Swap 87

15 Jun 2026	NZD	5,000,000.00	3.82750%	Pay Fixed	1.58000%	Quarterly	-750,261	16 Sep 2019	17 Jun 2019	WPC	101846	Swap 109
21 Aug 2026	NZD	3,000,000.00	4.99000%	Pay Fixed	1.70500%	Quarterly	-702,637	21 Aug 2019	21 May 2019	BNZ	101866	Swap 77
15 Sep 2026	NZD	3,000,000.00	3.69500%	Pay Fixed	1.58000%	Quarterly	-434,220	16 Sep 2019	17 Jun 2019	WPC	101843	Swap 100
28 Sep 2026	NZD	3,000,000.00	4.50500%	Pay Fixed	1.64000%	Quarterly	-600,284	30 Sep 2019	28 Jun 2019	WPC	101855	Swap 85
15 Nov 2026	NZD	5,000,000.00	3.84250%	Pay Fixed	1.69500%	Quarterly	-795,175	15 Aug 2019	15 May 2019	WPC	101865	Swap 108
15 Mar 2027	NZD	5,000,000.00	4.00000%	Pay Fixed	1.58000%	Quarterly	-867,886	16 Sep 2019	17 Jun 2019	KIWI	101869	Swap 106
15 Jun 2027	NZD	3,000,000.00	3.70500%	Pay Fixed	1.58000%	Quarterly	-466,033	16 Sep 2019	17 Jun 2019	WPC	101844	Swap 98
15 Jun 2027	NZD	5,000,000.00	3.85250%	Pay Fixed	1.58000%	Quarterly	-832,263	16 Sep 2019	17 Jun 2019	WPC	101845	Swap 107
16 Dec 2027	NZD	3,000,000.00	3.82500%	Pay Fixed	1.58000%	Quarterly	-512,961	16 Sep 2019	17 Jun 2019	WPC	101842	Swap 96
28 Mar 2028	NZD	2,000,000.00	4.55000%	Pay Fixed	1.64000%	Quarterly	-466,430	30 Sep 2019	28 Jun 2019	BNZ	101854	Swap 83
15 Jul 2028	NZD	4,000,000.00	3.57500%	Pay Fixed	1.83500%	Quarterly	-640,661	15 Jul 2019	15 Apr 2019	BNZ	101868	Swap 114
15 Sep 2028	NZD	4,000,000.00	3.60000%	Pay Fixed	1.58000%	Quarterly	-645,251	16 Sep 2019	17 Jun 2019	KIWI	101870	Swap 117
15 Jan 2029	NZD	4,000,000.00	3.46000%	Pay Fixed	1.83500%	Quarterly	-618,504	15 Jul 2019	15 Apr 2019	BNZ	101861	Swap 115
15 Mar 2029	NZD	4,000,000.00	3.50250%	Pay Fixed	1.58000%	Quarterly	-629,335	16 Sep 2019	17 Jun 2019	KIWI	101847	Swap 116
28 Jun 2029	NZD	4,000,000.00	4.58500%	Pay Fixed	1.64000%	Quarterly	-1,036,849	30 Sep 2019	28 Jun 2019	BNZ	101880	Swap 124
28 Sep 2029	NZD	6,000,000.00	4.60250%	Pay Fixed	1.64000%	Quarterly	-1,590,901	30 Sep 2019	28 Jun 2019	BNZ	101879	Swap 123
TOTAL	NZD	104,000,000.00	4.22103%				-17,257,340					

NZD Hedging (Forward start)

Maturity Date	Ccy	Notional Amount	Fixed Rate	Swap Type	Floating Rate	Frequency	Valuation	Next Reset Date	Last Reset Date	Counterparty	Deal Number	Reference
02 Nov 2026	NZD	4,000,000.00	3.79750%	Pay Fixed	0.00000%	Quarterly	-603,178	02 Aug 2019		BNZ	101862	Swap 76

30 Mar 2027	NZD	3,000,000.00	3.95000%	Pay Fixed	0.00000%	Quarterly	-374,978	29 Mar 2021		BNZ	101872	Swap 102
30 Mar 2027	NZD	3,000,000.00	3.97000%	Pay Fixed	0.00000%	Quarterly	-264,320	28 Sep 2022		WPC	101874	Swap 103
21 Feb 2028	NZD	4,000,000.00	3.59000%	Pay Fixed	0.00000%	Quarterly	-338,726	22 Aug 2022		BNZ	101873	Swap 111
15 Mar 2032	NZD	3,000,000.00	3.88000%	Pay Fixed	0.00000%	Quarterly	-328,656	15 Mar 2024		KIWI	101878	Swap 120
30 Mar 2032	NZD	3,000,000.00	3.85500%	Pay Fixed	0.00000%	Quarterly	-386,094	28 Mar 2023		BNZ	101876	Swap 119
28 Sep 2032	NZD	2,000,000.00	3.84750%	Pay Fixed	0.00000%	Quarterly	-275,968	28 Dec 2022		ANZ	101875	Swap 118
28 Sep 2032	NZD	3,000,000.00	3.87000%	Pay Fixed	0.00000%	Quarterly	-369,750	28 Sep 2023		KIWI	101877	Swap 121
22 Feb 2033	NZD	10,000,000.00	3.59000%	Pay Fixed	0.00000%	Quarterly	-1,810,737	24 Feb 2020		ANZ	101871	Swap 122
TOTAL	NZD	35,000,000.00	3.76343%				-4,752,413					

Report run as at 30 Jun 2019 for Hutt City Council valued in NZD using a mid market spread basis.

Disclaimer:

The information contained in this report is for general information purposes only. Whilst we endeavor to keep the information up-to-date and correct, we make no representations or warranties of any kind, express or implied, about the completeness, accuracy, reliability, suitability or availability of the information contained in this report for any purpose. Any reliance you place on such information is therefore strictly at your own risk.

13. Derivative financial instruments

Accounting policy

The Group uses derivative financial instruments such as interest rate swaps to manage exposure to interest rate risks arising from the Council's and Group's operational and financing activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value at each balance date. As the Council and Group do not designate its derivative financial instruments as hedging instruments for accounting purposes, the associated gains or losses on derivatives are recognised within surplus or deficit.

Derivatives are carried as current or non-current assets when their fair value is positive and as current or non-current liabilities when their fair value is negative, depending on the maturity of the instrument.

Breakdown of derivative financial instruments

	Council		Group	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Current asset portion				
Interest rate swaps - fair value hedges	-	-	-	-
<i>Total non-current asset portion</i>	-	-	-	-
Total derivative financial instrument assets	-	-	-	-
Current liability portion				
Interest rate swaps - fair value hedges	-	-	-	-
Forward foreign exchange contracts - held for trading	-	-	-	-
<i>Total current liability portion</i>	38	3	38	3
Non-current liability portion				
Interest rate swaps - held for trading	21,971	10,449	21,971	10,449
<i>Total non-current liability portion</i>	21,971	10,449	21,971	10,449
Total derivative financial instrument liabilities	22,009	10,452	22,009	10,452
Total derivative financial instruments	(22,009)	(10,452)	(22,009)	(10,452)

Fair value

The fair value of interest rate swaps has been determined using a discounted cash flows valuation technique based on quoted market prices as required by PBE IPSAS 29 Financial Instruments - Recognition and Measurement. The interest rates swaps were independently valued at 30 June 2019 by Richard Eaddy of Hedgebook Limited

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for Council and Group were \$139 million (2018: \$155 million). At 30 June 2019, the fixed interest rates of cash flow hedge interest rate swaps vary from 3.40% to 5.40% (2018: 2.08% to 5.89%).

14. Inventories

Accounting policy

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost, adjusted when applicable, for any loss of service potential.

Inventories held for distribution or consumption in the provision of services that are supplied on a commercial basis are measured at the lower of cost adjusted and net realisable value

Cost is allocated using the first-in-first-out (FIFO) method, which assumes that inventories that were purchased first are distributed or used first.

Inventories acquired through a non-exchange transaction are measured at fair value at the date of acquisition.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

When land held for the development and future resale is transferred from property, plant and equipment to inventory, the fair value of the land at the date of transfer is its deemed cost. Costs directly attributed to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant and equipment.

Emission trading units are held for consumption based on landfill emissions and are valued at net realisable value.

Breakdown of inventory and further information

	Council		Group	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
<i>Commercial inventories held for sale:</i>				
Diesel	2	-	23	15
Emission trading units	13	13	13	13
Inventory	182	132	182	134
Commercial property developments	-	1,450	7,500	4,098
Total inventories	197	1,595	7,718	4,260

No inventories are pledged as security for liabilities (2018: \$nil). However, some inventories are subject to retention of title clauses. Commercial inventories are valued at cost, as there are no impairments of inventories.

Hutt City Council - Interest Rate Swaps Position Report (30 Jun 2018)

IZD Hedging

Maturity Date	Ccy	Notional Amount	Fixed Rate	Swap Type	Floating Rate	Frequency	Valuation	Next Reset Date	Last Reset Date	Counterparty	Deal Number	Reference
15 Mar 2019	NZD	20,000,000.00	2.08000%	Pay Fixed Amortizing	2.01500%	Quarterly	-2,767	17 Sep 2018	18 Jun 2018	BNZ	105571	Swap 125
04 Nov 2019	NZD	1,000,000.00	4.31500%	Pay Fixed	2.03000%	Quarterly	-32,971	06 Aug 2018	04 May 2018	BNZ	101864	Swap 105
23 Dec 2020	NZD	1,000,000.00	4.95500%	Pay Fixed	2.03000%	Quarterly	-67,050	24 Sep 2018	25 Jun 2018	ANZ	101850	Swap 104
22 Aug 2022	NZD	4,000,000.00	5.20000%	Pay Fixed	1.98500%	Quarterly	-455,942	22 Aug 2018	22 May 2018	BNZ	101867	Swap 110
28 Sep 2023	NZD	3,000,000.00	5.89000%	Pay Fixed	2.00500%	Quarterly	-494,186	28 Sep 2018	28 Jun 2018	WPC	101855	Swap 85
15 Mar 2024	NZD	3,000,000.00	4.46500%	Pay Fixed	2.00000%	Quarterly	-299,696	17 Sep 2018	15 Jun 2018	ANZ	101836	Swap 101
18 Mar 2024	NZD	4,000,000.00	4.02000%	Pay Fixed	2.01500%	Quarterly	-303,437	18 Sep 2018	18 Jun 2018	ANZ	101848	Swap 69
15 Jun 2024	NZD	3,000,000.00	4.46250%	Pay Fixed	2.00000%	Quarterly	-306,593	17 Sep 2018	15 Jun 2018	ANZ	101837	Swap 99
15 Sep 2024	NZD	3,000,000.00	4.46000%	Pay Fixed	2.00000%	Quarterly	-312,690	17 Sep 2018	15 Jun 2018	ANZ	101838	Swap 97
04 Nov 2024	NZD	4,000,000.00	4.25000%	Pay Fixed	2.03000%	Quarterly	-381,895	06 Aug 2018	04 May 2018	BNZ	101862	Swap 76
16 Dec 2024	NZD	3,000,000.00	4.44750%	Pay Fixed	2.01500%	Quarterly	-315,678	17 Sep 2018	18 Jun 2018	WPC	101842	Swap 96
23 Dec 2024	NZD	4,000,000.00	4.63000%	Pay Fixed	2.03000%	Quarterly	-463,153	24 Sep 2018	25 Jun 2018	ANZ	101849	Swap 79
15 Mar 2025	NZD	3,000,000.00	4.44500%	Pay Fixed	2.00000%	Quarterly	-321,687	17 Sep 2018	15 Jun 2018	ANZ	101839	Swap 95
28 Mar 2025	NZD	1,000,000.00	5.09000%	Pay Fixed	2.00500%	Quarterly	-146,556	28 Sep 2018	28 Jun 2018	BNZ	101853	Swap 81
28 Mar 2025	NZD	2,000,000.00	5.50000%	Pay Fixed	2.00500%	Quarterly	-343,978	28 Sep 2018	28 Jun 2018	BNZ	101854	Swap 83
15 Jun 2025	NZD	3,000,000.00	4.43500%	Pay Fixed	2.00000%	Quarterly	-325,519	17 Sep 2018	15 Jun 2018	ANZ	101840	Swap 94
15 Sep 2025	NZD	3,000,000.00	4.42250%	Pay Fixed	2.00000%	Quarterly	-328,368	17 Sep 2018	15 Jun 2018	ANZ	101841	Swap 89
29 Sep 2025	NZD	2,000,000.00	5.40000%	Pay Fixed	2.00000%	Quarterly	-346,861	28 Sep 2018	29 Jun 2018	WPC	101859	Swap 113
30 Mar 2026	NZD	2,000,000.00	4.99000%	Pay Fixed	2.00000%	Quarterly	-302,940	28 Sep 2018	29 Jun 2018	BNZ	101856	Swap 87
15 Jun 2026	NZD	5,000,000.00	3.82750%	Pay Fixed	2.00000%	Quarterly	-356,398	17 Sep 2018	15 Jun 2018	WPC	101846	Swap 109
21 Aug 2026	NZD	3,000,000.00	4.99000%	Pay Fixed	1.98000%	Quarterly	-477,922	21 Aug 2018	21 May 2018	BNZ	101866	Swap 77
15 Sep 2026	NZD	3,000,000.00	3.69500%	Pay Fixed	2.00000%	Quarterly	-185,139	17 Sep 2018	15 Jun 2018	WPC	101843	Swap 100
16 Nov 2026	NZD	5,000,000.00	3.84250%	Pay Fixed	2.01000%	Quarterly	-371,816	16 Aug 2018	16 May 2018	WPC	101865	Swap 108
15 Jun 2027	NZD	3,000,000.00	3.70500%	Pay Fixed	2.00000%	Quarterly	-187,354	17 Sep 2018	15 Jun 2018	WPC	101844	Swap 98
15 Jun 2027	NZD	5,000,000.00	3.85250%	Pay Fixed	2.00000%	Quarterly	-371,263	17 Sep 2018	15 Jun 2018	WPC	101845	Swap 107
15 Jan 2029	NZD	4,000,000.00	3.46000%	Pay Fixed	2.03000%	Quarterly	-166,478	16 Jul 2018	16 Apr 2018	BNZ	101861	Swap 115
15 Mar 2029	NZD	4,000,000.00	3.50250%	Pay Fixed	2.00000%	Quarterly	-170,974	17 Sep 2018	15 Jun 2018	KIWI	101847	Swap 116
28 Jun 2029	NZD	4,000,000.00	4.58500%	Pay Fixed	2.00000%	Quarterly	-574,303	28 Sep 2018	29 Jun 2018	BNZ	101860	Swap 124
28 Sep 2029	NZD	6,000,000.00	4.60250%	Pay Fixed	2.00500%	Quarterly	-880,307	28 Sep 2018	28 Jun 2018	BNZ	101879	Swap 123
TOTAL	NZD	111,000,000.00	3.96225%				-9,293,937					

NZD Hedging (Forward start)

Maturity Date	Ccy	Notional Amount	Fixed Rate	Swap Type	Floating Rate	Frequency	Valuation	Next Reset Date	Last Reset Date	Counterparty	Deal Number	Reference
15 Mar 2027	NZD	5,000,000.00	4.00000%	Pay Fixed	0.00000%	Quarterly	-355,321	15 Mar 2019		KIWI	101869	Swap 106
30 Mar 2027	NZD	3,000,000.00	3.95000%	Pay Fixed	0.00000%	Quarterly	-104,817	29 Mar 2021		BNZ	101872	Swap 102
30 Mar 2027	NZD	3,000,000.00	3.97000%	Pay Fixed	0.00000%	Quarterly	-59,184	28 Sep 2022		WPC	101874	Swap 103
21 Feb 2028	NZD	4,000,000.00	3.59000%	Pay Fixed	0.00000%	Quarterly	-18,553	22 Aug 2022		BNZ	101873	Swap 111
15 Jul 2028	NZD	4,000,000.00	3.57500%	Pay Fixed	0.00000%	Quarterly	-166,717	15 Jan 2019		BNZ	101868	Swap 114
15 Sep 2028	NZD	4,000,000.00	3.60000%	Pay Fixed	0.00000%	Quarterly	-164,614	15 Mar 2019		KIWI	101870	Swap 117
15 Mar 2032	NZD	3,000,000.00	3.88000%	Pay Fixed	0.00000%	Quarterly	-26,575	15 Mar 2024		KIWI	101878	Swap 120
30 Mar 2032	NZD	3,000,000.00	3.85500%	Pay Fixed	0.00000%	Quarterly	-36,580	28 Mar 2023		BNZ	101876	Swap 119
28 Sep 2032	NZD	2,000,000.00	3.84750%	Pay Fixed	0.00000%	Quarterly	-25,604	28 Dec 2022		ANZ	101875	Swap 118
28 Sep 2032	NZD	3,000,000.00	3.87000%	Pay Fixed	0.00000%	Quarterly	-29,446	28 Sep 2023		KIWI	101877	Swap 121
22 Feb 2033	NZD	10,000,000.00	3.59000%	Pay Fixed	0.00000%	Quarterly	-170,788	24 Feb 2020		ANZ	101871	Swap 122
TOTAL	NZD	44,000,000.00	3.75523%				-1,158,204					

Disclaimer:

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13. DERIVATIVE FINANCIAL INSTRUMENTS

Accounting policy

The Group uses derivative financial instruments such as interest rate swaps to manage exposure to interest rate risks arising from the Council's and Group's operational and financing activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value at each balance date. As the Council and Group do not designate its derivative financial instruments as hedging instruments for accounting purposes, the associated gains or losses on derivatives are recognised within surplus or deficit.

Derivatives are carried as current or non-current assets when their fair value is positive and as current or non-current liabilities when their fair value is negative, depending on the maturity of the instrument.

Breakdown of derivative financial instruments

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Current asset portion				
Interest rate swaps - fair value hedges	-	-	-	-
Interest rate swaps - cash flow hedges	-	-	-	-
Interest rate swaps - held for trading	-	111	-	111
Total current asset portion	-	111	-	111
Non-current asset portion				
Interest rate swaps - fair value hedges	-	-	-	-
Interest rate swaps - cash flow hedges	-	-	-	-
Interest rate swaps - held for trading	-	-	-	-
Total non-current asset portion	-	-	-	-
Total derivative financial instrument assets	-	111	-	111
Current liability portion				
Interest rate swaps - fair value hedges	-	-	-	-
Interest rate swaps - held for trading - Liability	3	30	3	30
Forward foreign exchange contracts - held for trading	-	-	-	-
Total current liability portion	3	30	3	30
Non-current liability portion				
Interest rate swaps - held for trading	10,449	7,658	10,449	7,658
Total non-current liability portion	10,449	7,658	10,449	7,658
Total derivative financial instrument liabilities	10,452	7,688	10,452	7,688
Total derivative financial instruments	(10,452)	(7,577)	(10,452)	(7,577)

Fair value

The fair value of interest rate swaps has been determined using a discounted cash flows valuation technique based on quoted market prices as required by PBE IPSAS 29 Financial Instruments - Recognition and Measurement. The interest rates swaps were independently valued at 30 June 2018 by Richard Eaddy of Hedgebook Limited.

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for Council and Group were \$155 million (2017: \$117 million). At 30 June 2018, the fixed interest rates of cash flow hedge interest rate swaps vary from 2.08% to 5.89% (2017: 3.46% to 6.05%).

14. INVENTORIES

Accounting policy

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost, adjusted when applicable, for any loss of service potential.

Inventories held for distribution or consumption in the provision of services that are supplied on a commercial basis are measured at the lower of cost adjusted and net realisable value.

Cost is allocated using the first-in-first-out (FIFO) method, which assumes that inventories that were purchased first are distributed or used first.

Inventories acquired through a non-exchange transaction are measured at fair value at the date of acquisition.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

When land held for the development and future resale is transferred from property, plant and equipment to inventory, the fair value of the land at the date of transfer is its deemed cost. Costs directly attributed to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant and equipment.

Emission trading units are held for consumption based on landfill emissions and are valued at net realisable value.



Hedgebook

Generated Date: 5 Jul 2017

Printed Time: 15:51

Hutt CC June 2017 - Interest Rate Swaps Position Report

(30 Jun 2017)

NZD Hedging

Maturity Date	Ccy	Notional Amount	Fixed Rate	Swap Type	Floating Rate	Frequency	Valuation	Next Reset Date	Last Reset Date	Counterparty	Deal Number	Reference
19 Dec 2017	NZD	3,000,000.00	3.98000%	Pay Fixed	1.93000%	Quarterly	-29,874	19 Sep 2017	19 Jun 2017	BNZ	64640	384354265
04 Nov 2019	NZD	1,000,000.00	4.31500%	Pay Fixed	1.97500%	Quarterly	-47,702	04 Aug 2017	04 May 2017	BNZ	64643	Swap 105
23 Dec 2020	NZD	1,000,000.00	4.95500%	Pay Fixed	1.95333%	Quarterly	-78,934	25 Sep 2017	23 Jun 2017	ANZ	64642	Swap 104
30 Sep 2021	NZD	1,000,000.00	5.60000%	Pay Fixed	1.98000%	Quarterly	-115,384	29 Sep 2017	30 Jun 2017	BNZ	64635	384366004
28 Mar 2022	NZD	1,000,000.00	6.05000%	Pay Fixed	1.95000%	Quarterly	-144,661	28 Sep 2017	28 Jun 2017	BNZ	64624	384366003
22 Aug 2022	NZD	4,000,000.00	5.20000%	Pay Fixed	1.97000%	Quarterly	-462,714	22 Aug 2017	22 May 2017	BNZ	64644	384394957
28 Sep 2022	NZD	3,000,000.00	5.73000%	Pay Fixed	1.95000%	Quarterly	-419,054	28 Sep 2017	28 Jun 2017	BNZ	64634	384327806
28 Dec 2022	NZD	2,000,000.00	5.99000%	Pay Fixed	1.95000%	Quarterly	-314,431	28 Sep 2017	28 Jun 2017	BNZ	64625	384314436
28 Mar 2023	NZD	3,000,000.00	5.15500%	Pay Fixed	1.95000%	Quarterly	-352,551	28 Sep 2017	28 Jun 2017	BNZ	64645	384397001
28 Sep 2023	NZD	3,000,000.00	5.89000%	Pay Fixed	1.95000%	Quarterly	-496,411	28 Sep 2017	28 Jun 2017	WBC	64633	4147772
15 Mar 2024	NZD	3,000,000.00	4.46500%	Pay Fixed	1.93000%	Quarterly	-260,756	15 Sep 2017	15 Jun 2017	ANZ	64657	Swap 101
18 Mar 2024	NZD	4,000,000.00	4.02000%	Pay Fixed	1.93000%	Quarterly	-237,325	18 Sep 2017	19 Jun 2017	ANZ	64626	9102751
17 Jun 2024	NZD	3,000,000.00	4.46250%	Pay Fixed	1.93000%	Quarterly	-263,196	18 Sep 2017	19 Jun 2017	ANZ	64647	10361007

15 Sep 2024	NZD	3,000,000.00	4.46000%	Pay Fixed	1.93000%	Quarterly	-266,834	15 Sep 2017	15 Jun 2017	ANZ	64630	10360967
04 Nov 2024	NZD	4,000,000.00	4.25000%	Pay Fixed	1.97500%	Quarterly	-311,828	04 Aug 2017	04 May 2017	BNZ	64636	384344142
16 Dec 2024	NZD	3,000,000.00	4.44750%	Pay Fixed	1.93500%	Quarterly	-266,481	18 Sep 2017	16 Jun 2017	WBC	64632	3953647
23 Dec 2024	NZD	4,000,000.00	4.63000%	Pay Fixed	1.95333%	Quarterly	-402,607	25 Sep 2017	23 Jun 2017	ANZ	64631	11056188
15 Mar 2025	NZD	3,000,000.00	4.44500%	Pay Fixed	1.93000%	Quarterly	-269,410	15 Sep 2017	15 Jun 2017	ANZ	64629	10360965
28 Mar 2025	NZD	1,000,000.00	5.09000%	Pay Fixed	1.95000%	Quarterly	-133,700	28 Sep 2017	28 Jun 2017	BNZ	64637	384344242
28 Mar 2025	NZD	2,000,000.00	5.50000%	Pay Fixed	1.95000%	Quarterly	-324,264	28 Sep 2017	28 Jun 2017	BNZ	64656	Swap 83
16 Jun 2025	NZD	3,000,000.00	4.43500%	Pay Fixed	1.93500%	Quarterly	-270,033	18 Sep 2017	16 Jun 2017	ANZ	64628	10360964
15 Sep 2025	NZD	3,000,000.00	4.42250%	Pay Fixed	1.93000%	Quarterly	-269,706	15 Sep 2017	15 Jun 2017	ANZ	64627	10360947
29 Sep 2025	NZD	2,000,000.00	5.40000%	Pay Fixed	1.95500%	Quarterly	-321,057	29 Sep 2017	29 Jun 2017	WBC	64646	5262174
30 Mar 2026	NZD	2,000,000.00	4.99000%	Pay Fixed	1.98000%	Quarterly	-267,708	29 Sep 2017	30 Jun 2017	BNZ	64639	384344755
21 Aug 2026	NZD	3,000,000.00	4.99000%	Pay Fixed	1.97000%	Quarterly	-420,479	21 Aug 2017	22 May 2017	BNZ	64638	384344754
15 Sep 2026	NZD	3,000,000.00	3.69500%	Pay Fixed	1.93000%	Quarterly	-102,353	15 Sep 2017	15 Jun 2017	WBC	64648	4568723
15 Jun 2027	NZD	3,000,000.00	3.70500%	Pay Fixed	1.93000%	Quarterly	-98,817	15 Sep 2017	15 Jun 2017	WBC	64641	Swap 98
TOTAL	NZD	71,000,000.00	4.71856%				-6,948,284					

NZD Hedging (Forward start)

Maturity Date	Ccy	Notional Amount	Fixed Rate	Swap Type	Floating Rate	Frequency	Valuation	Next Reset Date	Last Reset Date	Counterparty	Deal Number	Reference
15 Jun 2026	NZD	5,000,000.00	3.82750%	Pay Fixed	0.00000%	Quarterly	-179,585	15 Dec 2017		WBC	64649	4778510
16 Nov 2026	NZD	5,000,000.00	3.84250%	Pay Fixed	0.00000%	Quarterly	-188,452	15 Nov 2017		WBC	64650	4778507

15 Mar 2027	NZD	5,000,000.00	4.00000%	Pay Fixed	0.00000%	Quarterly	-141,434	15 Mar 2019		KIWI	64651	846823
30 Mar 2027	NZD	3,000,000.00	3.95000%	Pay Fixed	0.00000%	Quarterly	-20,883	29 Mar 2021		BNZ	64652	384354160
30 Mar 2027	NZD	3,000,000.00	3.97000%	Pay Fixed	0.00000%	Quarterly	-5,297	28 Sep 2022		WBC	64653	4326517
15 Jun 2027	NZD	5,000,000.00	3.85250%	Pay Fixed	0.00000%	Quarterly	-204,126	15 Sep 2017		WBC	64654	4778503
21 Feb 2028	NZD	4,000,000.00	3.59000%	Pay Fixed	0.00000%	Quarterly	59,314	22 Aug 2022		BNZ	64655	384396886
15 Jul 2028	NZD	4,000,000.00	3.57500%	Pay Fixed	0.00000%	Quarterly	12,707	15 Jan 2019		BNZ	64658	Swap 114
15 Sep 2028	NZD	4,000,000.00	3.60000%	Pay Fixed	0.00000%	Quarterly	13,601	15 Mar 2019		Kiwibank	64659	Swap 117
15 Jan 2029	NZD	4,000,000.00	3.46000%	Pay Fixed	0.00000%	Quarterly	14,244	15 Jan 2018		BNZ	64660	Swap 115
15 Mar 2029	NZD	4,000,000.00	3.50250%	Pay Fixed	0.00000%	Quarterly	10,798	15 Mar 2018		Kiwibank	64661	Swap 116
TOTAL	NZD	46,000,000.00	3.74527%				-629,114					

Report run as at 30 Jun 2017 for Hutt CC June 2017 valued in NZD using a mid market spread basis.

Disclaimer:

The information contained in this report is for general information purposes only. Whilst we endeavor to keep the information up-to-date and correct, we make no representations or warranties of any kind, express or implied, about the completeness, accuracy, reliability, suitability or availability of the information contained in this report for any purpose. Any reliance you place on such information is therefore strictly at your own risk.

The impairment provision has been calculated based on expected losses for the Council's pool of debtors. Expected losses have been determined based on an analysis of the Council's losses in previous periods, and review of specific debtors as detailed below:

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Individual impairment	90	64	95	89
Collective impairment	253	479	253	479
Total provision for impairment	343	543	348	568

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors is as follows:

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Not past due	-	-	-	-
Past due 1-30 days	-	-	-	-
Past due 31-60 days	-	-	-	-
Past due > 60 days	90	64	95	89
Total individual impairment	90	64	95	89

Movements in the provisions for impairment of receivables are as follows:

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
At 1 July	543	517	568	550
Additional provisions made during the year	-	26	-	26
Provisions reversed during the year	(200)	-	(220)	(8)
Receivables written-off during the period	-	-	-	-
At 30 June	343	543	348	568

The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

13. DERIVATIVE FINANCIAL INSTRUMENTS

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Non-current asset portion				
Interest rate swaps - held for trading	111	-	111	-
Total non-current asset portion	111	-	111	-
Total derivative financial instrument assets	111	-	111	-
Current liability portion				
Interest rate swaps - held for trading - Liability	30	-	30	-
Total current liability portion	30	-	30	-
Non-current liability portion				
Interest rate swaps - held for trading	7,658	12,729	7,658	12,729
Total non-current liability portion	7,658	12,729	7,658	12,729
Total derivative financial instrument liabilities	7,688	12,729	7,688	12,729
Total derivative financial instruments	(7,577)	(12,729)	(7,577)	(12,729)

Fair value

The fair value of interest rate swaps has been determined using a discounted cash flows valuation technique based on quoted market prices as required by PBE IPSAS 29 Financial Instruments - Recognition and Measurement. The interest rates swaps were independently valued at 30 June 2017 by Richard Eaddy of Hedgebook Limited.

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council and Group were \$117 million (2016: \$101 million). At 30 June 2017, the fixed interest rates of cash flow hedges interest rate swaps vary from 3.46% to 6.05% (2016: 3.59% to 6.05%).



Hedgebook

Generated Date: 4 Jul 2016

Printed Time: 14:22

Hutt City Council 30 June 2016 - Interest Rate Swaps Position Report

(30 Jun 2016)

NZD Hedging

Maturity Date	Ccy	Notional Amount	Fixed Rate	Swap Type	Floating Rate	Frequency	Valuation	Next Reset Date	Last Reset Date	Counterparty	Deal Number	Reference
19 Dec 2017	NZD	3,000,000.00	3.98000%	Pay Fixed	2.32500%	Quarterly	-78,155	19 Sep 2016	20 Jun 2016	BNZ	35772	384354265
04 Nov 2019	NZD	1,000,000.00	4.31500%	Pay Fixed	2.37000%	Quarterly	-69,900	04 Aug 2016	04 May 2016	BNZ	35777	Swap 105
23 Dec 2020	NZD	1,000,000.00	4.95500%	Pay Fixed	2.35000%	Quarterly	-113,903	23 Sep 2016	23 Jun 2016	ANZ	35776	Swap 104
30 Sep 2021	NZD	1,000,000.00	5.60000%	Pay Fixed	2.41000%	Quarterly	-161,183	30 Sep 2016	30 Jun 2016	BNZ	35767	384366004
28 Mar 2022	NZD	1,000,000.00	6.05000%	Pay Fixed	2.36600%	Quarterly	-197,819	28 Sep 2016	28 Jun 2016	BNZ	35756	384366003
22 Aug 2022	NZD	4,000,000.00	5.20000%	Pay Fixed	2.39000%	Quarterly	-652,581	22 Aug 2016	23 May 2016	BNZ	35778	384394957
28 Sep 2022	NZD	3,000,000.00	5.73000%	Pay Fixed	2.36600%	Quarterly	-579,791	28 Sep 2016	28 Jun 2016	BNZ	35766	384327806
28 Dec 2022	NZD	2,000,000.00	5.99000%	Pay Fixed	2.36600%	Quarterly	-429,749	28 Sep 2016	28 Jun 2016	BNZ	35757	384314436
28 Mar 2023	NZD	3,000,000.00	5.15500%	Pay Fixed	2.36600%	Quarterly	-507,658	28 Sep 2016	28 Jun 2016	BNZ	35779	384397001
28 Sep 2023	NZD	3,000,000.00	5.89000%	Pay Fixed	2.36600%	Quarterly	-682,040	28 Sep 2016	28 Jun 2016	WBC	35765	4147772
18 Mar 2024	NZD	4,000,000.00	4.02000%	Pay Fixed	2.32500%	Quarterly	-428,449	19 Sep 2016	20 Jun 2016	ANZ	35758	9102751
15 Sep 2024	NZD	3,000,000.00	4.46000%	Pay Fixed	2.34000%	Quarterly	-432,014	15 Sep 2016	15 Jun 2016	ANZ	35762	10360967
04 Nov 2024	NZD	4,000,000.00	4.25000%	Pay Fixed	2.37000%	Quarterly	-525,802	04 Aug 2016	04 May 2016	BNZ	35768	384344142

Maturity Date	Ccy	Notional Amount	Fixed Rate	Swap Type	Floating Rate	Frequency	Valuation	Next Reset Date	Last Reset Date	Counterparty	Deal Number	Reference
16 Dec 2024	NZD	3,000,000.00	4.44750%	Pay Fixed	2.34000%	Quarterly	-436,261	16 Sep 2016	16 Jun 2016	WBC	35764	3953647
23 Dec 2024	NZD	4,000,000.00	4.63000%	Pay Fixed	2.35000%	Quarterly	-636,676	23 Sep 2016	23 Jun 2016	ANZ	35763	11056188
15 Mar 2025	NZD	3,000,000.00	4.44500%	Pay Fixed	2.34000%	Quarterly	-443,632	15 Sep 2016	15 Jun 2016	ANZ	35761	10360965
28 Mar 2025	NZD	1,000,000.00	5.09000%	Pay Fixed	2.36600%	Quarterly	-198,127	28 Sep 2016	28 Jun 2016	BNZ	35769	384344242
28 Mar 2025	NZD	2,000,000.00	5.50000%	Pay Fixed	2.36600%	Quarterly	-460,808	28 Sep 2016	28 Jun 2016	BNZ	35870	Swap 83
16 Jun 2025	NZD	3,000,000.00	4.43500%	Pay Fixed	2.34000%	Quarterly	-448,541	16 Sep 2016	16 Jun 2016	ANZ	35760	10360964
15 Sep 2025	NZD	3,000,000.00	4.42250%	Pay Fixed	2.34000%	Quarterly	-452,272	15 Sep 2016	15 Jun 2016	ANZ	35759	10360947
29 Sep 2025	NZD	2,000,000.00	5.40000%	Pay Fixed	2.40000%	Quarterly	-461,544	29 Sep 2016	29 Jun 2016	WBC	35780	5262174
30 Mar 2026	NZD	2,000,000.00	4.99000%	Pay Fixed	2.41000%	Quarterly	-406,661	30 Sep 2016	30 Jun 2016	BNZ	35771	384344755
21 Aug 2026	NZD	3,000,000.00	4.99000%	Pay Fixed	2.39000%	Quarterly	-633,872	22 Aug 2016	23 May 2016	BNZ	35770	384344754
15 Jun 2027	NZD	3,000,000.00	3.70500%	Pay Fixed	2.34000%	Quarterly	-288,319	15 Sep 2016	15 Jun 2016	WBC	35775	Swap 98
TOTAL	NZD	62,000,000.00	4.79274%				-9,725,769					

NZD Hedging (Forward start)

Maturity Date	Ccy	Notional Amount	Fixed Rate	Swap Type	Floating Rate	Frequency	Valuation	Next Reset Date	Last Reset Date	Counterparty	Deal Number	Reference
15 Mar 2024	NZD	3,000,000.00	4.46500%	Pay Fixed	.00000%	Quarterly	-383,850	15 Dec 2016		ANZ	35871	Swap 101
17 Jun 2024	NZD	3,000,000.00	4.46250%	Pay Fixed	.00000%	Quarterly	-408,512	15 Sep 2016		ANZ	35781	10361007
15 Jun 2026	NZD	3,000,000.00	3.69500%	Pay Fixed	.00000%	Quarterly	-268,030	15 Sep 2016		WBC	35782	4568723
15 Jun 2026	NZD	5,000,000.00	3.82750%	Pay Fixed	.00000%	Quarterly	-403,296	15 Dec 2017		WBC	35783	4778510
16 Nov 2026	NZD	5,000,000.00	3.84250%	Pay Fixed	.00000%	Quarterly	-422,613	15 Nov 2017		WBC	35784	4778507

15 Mar 2027	NZD	5,000,000.00	4.00000%	Pay Fixed	.00000%	Quarterly	-379,761	15 Mar 2019		KIWI	35785	846823
30 Mar 2027	NZD	3,000,000.00	3.95000%	Pay Fixed	.00000%	Quarterly	-132,823	29 Mar 2021		BNZ	35786	384354160
30 Mar 2027	NZD	3,000,000.00	3.97000%	Pay Fixed	.00000%	Quarterly	-87,500	28 Sep 2022		WBC	35787	4326517
15 Jun 2027	NZD	5,000,000.00	3.85250%	Pay Fixed	.00000%	Quarterly	-450,458	15 Sep 2017		WBC	35788	4778503
21 Feb 2028	NZD	4,000,000.00	3.59000%	Pay Fixed	.00000%	Quarterly	-66,465	22 Aug 2022		BNZ	35789	384396886
TOTAL	NZD	39,000,000.00	3.93846%				-3,003,314					

Report run as at 30 Jun 2016 for Hutt City Council 30 June 2016 valued in NZD using a mid market spread basis.

Disclaimer:

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OUR FINANCES

The impairment provision has been calculated based on expected losses for the Council's pool of debtors. Expected losses have been determined based on an analysis of the Council's losses in previous periods, and review of specific debtors as detailed below:

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Individual impairment	64	111	89	144
Collective impairment	479	406	479	406
Total provision for impairment	543	517	568	550

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors is as follows:

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Not past due	-	-	-	-
Past due 1-30 days	-	-	-	-
Past due 31-60 days	64	111	89	144
Past due > 60 days	-	-	-	-
Total individual impairment	64	111	89	144

Movements in the provisions for impairment of receivables are as follows:

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
At 1 July	517	376	550	408
Additional provisions made during the year	26	141	26	141
Provisions reversed during the year	-	-	(8)	-
Receivables written-off during the period	-	-	-	1
At 30 June	543	517	568	550

The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

13. DERIVATIVE FINANCIAL INSTRUMENTS

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2016 \$000
Non-current asset portion				
Interest rate swaps - held for trading	-	137	-	137
Total non-current asset portion	-	137	-	137
Total derivative financial instrument assets	-	137	-	137
Current liability portion				
Interest rate swaps - held for trading	-	11	-	11
Total current liability portion	-	11	-	11
Non-current liability portion				
Interest rate swaps - held for trading	12,729	4,864	12,729	4,864
Total non-current liability portion	12,729	4,864	12,729	4,864
Total derivative financial instrument liabilities	12,729	4,875	12,729	4,875
Total derivative financial instruments	(12,729)	(4,738)	(12,729)	(4,738)

Fair value

The fair value of interest rate swaps has been determined using a discounted cash flows valuation technique based on quoted market prices as required by PBE IPSAS 29 Financial Instruments - Recognition and Measurement. The interest rates swaps were independently valued at 30 June 2016 by Richard Eaddy of Hedgebook Limited

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council and Group were \$101 million (2015: \$45 million). At 30 June 2016, the fixed interest rates of cash flow hedges interest rate swaps vary from 3.59% to 6.05% (2015: 3.95% to 6.10%).

Swap 123



10 Apr 2018

Hutt City Council
Laings Road
Lower Hutt 5010
NEW ZEALAND

Attention: Treasury .

Dear Sir/Madam

Swap Transaction Reference: 384479142

Swap Transaction

The purpose of this letter (this "Confirmation") is to confirm the terms and conditions of the Transaction entered into between us on the Trade Date specified below (the "Swap Transaction").

The definitions and provisions contained in the 2006 ISDA Definitions, as published by the International Swap and Derivatives Association, Inc, are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

1. This Confirmation constitutes a "Confirmation" as referred to in, and supplements, forms part of, and is subject to, the Master Agreement dated as of 7 Jun 2000 as amended and supplemented from time to time (the "Agreement") between you and us. All provisions contained in the Agreement govern this Confirmation except as expressly modified below. The Swap Transaction is a "Transaction" for the purpose of the Agreement.
2. The terms of the particular Swap Transaction to which this confirmation relates are as follows:

Notional Amount: ^ NZD 6,000,000.00

Trade Date: ^ 10 Apr 2018

Effective Date: ^ 28 Jun 2018

Termination Date: ^ 28 Sep 2029, subject to adjustment in accordance
with the Modified Following Business Day Convention

Fixed Amounts:

Fixed Rate Payer: ^ Hutt City Council

Fixed Rate Payer Payment Dates:	28 Sep 2018	28 Dec 2018	28 Mar 2019	28 Jun 2019
	30 Sep 2019	30 Dec 2019	30 Mar 2020	29 Jun 2020
	28 Sep 2020	29 Dec 2020	29 Mar 2021	28 Jun 2021
	28 Sep 2021	29 Dec 2021	28 Mar 2022	28 Jun 2022
	28 Sep 2022	28 Dec 2022	28 Mar 2023	28 Jun 2023
	28 Sep 2023	28 Dec 2023	28 Mar 2024	28 Jun 2024
	30 Sep 2024	30 Dec 2024	28 Mar 2025	30 Jun 2025
	29 Sep 2025	29 Dec 2025	30 Mar 2026	29 Jun 2026
	28 Sep 2026	29 Dec 2026	30 Mar 2027	28 Jun 2027

28 Sep 2027 29 Dec 2027 28 Mar 2028 28 Jun 2028
28 Sep 2028 28 Dec 2028 28 Mar 2029 28 Jun 2029
28 Sep 2029

Subject to adjustment in accordance with the Modified
Following Business Day Convention

Fixed Rate: 4.6025%

Fixed Rate Day Count Fraction: Actual / 365 (Fixed)

Floating Amounts:

Floating Rate Payer: Bank of New Zealand

Floating Rate Payer Payment Dates:	28 Sep 2018	28 Dec 2018	28 Mar 2019	28 Jun 2019
	30 Sep 2019	30 Dec 2019	30 Mar 2020	29 Jun 2020
	28 Sep 2020	29 Dec 2020	29 Mar 2021	28 Jun 2021
	28 Sep 2021	29 Dec 2021	28 Mar 2022	28 Jun 2022
	28 Sep 2022	28 Dec 2022	28 Mar 2023	28 Jun 2023
	28 Sep 2023	28 Dec 2023	28 Mar 2024	28 Jun 2024
	30 Sep 2024	30 Dec 2024	28 Mar 2025	30 Jun 2025
	29 Sep 2025	29 Dec 2025	30 Mar 2026	29 Jun 2026
	28 Sep 2026	29 Dec 2026	30 Mar 2027	28 Jun 2027
	28 Sep 2027	29 Dec 2027	28 Mar 2028	28 Jun 2028
	28 Sep 2028	28 Dec 2028	28 Mar 2029	28 Jun 2029
	28 Sep 2029			

Subject to adjustment in accordance with the Modified
Following Business Day Convention

Floating Rate Option: NZD-BBR-FRA

Designated Maturity: 3 MONTH

Spread: None

Floating Rate Day Count Fraction: Actual / 365 (Fixed)

Reset Dates: The first day of each Calculation Period

Compounding: Inapplicable

Other Provisions:

Business Days: Auckland and Wellington

Calculation Agent: As specified in the Agreement, or if no Calculation Agent is specified in the Agreement, Bank of New Zealand

3. Account Details:

Payments to Fixed Rate Payer: in NZD
Account: 030531 00429500000
In Favour of: Hutt City Council

Payments to Floating Rate in NZD
Payer:
Account: BNZ WELLINGTON
Transit #: BKNZ22985
Account #: 02-0975-0998907-040
Bank of New Zealand
In Favour of: ^

4. **Offices:**

- (a) Bank of New Zealand, Wellington
- (b) Hutt City Council, Wellington

5. **Contact Details:**

Settlement & Rate Reset Advices:

Telephone: + 61 1300 763 470
Facsimile: + 61 1300 344 985
NZ Customers Tel: 00 800 8000 4000 (International Free Call)
NZ Customers Fax: 0800 174 017
Email: BNZ.Interest.Rate.Derivative.Operations@bnz.co.nz

Confirmation Queries:

Telephone: + 61 1300 763 690
Facsimile: + 61 1300 344 985
Email: OTC.confirmations@nab.com.au

This Confirmation has been prepared by our Melbourne Office for and on behalf of our Office specified above. Should you have any queries in relation to this Confirmation, please contact our Melbourne Office, contact details of which are listed above.

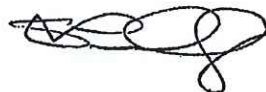
Please confirm that the foregoing correctly sets forth the terms of our agreement by executing this Confirmation and returning it to us within 5 Business Days or by sending us a letter or fax substantially similar to this Confirmation which letter or fax sets forth the material terms of the Swap Transaction to which this Confirmation relates and indicates your agreement to those terms.

Yours faithfully

For and on behalf of
Bank of New Zealand



Guy Hopkins
Manager, Debt Market Operations



Steven Phillips
Manager, OTC Derivatives Operations

Confirmed as of the date first above written :
Hutt City Council

By: 

Name: Darrin Nauth

Title: Financial Accounting Manager

11/4/2018



Settlement & Rate Reset Advices
Telephone: + 61 1300 763 470
Facsimile: + 61 1300 344 985
NZ Customers Tel (International Free Call): 00 800 8000 4000
NZ Customers Fax: 0800 174 017
BNZ.Interest.Rate.Derivative.Operations@bnz.co.nz

28 Jun 2018

Hutt City Council
Laings Road
Lower Hutt 5010
NEW ZEALAND

Attention: Treasury .

Interest Rate Swap Reset Advice

Reference: 384479142

Trade Date: 10 Apr 2018
Effective Date: 28 Jun 2018
Termination Date: 28 Sep 2029, subject to adjustment in accordance with
the Modified Following Business Day Convention
Rate Reset Date: 28 Jun 2018

Floating Rate Payer ("Bank of New Zealand"):

Payment Date: 28 Sep 2018
Floating Rate Day Count Fraction: Actual / 365 (Fixed)
Notional Amount: NZD 6,000,000.00
Calculation Period: 28 Jun 2018 to 28 Sep 2018 (92 Days in the Period)
Floating Rate Option: NZD-BBR-FRA
Floating Rate: 2.00500%
Spread: None
Floating Amount for this Period: NZD 30,322.19

Fixed Rate Payer ("Hutt City Council"):

Payment Date: 28 Sep 2018
Fixed Rate Day Count Fraction: Actual / 365 (Fixed)
Notional Amount: NZD 6,000,000.00
Calculation Period: 28 Jun 2018 to 28 Sep 2018 (92 Days in the Period)
Fixed Rate: 4.6025%
Fixed Amount for this Period: NZD 69,604.93

Value 28 Sep 2018, Hutt City Council will pay NZD 39,282.74 to:
Bank of New Zealand
BNZ WELLINGTON
Transit #: BKNZNZ22985
Account #: 02-0975-0998907-040

This computer generated Confirmation does not require our signature.
BANK OF NEW ZEALAND

Swap 123
1-8082-7601



Settlement & Rate Reset Advices
Telephone: + 61 1300 763 470
Facsimile: + 61 1300 344 985
NZ Customers Tel (International Free Call): 00 800 8000 4000
NZ Customers Fax: 0800 174 017
BNZ.Interest.Rate.Derivative.Operations@bnz.co.nz

28 Sep 2018

Hutt City Council
Laings Road
Lower Hutt 5010
NEW ZEALAND

Attention: Treasury .

Interest Rate Swap Reset Advice

Reference: 384479142

Trade Date: 10 Apr 2018
Effective Date: 28 Jun 2018
Termination Date: 28 Sep 2029, subject to adjustment in accordance with
the Modified Following Business Day Convention
Rate Reset Date: 28 Sep 2018

Floating Rate Payer ("Bank of New Zealand"):

Payment Date: 28 Dec 2018
Floating Rate Day Count Fraction: Actual / 365 (Fixed)
Notional Amount: NZD 6,000,000.00
Calculation Period: 28 Sep 2018 to 28 Dec 2018 (91 Days in the Period)
Floating Rate Option: NZD-BBR-FRA
Floating Rate: 1.91000%
Spread: None
Floating Amount for this Period: NZD 28,571.51

Fixed Rate Payer ("Hutt City Council"):

Payment Date: 28 Dec 2018
Fixed Rate Day Count Fraction: Actual / 365 (Fixed)
Notional Amount: NZD 6,000,000.00
Calculation Period: 28 Sep 2018 to 28 Dec 2018 (91 Days in the Period)
Fixed Rate: 4.6025%
Fixed Amount for this Period: NZD 68,848.36

Value 28 Dec 2018, Hutt City Council will pay NZD 40,276.85 to:
Bank of New Zealand
BNZ WELLINGTON
Transit #: BKNZNZ22985
Account #: 02-0975-0998907-040

This computer generated Confirmation does not require our signature.
BANK OF NEW ZEALAND

Swap 123



Settlement & Rate Reset Advices
Telephone: + 61 1300 763 470
Facsimile: + 61 1300 344 985
NZ Customers Tel (International Free Call): 00 800 8000 4000
NZ Customers Fax: 0800 174 017
BNZ.Interest.Rate.Derivative.Operations@bnz.co.nz

28 Dec 2018

Hutt City Council
Laings Road
Lower Hutt 5010
NEW ZEALAND

Attention: Treasury .

Interest Rate Swap Reset Advice

Reference: 384479142

Trade Date: 10 Apr 2018
Effective Date: 28 Jun 2018
Termination Date: 28 Sep 2029, subject to adjustment in accordance with
the Modified Following Business Day Convention
Rate Reset Date: 28 Dec 2018

Floating Rate Payer ("Bank of New Zealand"):

Payment Date: 28 Mar 2019
Floating Rate Day Count Fraction: Actual / 365 (Fixed)
Notional Amount: NZD 6,000,000.00
Calculation Period: 28 Dec 2018 to 28 Mar 2019 (90 Days in the Period)
Floating Rate Option: NZD-BBR-FRA
Floating Rate: 1.98000%
Spread: None
Floating Amount for this Period: NZD 29,293.15

Fixed Rate Payer ("Hutt City Council"):

Payment Date: 28 Mar 2019
Fixed Rate Day Count Fraction: Actual / 365 (Fixed)
Notional Amount: NZD 6,000,000.00
Calculation Period: 28 Dec 2018 to 28 Mar 2019 (90 Days in the Period)
Fixed Rate: 4.6025%
Fixed Amount for this Period: NZD 68,091.78

Value 28 Mar 2019, Hutt City Council will pay NZD 38,798.63 to:
Bank of New Zealand
BNZ WELLINGTON
Transit #: BKNZNZ22985
Account #: 02-0975-0998907-040

This computer generated Confirmation does not require our signature.
BANK OF NEW ZEALAND

Swg 123



Settlement & Rate Reset Advices
Telephone: + 61 1300 763 470
Facsimile: + 61 1300 344 985
NZ Customers Tel (International Free Call): 00 800 8000 4000
NZ Customers Fax: 0800 174 017
BNZ.Interest.Rate.Derivative.Operations@bnz.co.nz

28 Mar 2019

Hutt City Council
Laings Road
Lower Hutt 5010
NEW ZEALAND

Attention: Treasury .

Interest Rate Swap Reset Advice

Reference: 384479142

Trade Date: 10 Apr 2018
Effective Date: 28 Jun 2018
Termination Date: 28 Sep 2029, subject to adjustment in accordance with
the Modified Following Business Day Convention
Rate Reset Date: 28 Mar 2019

Floating Rate Payer ("Bank of New Zealand"):

Payment Date: 28 Jun 2019
Floating Rate Day Count Fraction: Actual / 365 (Fixed)
Notional Amount: NZD 6,000,000.00
Calculation Period: 28 Mar 2019 to 28 Jun 2019 (92 Days in the Period)
Floating Rate Option: NZD-BBR-FRA
Floating Rate: 1.83000%
Spread: None
Floating Amount for this Period: NZD 27,675.62

Fixed Rate Payer ("Hutt City Council"):

Payment Date: 28 Jun 2019
Fixed Rate Day Count Fraction: Actual / 365 (Fixed)
Notional Amount: NZD 6,000,000.00
Calculation Period: 28 Mar 2019 to 28 Jun 2019 (92 Days in the Period)
Fixed Rate: 4.6025%
Fixed Amount for this Period: NZD 69,604.93

Value 28 Jun 2019, Hutt City Council will pay NZD 41,929.31 to:
Bank of New Zealand
BNZ WELLINGTON
Transit #: BKNZNZ22985
Account #: 02-0975-0998907-040

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BANK OF NEW ZEALAND

SWAP 123



Settlement & Rate Reset Advices
Telephone: + 61 1300 763 470
Facsimile: + 61 1300 344 985
NZ Customers Tel (International Free Call): 00 800 8000 4000
NZ Customers Fax: 0800 174 017
BNZ.Interest.Rate.Derivative.Operations@bnz.co.nz

28 Jun 2019

Hutt City Council
Laings Road
Lower Hutt 5010
NEW ZEALAND

Attention: Treasury .

Interest Rate Swap Reset Advice

Reference: 384479142

Trade Date: 10 Apr 2018
Effective Date: 28 Jun 2018
Termination Date: 28 Sep 2029, subject to adjustment in accordance with
the Modified Following Business Day Convention
Rate Reset Date: 28 Jun 2019

Floating Rate Payer ("Bank of New Zealand"):

Payment Date: 30 Sep 2019
Floating Rate Day Count Fraction: Actual / 365 (Fixed)
Notional Amount: NZD 6,000,000.00
Calculation Period: 28 Jun 2019 to 30 Sep 2019 (94 Days in the Period)
Floating Rate Option: NZD-BBR-FRA
Floating Rate: 1.64000%
Spread: None
Floating Amount for this Period: NZD 25,341.37

Fixed Rate Payer ("Hutt City Council"):

Payment Date: 30 Sep 2019
Fixed Rate Day Count Fraction: Actual / 365 (Fixed)
Notional Amount: NZD 6,000,000.00
Calculation Period: 28 Jun 2019 to 30 Sep 2019 (94 Days in the Period)
Fixed Rate: 4.6025%
Fixed Amount for this Period: NZD 71,118.08

Value 30 Sep 2019, Hutt City Council will pay NZD 45,776.71 to:
Bank of New Zealand
Direct Debit from your account: 030531 00429500000

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