

14 November 2023

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Thank you for your follow-up question (dated 8 November 2023) to our responses to you dated 20 October 2023 and 19 September 2023 in relation to your requests for information made under the Local Government Official Information and Meetings Act 1987. The following information is provided in response to your follow-up question as set out below.

1. **"Does the quoted section from my previous OIA request, following here; "Your 'Amendment and Restatement Deed (Guarantee and Indemnity)' [document 3756987 v6] it states; 3.4(b) "...[LGFA] shall deliver a Demand to each Guarantor requiring the Guarantor to pay the proportion of the relevant amount..." and 3.4(c) "...if one or more Guarantors fails to pay in full its Relevant Portion of a Relevant Amount... ...the [LGFA] may deliver a further Demand to \*each Guarantor other than the Defaulting Guarantors requiring that Non-Defaulting Guarantor to pay the proportion of the Shortfall Amount..." ...mean that a non-defaulting council (Guarantor) may be required to pay a defaulting council's (Guarantor's) 'relevant portion' of the 'relevant amount' under the terms and conditions of the LGFA loan arrangement?"**

As stated in our response dated 20 October 2023, New Zealand Local Government Funding Agency Limited's ("LGFA") lenders can request the Security Trustee to make demand under the LGFA Guarantee (as defined in our response dated 20 October 2023) if LGFA defaults on its obligations. Any demand the Security Trustee makes under the LGFA Guarantee must be made on a pro-rata basis according to a guarantor's prior year's annual rates revenues. If a guarantor fails to pay its pro-rata share of a demand under the LGFA Guarantee, the Security Trustee will make further demands on the non-defaulting guarantors for payment of the unpaid amount on a pro-rata basis until the outstanding amounts are paid in full.

Where a guarantor pays more under a demand than its pro rata share of the demand, that guarantor has, subject to the terms of the LGFA Guarantee, the right to seek reimbursement for that excess amount from the other guarantors so they do not ultimately (i.e., after being reimbursed) pay more than its pro rata share of a demand. This is set out in clause 3.5 of the LGFA Guarantee.

Regards

Mark Butcher  
Chief Executive Officer