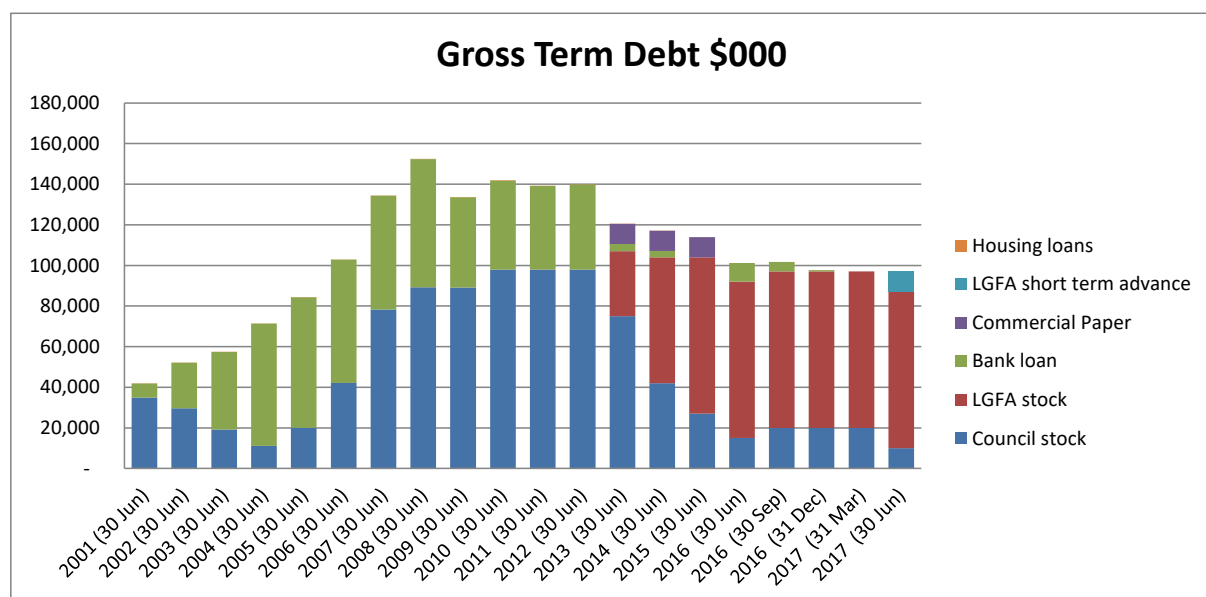
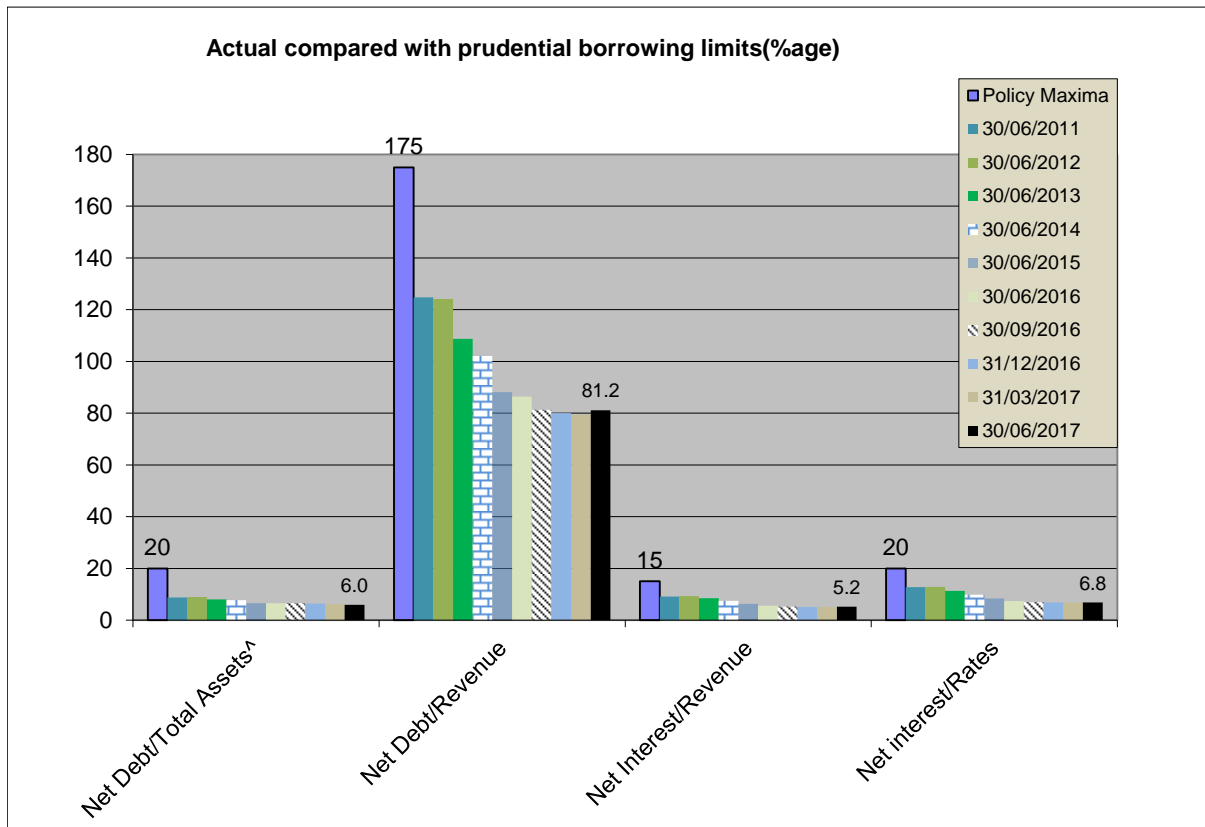


Schedule 1 - Debt levels & Prudential Borrowing Ratios

Palmerston North City Council									
Term Debt as at 30 June 2017									
1. Loan Stock on Issue - Council debentures							Current		
Issue Date	Term	Principal	Margin over BKBM	Interest Rate	Maturity Date	as at 30/6/17	Interest Rate	Reset Date	
FRN 15 May 14	4	5,000,000	0.2900%	2.2750%	15-May-2018	5,000,000	Floating Qtrly	15-Aug-17	
FRN 5 Aug 16	6	5,000,000	0.6300%	2.6050%	5-Aug-2022		Floating Qtrly	7-Aug-17	
		10,000,000							
2. Loan Stock on Issue - Borrowed from LGFA									
LGFA 25 Feb 13	5	5,000,000	0.6825%	2.6125%	15-Dec-2017	5,000,000	Floating Qtrly	15-Sep-17	
LGFA 24 Jun 13	4	7,000,000	0.5700%	2.5000%	15-Dec-2017	7,000,000	Floating Qtrly	15-Sep-17	
LGFA 17 Dec12	7	10,000,000	0.9650%	2.8950%	15-Mar-2019		Floating Qtrly	15-Sep-17	
LGFA 25 Feb 13	6	5,000,000	0.7400%	2.6700%	15-Mar-2019		Floating Qtrly	15-Sep-17	
LGFA 20 May 13	8	5,000,000	0.6425%	2.6275%	15-May-2021		Floating Qtrly	15-Aug-17	
LGFA 24 Feb 14	7	10,000,000	0.5525%	2.5375%	15-May-2021		Floating Qtrly	15-Aug-17	
LGFA 19 May 14	7	5,000,000	0.6000%	2.5850%	15-May-2021		Floating Qtrly	15-Aug-17	
LGFA 13 Apr 15	7	10,000,000	0.3300%	2.3150%	5-Apr-2022		Floating Qtrly	5-Jul-17	
LGFA 18 Aug 14	9	10,000,000	0.6325%	2.6025%	15-Apr-2023		Floating Qtrly	17-Jul-17	
LGFA 16 Mar 15	12	5,000,000	0.4575%	2.4275%	15-Apr-2027		Floating Qtrly	17-Jul-17	
LGFA 8 Jun 15	12	5,000,000	0.4525%	2.4225%	15-Apr-2027		Floating Qtrly	17-Jul-17	
		77,000,000							
3. Sums drawn from ANZ									
As required					31-Mar-2020		Reset at any time		
				* plus line fee of 0.22%					
4. Sums drawn from Westpac									
On call - variable amount					2.805%	31-Jul-2020	Reset at any time		
				* plus line fee of 0.27%					
5. Short term facility from LGFA									
LGFA 18 May 17		10,000,000	0.08%	2.06%	16-Aug-2017	10,000,000			
Total as at 30 June 2017		97,000,000				27,000,000			





The Financial Strategy contains a series of prudential borrowing ratios. The chart above shows the actual results for since 2010/11 compared to those ratios.

The net debt/revenue policy ratio limit was reduced from 180% to 175% with the adoption of the updated policy on 27 June 2012.

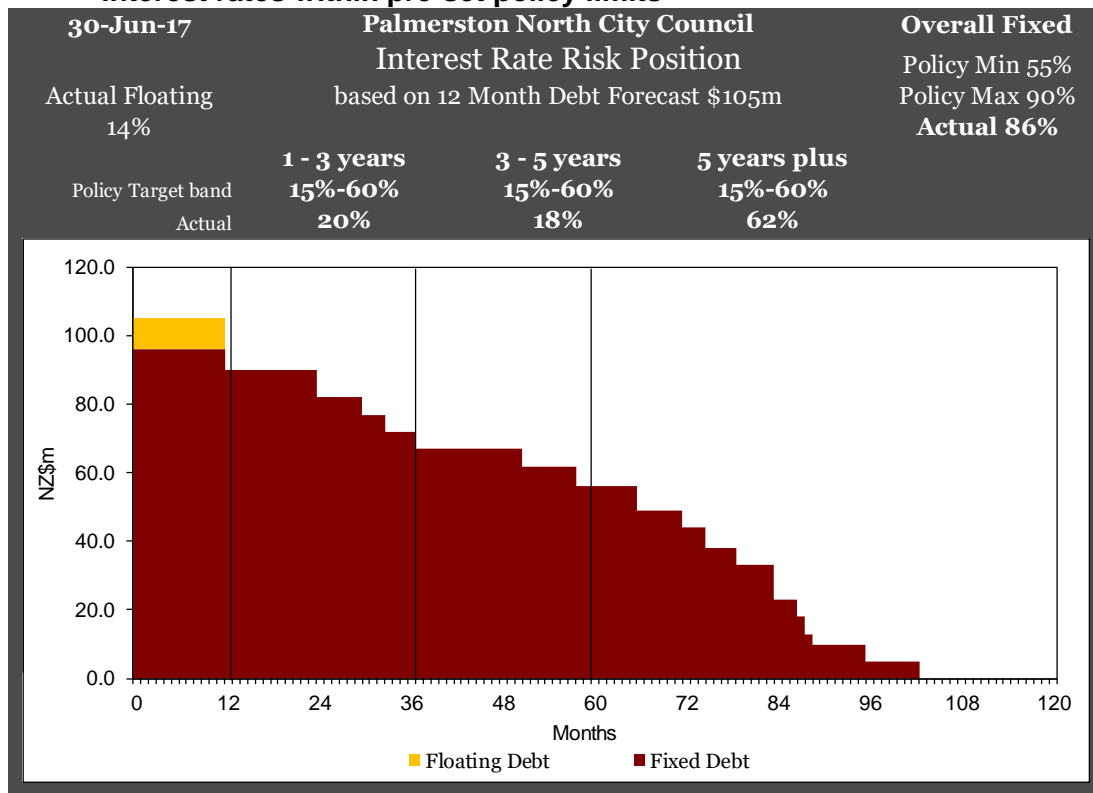
[^] The Net Debt/Total Assets ratio became effective from 1 July 2015. Previously the ratio used was Net Debt/Equity and the actuals for the previous ratio are shown in this report for information.

Schedule 2 - Interest Rate Swaps

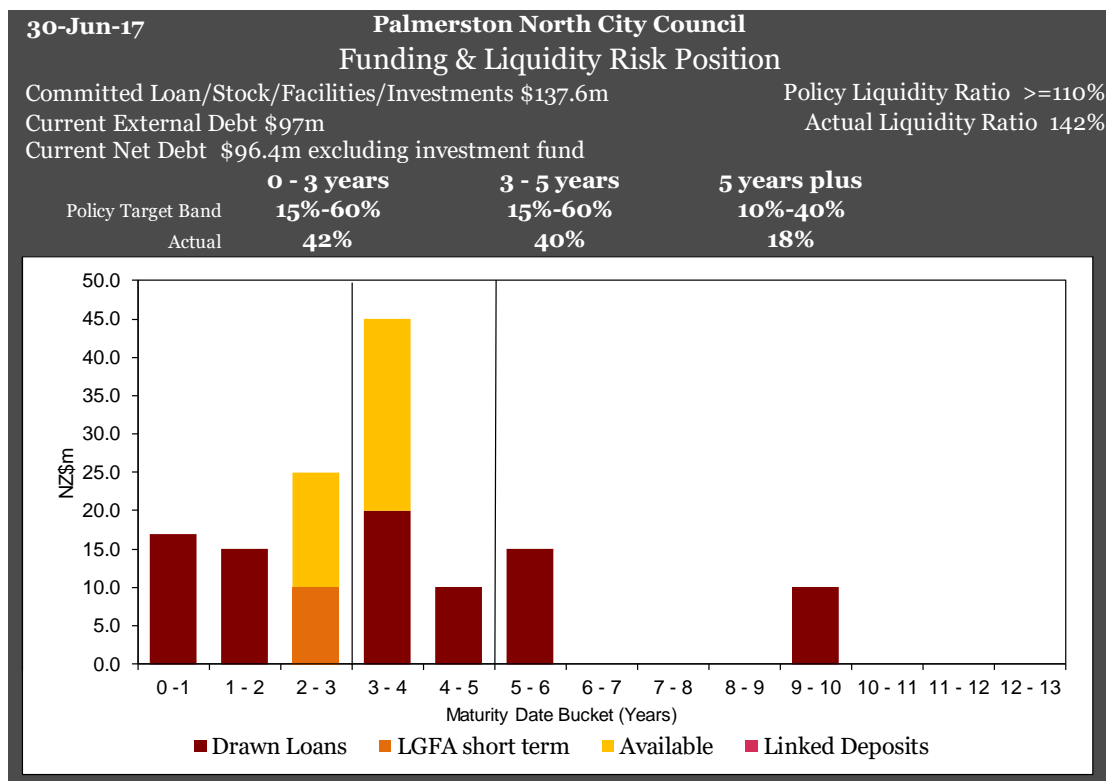
Palmerston North City Council											
Interest Rate Swaps as at 30 June 2017											
Council pays fixed & receives floating on a monthly basis										Hedgebook Value at 30-Jun-17	Value Movement Apr-Jun
Bank	Trade Date	Deal No	Amount \$m	Start Date	Maturity	Fixed Interest rate	Current Floating rate	Reset date	Value at 30-Jun-17		
Westpac	12-Feb-13	2882838	5.0	11-Mar-13	9-Dec-20	4.61%	1.845%	10-Jul-17	(341,859)		
Active total at 30 Jun 17			5.0						(341,859)	6,249	
										Current Term	0
											(341,859)
Council pays fixed & receives floating on a quarterly basis										Current Floating rate	Value at 30-Jun-17
Bank	Trade Date	Deal No	Amount \$m	Start Date	Maturity	Fixed Interest rate	Current Floating rate	Reset date	Value at 30-Jun-17		
Westpac	10-Sep-09	1329748	6.0	21-Oct-09	22-Jul-19	5.8675%	1.950%	21-Jul-17	(470,491)		
Westpac	19-Aug-10	1656930	5.0	10-Oct-10	10-Jan-20	5.9375%	1.970%	10-Jul-17	(474,859)		
Westpac	19-Aug-10	1656928	5.0	10-Oct-10	10-Jul-20	5.9350%	1.970%	10-Jul-17	(542,224)		
ANZ	11-Aug-11	3424864	5.0	15-Dec-12	15-Dec-17	4.72%	1.960%	15-Jun-17	terminated on 9 Jun 17 effective		
Westpac	17-May-12	2444453	5.0	17-May-12	6-Mar-17	4.99%			matured		
Westpac	1-Oct-12	2668959	5.0	10-Oct-12	10-Apr-18	5.50%	1.970%	10-Jul-17	(172,474)		
ANZ	12-Feb-13	3425991.1	5.0	18-Dec-13	18-Dec-17	4.39%	1.950%	19-Jun-17	terminated on 28 Apr 17		
Westpac	12-Feb-13	2882855	8.0	8-Mar-13	10-Jun-19	5.54%	1.940%	8-Sep-17	(507,234)		
Westpac	12-Feb-13	2882863	7.0	8-Mar-13	8-Jun-20	5.35%	1.940%	8-Sep-17	(579,775)		
ANZ	20-Jun-14	9572152	5.0	11-Aug-14	9-May-17	4.21%	2.020%	9-May-17	matured		
ANZ	17-Dec-13	8539285	3.0	17-Feb-14	15-Nov-20	4.92%	1.985%	15-Aug-17	(238,117)		
Westpac	21-Feb-14	3540565	5.0	7-Mar-14	7-Sep-20	6.295%	1.945%	7-Sep-17	(588,208)		
Westpac	23-Mar-10	3672868	5.0	6-Jun-14	6-Dec-18	6.055%	1.940%	6-Sep-17	(286,314)		
Westpac	8-May-14	3673014	5.0	9-Jun-14	7-Sep-21	6.060%	1.945%	7-Sep-17	(675,644)		
Westpac	8-May-14	3672892	5.0	10-Jul-14	11-Apr-22	5.690%	1.970%	10-Jul-17	(686,557)		
Westpac	8-May-14	3672895	5.0	6-Jun-14	8-Jun-21	5.820%	1.940%	6-Sep-17	(599,527)		
ANZ	20-Jun-14	9572093	5.0	15-Dec-14	15-Jun-23	4.840%	1.930%	15-Sep-17	(519,402)		
Westpac	18-Jul-14	3787822	6.0	29-Sep-15	29-Sep-23	4.850%	1.955%	29-Jul-17	(634,498)		
ANZ	20-Feb-15	11260367	6.0	15-Jun-16	15-Jun-18	3.705%	1.930%	15-Sep-17	(97,411)		
Westpac	20-Feb-15	4211117	5.0	8-Mar-17	6-Mar-20	3.810%	1.940%	6-Sep-17	(182,215)		
Active total at 30 Jun 17			86.0						(7,254,950)		
ANZ	28-Nov-14	10730910	5.0	15-Dec-17	15-Jun-24	4.500%	0	15-Dec-17	(389,129)		
ANZ	28-Nov-14	10730993	5.0	10-Apr-18	10-Oct-24	4.515%	0	10-Apr-18	(363,192)		
Westpac	28-Nov-14	4040149	5.0	10-Jan-20	10-Jan-24	4.585%	0	10-Jan-20	(195,717)		
Westpac	28-Nov-14	4040489	7.0	8-Jun-20	8-Dec-22	4.5675%	0	8-Jun-20	(178,506)		
Westpac	20-Feb-15	4211119	5.0	6-Dec-18	6-Dec-19	3.875%	0	6-Dec-18	(54,964)		
Westpac	25-Feb-15	4218128	5.0	7-Sep-20	9-Sep-24	3.990%	0	7-Sep-20	(65,409)		
Westpac	25-Feb-15	4218131	5.0	8-Jun-21	10-Jun-24	3.990%	0	8-Jun-21	(40,753)		
ANZ	25-Feb-15	11281075	3.0	16-Nov-20	15-Nov-24	3.990%	0	16-Nov-20	(34,840)		
Westpac	18-Jan-16	4910927	5.0	9-Dec-20	9-Jun-25	3.970%	0	9-Dec-20	(53,514)		
Westpac	26-Feb-16	5013577	5.0	11-Apr-22	12-Jan-26	3.635%	0	11-Apr-22	32,823		
ANZ	3-May-17	15995740	6.0	22-Jul-19	21-Apr-22	3.350%	0	22-Jul-19	(20,016)		
Forward start total at 30 Jun 17			56.0						(1,363,217)		
										(8,618,167)	165,528
										Current Term	(269,885)
											(8,348,282)
Council receives fixed semi-annually & pays floating quarterly										Current Floating rate	Value at 30-Jun-17
Bank	Trade Date	Deal No	Amount \$m	Start Date	Maturity	Fixed Interest rate	Current Floating rate	Reset date	Value at 30-Jun-17		
Westpac	17-May-07	641659	10.0	18-May-07	18-May-17	7.3125%	2.030%	18-May-17	matured		
Active total at 30 Jun 17			-						0	(313,367)	
										Current Term	0
											(8,960,026)

Schedule 3 - Risk Exposure Position

Interest Rate Risk Position – proportions of Debt subject to floating versus fixed interest rates within pre-set policy limits



Funding & Liquidity Risk Position – proportions of Debt within pre-set maturity bands



Schedule 4 – Investment Fund Report



Investment Fund

4 July 2017

Investment report as at 30 June 2017

This report summarises the value of the bond portfolio of the Council. The portfolio earned actual investment income of \$35,693 during the quarter. In addition, the market movement was \$62,965, making a total return of \$98,658 on a mark-to-market basis.

Assets

	Value 30 June 2016	Value 31 March 2017	Value 30 June 2017
NZ bonds	5,591,259	4,648,508	2,711,473

Returns

The investment returns were:

	Quarter	2016/17 year	Since inception (% p.a.)
	31 Mar 2017 to 30 Jun 2017	1 Jul 2016 to 30 Jun 2017	1 Jul 2001 to 30 Jun 2017
NZ bonds	3.65%	7.41%	6.75%

Investment movement

From 1 July 2016 to 30 June 2017 (12 months)

	Quarter	Year
Assets as at 31 March 2017	4,648,508	Assets as at 1 July 2016 5,591,259
Net Investment Income		Net Investment Income
+ interest	35,693	+ interest 157,262
+ realised gains/(losses)	-	+ realised gains/(losses) -
+ unrealised gains/(losses)	62,965	+ unrealised gains/(losses) 120,214
	98,658	
+ Capital movements	(2,035,693)	+ Capital movements (3,157,282)
Net change in market value	(1,937,035)	Net change in market value (2,879,786)
Assets as at 30 June 2017	2,711,473	2,711,473
Returns	3.65%	7.41%



Palmerston North City Council
Bond Portfolio valuation as at 30 June 2017

Issuer	S&P rating	Purchase date	Maturity date	Face value	Coupon	Purchase price	Currency	Annual gross income	Yield to maturity		Market value	
									Yield	Value	Yield	Value
Wellington Airport (WIA081) - FRN*	BBB+	3/08/2009	1/08/2017	2,000,000	2.25%	2,000,000	NZ\$	45,000	3.96%	2,004,370	5.50%	2,001,598
Credit AG (CASHA) - perp*	BB+	18/12/2007	19/12/2017	750,000	5.04%	750,000	NZ\$	37,800	5.04%	751,124		709,875
Totals	BBB			2,750,000	3.01%	2,750,000		82,800	4.25%	2,755,494	4.06%	2,711,473
Number of securities/average	2			1,375,000						1,377,747		1,355,737

* Credit AG perp (CASHA) is a perpetual bond and has no maturity date. The next reset date is shown instead. Following the December 2012 reset, the Coupon rate was reset to the 5 year swap plus 1.9%.

* Vstar (VCT060) matured on 4 April 2017.

total 2,711,473

This bond matured on 1 August 2017 and the \$2m was repaid to the Council