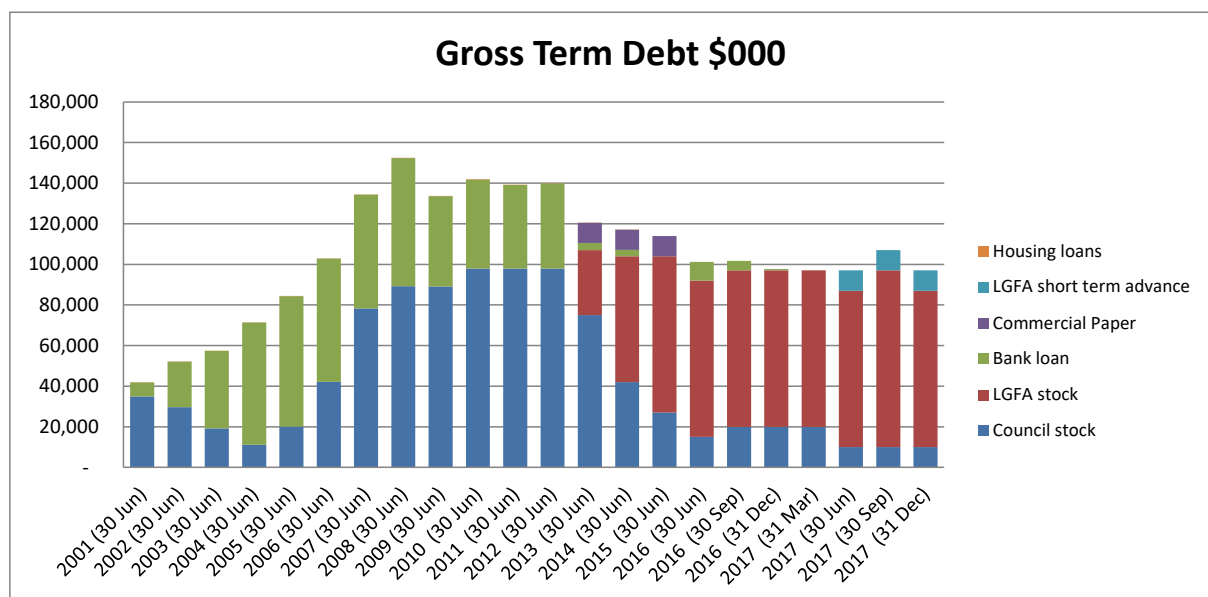
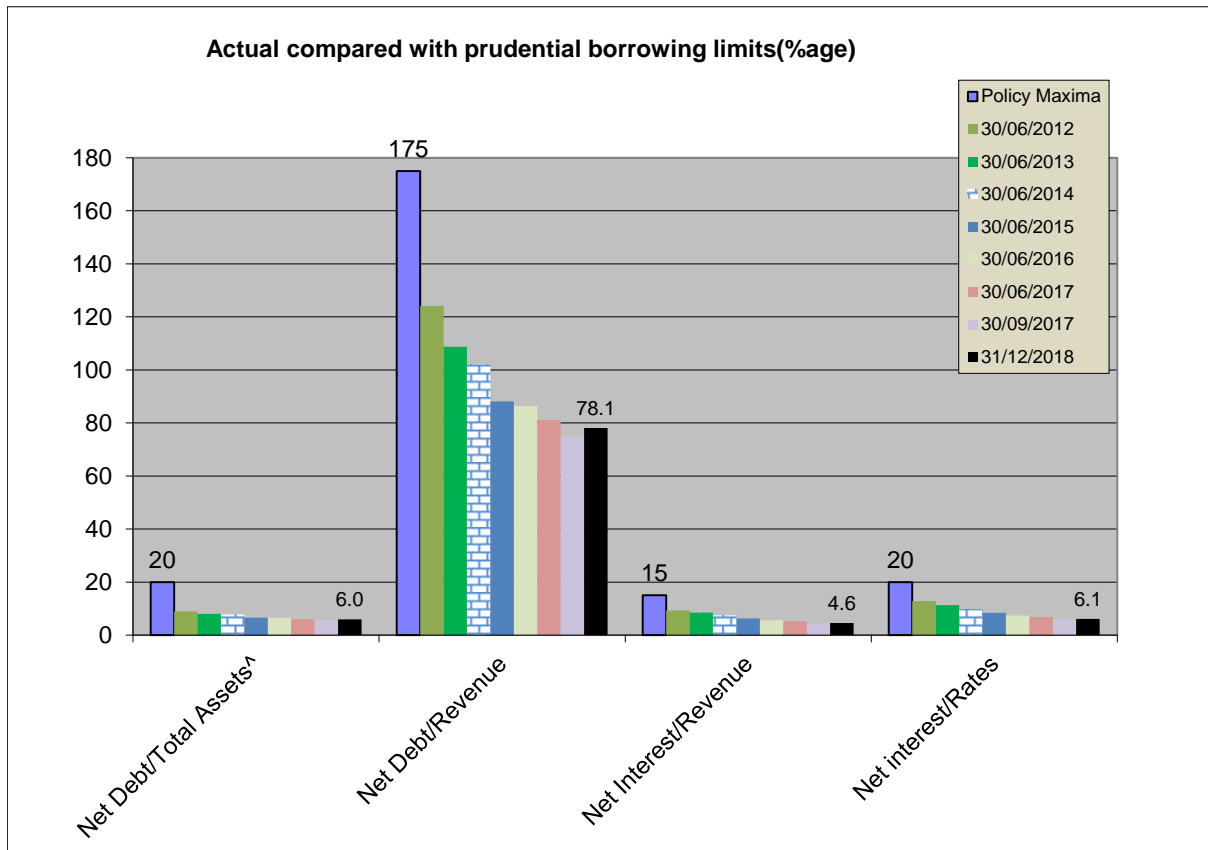


## Schedule 1 - Debt levels & Prudential Borrowing Ratios

Palmerston North City Council									
Term Debt as at 31 December 2017									
<b>1. Loan Stock on Issue - Council debentures</b>							<b>Current</b>		
Issue Date	Term	Principal	Margin over BKBM	Interest Rate	Maturity Date	as at 31/12/17	Interest Rate	Reset Date	
FRN 15 May 14	4	5,000,000	0.2900%	2.2050%	15-May-2018	5,000,000	Floating Qtrly	15-Feb-18	
FRN 5 Aug 16	6	5,000,000	0.6300%	2.5700%	5-Aug-2022		Floating Qtrly	5-Feb-18	
		10,000,000							
<b>2. Loan Stock on Issue - Borrowed from LGFA</b>									
LGFA 17 Dec 12	7	10,000,000	0.9650%	2.8250%	15-Mar-2019		Floating Qtrly	15-Mar-18	
LGFA 25 Feb 13	6	5,000,000	0.7400%	2.6000%	15-Mar-2019		Floating Qtrly	15-Mar-18	
LGFA 20 May 13	8	5,000,000	0.6425%	2.5575%	15-May-2021		Floating Qtrly	15-Feb-18	
LGFA 24 Feb 14	7	10,000,000	0.5525%	2.4675%	15-May-2021		Floating Qtrly	15-Feb-18	
LGFA 19 May 14	7	5,000,000	0.6000%	2.5150%	15-May-2021		Floating Qtrly	15-Feb-18	
LGFA 13 Apr 15	7	10,000,000	0.3300%	2.2600%	5-Apr-2022		Floating Qtrly	5-Jan-18	
LGFA 18 Aug 14	9	10,000,000	0.6325%	2.5625%	15-Apr-2023		Floating Qtrly	15-Jan-18	
LGFA 6 Sep 17	7	6,000,000	0.6000%	2.4600%	15-Sep-2024		Floating Qtrly	15-Mar-18	
LGFA 6 Sep 17	8	6,000,000	0.6600%	2.5900%	15-Apr-2025		Floating Qtrly	15-Jan-18	
LGFA 16 Mar 15	12	5,000,000	0.4575%	2.3875%	15-Apr-2027		Floating Qtrly	15-Jan-18	
LGFA 8 Jun 15	12	5,000,000	0.4525%	2.3825%	15-Apr-2027		Floating Qtrly	15-Jan-18	
		77,000,000							
<b>3. Sums drawn from ANZ</b>									
As required					31-Mar-2020			Reset at any time	
				* plus line fee of 0.22%					
<b>4. Sums drawn from Westpac</b>									
On call - variable amount				2.805%	31-Jul-2020			Reset at any time	
				* plus line fee of 0.27%					
<b>5. Short term facility from LGFA</b>									
LGFA 11 Nov 17		10,000,000	0.09%	2.01%	13-Feb-2018	10,000,000			
<b>Total as at 31 December 2017</b>		<b>97,000,000</b>				<b>15,000,000</b>			



**Note - \$12m of gross debt outstanding at 30 September 2017 was drawn in advance to repay debt maturing on 15 December 2017 – it was invested temporarily**



The Financial Strategy contains a series of prudential borrowing ratios. The chart above shows the actual results for since 2011/12 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.

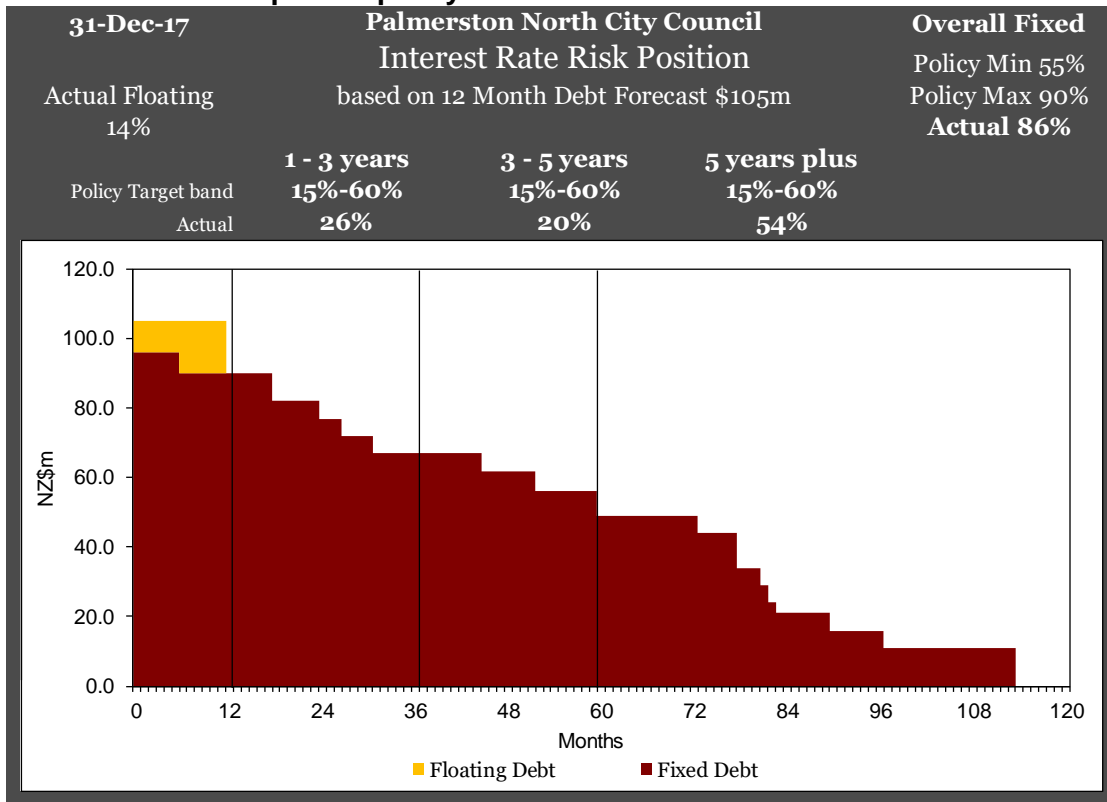
<sup>^</sup> The Net Debt/Total Assets ratio became effective from 1 July 2015. Previously the ratio used was Net Debt/Equity and the actuals for the previous ratio are shown in this report for information.

**Schedule 2 - Interest Rate Swaps**

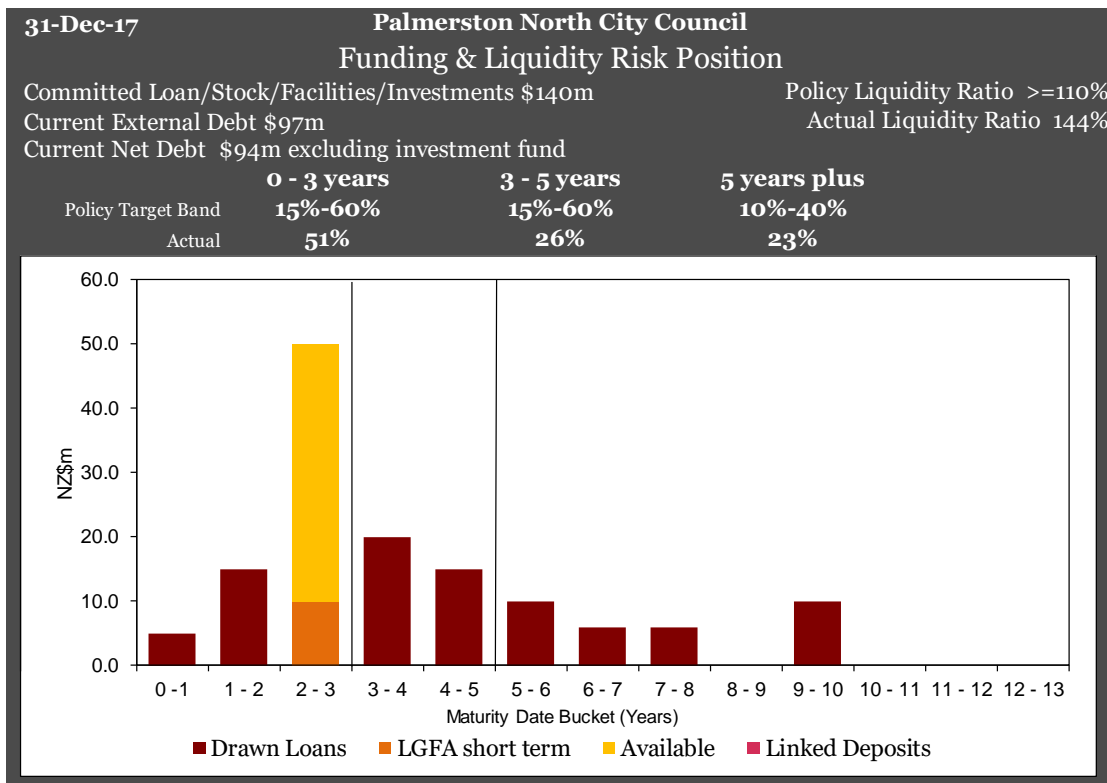
Palmerston North City Council										
Interest Rate Swaps as at 31 December 2017										
Council pays fixed & receives floating on a monthly basis									Hedgebook	Value
Bank	Trade Date	Deal No	Amount	Start Date	Maturity	Fixed Interest	Floating	Reset date	Value at	Movement
			\$m			rate	rate		31-Dec-17	Oct-Dec
Westpac	12-Feb-13	2882838	5.0	11-Mar-13	9-Dec-20	4.61%	1.765%	9-Jan-18	(327,040)	
Active total at 31 Dec 17									(327,040)	16,691
									Current	0
									Term	(327,040)
Council pays fixed & receives floating on a quarterly basis									Current	Value at
Bank	Trade Date	Deal No	Amount	Start Date	Maturity	Fixed Interest	Floating	Reset date	31-Dec-17	
			\$m			rate	rate			
Westpac	10-Sep-09	1329748	6.0	21-Oct-09	22-Jul-19	5.8675%	1.940%	23-Jan-18	(387,662)	
Westpac	19-Aug-10	1656930	5.0	10-Oct-10	10-Jan-20	5.9375%	1.925%	10-Jan-18	(413,606)	
Westpac	19-Aug-10	1656928	5.0	10-Oct-10	10-Jul-20	5.9350%	1.925%	10-Jan-18	(490,450)	
Westpac	1-Oct-12	2668959	5.0	10-Oct-12	10-Apr-18	5.50%	1.925%	10-Jan-18	(89,647)	
Westpac	12-Feb-13	2882855	8.0	8-Mar-13	10-Jun-19	5.54%	1.890%	8-Mar-18	(405,555)	
Westpac	12-Feb-13	2882863	7.0	8-Mar-13	8-Jun-20	5.35%	1.890%	8-Mar-18	(522,242)	
ANZ	17-Dec-13	8539285	3.0	17-Feb-14	15-Nov-20	4.92%	1.915%	15-Feb-18	(224,495)	
Westpac	21-Feb-14	3540565	5.0	7-Mar-14	7-Sep-20	6.295%	1.895%	7-Mar-18	(529,975)	
Westpac	23-Mar-10	3672868	5.0	6-Jun-14	6-Dec-18	6.055%	1.895%	6-Mar-18	(200,251)	
Westpac	8-May-14	3673014	5.0	9-Jun-14	7-Sep-21	6.060%	1.895%	7-Mar-18	(642,722)	
Westpac	8-May-14	3672892	5.0	10-Jul-14	11-Apr-22	5.690%	1.925%	10-Jan-18	(674,109)	
Westpac	8-May-14	3672895	5.0	6-Jun-14	8-Jun-21	5.820%	1.895%	6-Mar-18	(567,061)	
ANZ	20-Jun-14	9572093	5.0	15-Dec-14	15-Jun-23	4.840%	1.860%	15-Mar-18	(544,453)	
Westpac	18-Jul-14	3787822	6.0	29-Sep-15	29-Sep-23	4.850%	1.880%	29-Mar-18	(670,255)	
ANZ	20-Feb-15	11260367	6.0	15-Jun-16	15-Jun-18	3.705%	1.860%	15-Mar-18	(53,229)	
Westpac	20-Feb-15	4211117	5.0	8-Mar-17	6-Mar-20	3.810%	1.895%	6-Mar-18	(172,399)	
ANZ	28-Nov-14	10730910	5.0	15-Dec-17	15-Jun-24	4.500%	1.860%	15-Mar-18	(498,888)	
Active total at 31 Dec 17									(7,086,999)	
ANZ	28-Nov-14	10730993	5.0	10-Apr-18	10-Oct-24	4.515%	0	10-Apr-18	(473,499)	
Westpac	28-Nov-14	4040149	5.0	10-Jan-20	10-Jan-24	4.585%	0	10-Jan-20	(265,014)	
Westpac	28-Nov-14	4040489	7.0	8-Jun-20	8-Dec-22	4.5675%	0	8-Jun-20	(241,022)	
Westpac	20-Feb-15	4211119	5.0	6-Dec-18	6-Dec-19	3.875%	0	6-Dec-18	(72,250)	
Westpac	25-Feb-15	4218128	5.0	7-Sep-20	9-Sep-24	3.990%	0	7-Sep-20	(129,653)	
Westpac	25-Feb-15	4218131	5.0	8-Jun-21	10-Jun-24	3.990%	0	8-Jun-21	(88,226)	
ANZ	25-Feb-15	11281075	3.0	16-Nov-20	15-Nov-24	3.990%	0	16-Nov-20	(72,783)	
Westpac	18-Jan-16	4910927	5.0	9-Dec-20	9-Jun-25	3.970%	0	9-Dec-20	(122,635)	
Westpac	26-Feb-16	5013577	5.0	11-Apr-22	12-Jan-26	3.635%	0	11-Apr-22	(18,449)	
ANZ	3-May-17	15995740	6.0	22-Jul-19	21-Apr-22	3.350%	0	22-Jul-19	(76,107)	
ANZ	27-Nov-17	17029213	5.0	15-Jun-23	15-Jun-27	3.7675%	0	15-Jun-23	(16,837)	
ANZ	27-Nov-17	17029223	6.0	29-Sep-23	29-Jun-27	3.7875%	0	29-Sep-23	(19,109)	
Forward start total at 31 Dec 17									(1,595,584)	
									(8,682,583)	114,461
									Current	(343,127)
									Term	(8,339,456)
									(9,009,623)	

**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



5 January 2018

#### Investment report as at 31 December 2017

This report summarises the value of the bond portfolio of the Council. The portfolio earned actual investment income of \$9,450 during the quarter. In addition, the market movement was \$37,500, making a total return of \$46,950 on a mark-to-market basis.

#### Assets

	Value 30 June 2017	Value 30 November 2017	Value 31 December 2017
NZ bonds	2,711,473 <sup>1</sup>	755,325	0

#### Returns

The investment returns were:

	Quarter-to-date	2017/18 year	Since inception (% p.a.)
	1 Oct 2017 to 31 Dec 2017	1 Jul 2017 to 31 Dec 2017	1 Jul 2001 to 31 Dec 2017
NZ bonds	6.59%	10.77%	7.20%

#### Investment movement

From 1 July 2017 to 31 December 2017 (6 months)

	Quarter	Year
Assets as at 1 October 2017	712,500	Assets as at 1 July 2017 2,711,473
<b>Net Investment Income</b>		<b>Net Investment Income</b>
+ interest	9,450	+ interest 30,167
+ realised gains/(losses)	-	+ realised gains/(losses) -
+ unrealised gains/(losses)	37,500	+ unrealised gains/(losses) 38,527
	<b>46,950</b>	<b>68,694</b>
+ Capital movements	(739,450)	+ Capital movements (2,780,167)
<b>Net change in market value</b>	<b>(712,500)</b>	<b>Net change in market value (2,711,473)</b>
Assets as at 31 December 2017	<b>0</b>	Assets as at 31 December 2017 <b>0</b>
<b>Returns</b>	<b>6.59%</b>	<b>10.77%</b>

<sup>1</sup> Wellington International Airport (WIA081) matured on 1 August 2017.

<sup>2</sup> Credit Agricole (CASHA) matured on 19 December 2017, bringing the portfolio to nil value.