

## **Notice of Meeting:**

I hereby give notice that an ordinary meeting of the Council Controlled Organisations Subcommittee will be held on:

**Date:** Friday 13 November 2015  
**Time:** 2.30pm  
**Meeting Room:** Committee Room 1, Level 1  
**Venue:** Municipal Building, Garden Place, Hamilton

Richard Briggs  
Chief Executive

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# **Council Controlled Organisations Subcommittee OPEN AGENDA**

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## **Membership**

**Chairperson** Cr G Mallett  
**Members** Her Worship the Mayor J Hardaker  
Cr A King  
Cr R Pascoe  
Cr P Yeung

**Quorum:** A majority of members (including vacancies)

**Meeting Frequency:** 6 monthly or as required

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Ian Loiterton  
**Committee Advisor**

**10 November 2015**  
Telephone: 07 838 6439  
ian.loiterton@hcc.govt.nz  
www.hamilton.govt.nz

**Terms of Reference:**

- To oversee and provide recommendations to the Finance Committee in regard to the Council's interests in its Council Controlled Organisations (CCOs), Council Organisations (COs) and subsidiaries.
- Develop and recommend a draft policy for the appointment and remuneration of directors of CCOs and COs to the Strategy and Policy Committee by 30 March 2014.
- Approve appointments to CCO and CO boards in accordance with the Appointment and Remuneration Policy for CCOs and COs.
- Provide clear directions to Council's CCO's and CO on Council's expectations.
- Consider and approve statements of intent as prepared by the board of each CCO and CO.
- Receive CCO and CO six monthly and annual reports.
- Consider any proposed major transactions of CCOs and COs and make recommendations to the Finance Committee in relation to those major transactions.

**Special Notes:**

- The sub-committee may request expert advice through the Chief Executive when necessary.
- CCOs & COs covered by this committee are: Local Authority Shared Services (LASS), Waikato Regional Airport Ltd (WRAL), SODA Inc Ltd, Waikato Innovation Park Ltd (& Innovation Waikato Ltd), Vibrant Hamilton, LGFA, NZ Local Government Insurance Corporation Ltd.

**Power to act:**

- Approve appointments to CCO and CO boards in accordance with a policy for the
- Appointment and Remuneration of Directors of CCOs and COs.
- Approve statements of intent for each CCO and CO.

**Power to recommend:**

- Make recommendations to the Finance Committee in relation to any proposed major transactions of CCOs and COs.
- The sub-committee must make recommendations to the Finance Committee and/or Council in respect to any proposal to establish a CCO or CO.
- The sub-committee may make recommendations to Finance Committee and/or Strategy and Policy Committee.

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**1 Apologies**

**2 Confirmation of Agenda**

The Committee to confirm the agenda.

**3 Declaration of Interest**

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

**Committee:** Council Controlled  
Organisations Subcommittee

**Date:** 13 November 2015

**Report Name:** Local Government Funding  
Agency November 2015 AGM

**Author:** Paul Conder

<b>Report Status</b>	<i>Open</i>
<b>Strategy, Policy or Plan context</b>	<i>Appointment and Remuneration of Directors of COs, CCOs and CCTOs</i>
<b>Financial status</b>	<i>There is budget allocated within the LGFA for Directors Fees.</i>
<b>Assessment of significance</b>	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance.</i>

## 1. Purpose of the Report

2. To seek approval for the Local Government Funding Agency (LGFA) Annual General Meeting (AGM) matters.
3. The LGFA AGM is on 24 November 2015.

## 4. Executive Summary

5. Shareholders are entitled to attend and vote at the meeting. A proxy form for voting at the AGM needs to be sent to LGFA 48 hours prior to the AGM.
6. There are now 30 shareholding councils together with the Crown. Hamilton City Council's ownership share is 8.3%.
7. The following matters are being considered at the AGM:
  - (a) To receive and consider the financial statements for the year ended 30 June 2015;
  - (b) Election of Directors;
  - (c) Election of Nominating Local Authorities to Shareholders' Council; and
  - (d) Directors' remuneration.
8. Attachment 1 is Local Government Agency Limited 'Notice of Annual Meeting' and also includes a brief profile of Directors. Attachment 2 is the associated 'Proxy Form'.
9. According to the Council Controlled Organisations Subcommittee's Terms of Reference, the Sub-Committee can authorise appointments to the LGFA board and directors fees.

## **10. Recommendations from Management**

That the Council Controlled Organisations Subcommittee:

- a) Approve the re-election of John Avery and election of Linda Robertson and Mike Timmer as directors;
- b) Approve the re-election of Tasman District Council and election of Auckland Council as 'Nominating Local Authorities';
- c) Approve the proposed increase to directors' remuneration; and
- d) Authorise Mr Alan Adcock (and failing him Mr Craig Stobo), by way of proxy, to represent Hamilton City Council at the AGM and vote according to instruction in the completed proxy form.

## **11. Attachments**

12. Attachment 1 - LGFA - Notice of AGM 2015
13. Attachment 2 - LGFA - Proxy Form 2015
14. Attachment 3 - LGFA - Chair and Director Fee Review 2015
15. Attachment 4 - LGFA - Letter from Chair, Shareholders Council

## **16. Key Issues**

17. Annual Report
18. Financial statements for the year ended 30 June 2015 together with the directors' and auditor's report to shareholders will be tabled at the AGM. This is the 3rd full year of operation for LGFA.
19. The Annual Report was considered and received by the Subcommittee at its 21 October meeting.
20. As at 30 June 2015 LGFA had lent \$4,979 million to forty-five participating councils. This is an increase of \$1,280 million from a year ago. Hamilton City Council debt is \$225m.
21. LGFA Board has declared a dividend of \$1.61 million for the year ended 30 June 2015. Hamilton City Council will receive \$120,106.
22. Election of Directors and Nominating Local Authorities
23. In accordance with the Shareholders' Agreement (SHA), John Avery retires by rotation at the AGM and offers himself for re-election.
24. Paul Anderson has formally resigned from the Board effective from the AGM and the increase in the number of board members back to six requires two positions to be filled. A subcommittee of Alan Adcock (LGFA Shareholders Council Chair) and Craig Stobo (LGFA Board Chair) undertook a process to shortlist and interview suitable candidates during August 2015. Following this process, Linda Robertson (as Independent Director) and Mike Timmer (Greater Wellington Regional Council) have been nominated to fill these two vacant director positions.

25. Shareholders' Council is represented by 9 local authorities and the Crown to monitor performance of LGFA and make recommendations to shareholders on matters that require decisions. In accordance with the SHA, the shareholders shall ensure that two Nominating Local Authorities retire on a rotation basis at the AGM each year. Both Greater Wellington Regional Council (GWRC) and Tasman District Council (TDC) have agreed to retire. As Mike Timmer of GWRC is seeking a director appointment, GWRC is not seeking re-election. Therefore only TDC has offered itself for re-election and Auckland Council has put itself forward to stand for election.
26. Directors Remuneration
27. Shareholders' approval is sought for directors' remuneration increases with effect from 1 July 2015.
28. Shareholders' council engaged Board Dynamics to provide a brief report on current director remuneration and recommend changes to the current fee based on market data. Based on this review, Shareholders' council on balance agreed that 15% increase (Board Dynamics proposed 23% based on six directors) to director's fees is warranted. The recommended increase is proposed to be spread over the next two years. Board Dynamics report (Attachment 3) together with a letter from Alan Adcock is Attachment 4.
29. Annual General Meeting
30. Shareholders' Council is supportive of all matters proposed by the Board for consideration at the AGM.
31. It is proposed that Mr Alan Adcock (and failing him Mr Craig Stobo) be appointed as a proxy to represent Hamilton City Council at the AGM. They would be instructed to vote via a completed proxy form in accordance with the final resolution. Mr Adcock is Chair of the Shareholders Council and Mr Stobo is Chair of the LGFA Board.
- 32. Financial and Resourcing Implications**
33. Matters considered in the report are LGFA operational items and not significant.
- 34. Risk**
35. While the proposed increase in directors' fees is supported by market benchmarking, the scale of increase has attracted public comment when considered by other councils.

### Signatory

Authoriser	Paul Conder, Chief Financial Officer
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**NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED  
NOTICE OF ANNUAL MEETING**

Notice is given that the 2015 annual meeting of shareholders of New Zealand Local Government Funding Agency Limited ("**Company**") will be held at the **Bolton Hotel, 12 Bolton Street, Wellington** on **24 November 2015** commencing at **2:45pm**.

**BUSINESS**

1. **FINANCIAL STATEMENTS AND REPORTS:** To receive and consider the financial statements of the Company for the year ended 30 June 2015 together with the directors' and auditor's reports to shareholders.

2. **ELECTION OF DIRECTORS**  
In accordance with clause 3.3 of the Company shareholders' agreement ("**SHA**"), **John Avery** retires by rotation and, being eligible, offers himself for re-election.

Accordingly, to:  
Re-elect **John Avery**,

as a director of the Company, by way of ordinary resolution. (See Explanatory Note 2)

In accordance with clause 3.5 of the SHA the following have been nominated to fill two vacant director positions - **Linda Robertson** nominated by Whangarei District Council and **Mike Timmer**, nominated by Greater Wellington Regional Council

Accordingly, to:  
Elect **Linda Robertson** and  
Elect **Mike Timmer**

as directors of the Company, each by way of separate ordinary resolutions. (See Explanatory Note 2)

3. **ELECTION OF NOMINATING LOCAL AUTHORITIES**  
In accordance with clause 4.6 of the SHA, **Greater Wellington Regional Council** and **Tasman District Council** retire by rotation. **Tasman District Council** being eligible, offer themselves for re-election. **Auckland Council** has put themselves forward to stand for election.

Accordingly, to:  
Re-elect **Tasman District Council**

as a "Nominating Local Authority" under the SHA, by way of ordinary resolution. (See Explanatory Note 3)

In accordance with clause 4.8 of the SHA, **Auckland Council** offer themselves for election.

Accordingly, to:  
Elect **Auckland Council**

as a "Nominating Local Authority" under the SHA, by way of separate ordinary resolution. (See Explanatory Note 3)

4. **DIRECTORS' REMUNERATION**

In accordance with clause 3.6 of the SHA, to approve, by way of ordinary resolution, an increase in the directors' fees payable to:

- (a) With effect from 1 July 2015, the director acting as chairman of the board of directors of \$6,000 per annum, from \$78,000 per annum to \$84,000 per annum and with effect from 1 July 2016 an increase of \$6,000 per annum to \$90,000 per annum.

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- (b) With effect from 1 July 2015, each of the other directors of \$3,400 per annum, from \$44,200 per annum to \$47,600 per annum and with effect from 1 July 2016 an increase of \$3,400 per annum to \$51,000 per annum.
  - (c) With effect from 1 July 2015, the director acting as chairman of the audit and risk committee of \$3,600 per annum, from \$46,800 per annum to \$50,400 per annum; and with effect from 1 July 2016 an increase of \$3,600 per annum to \$54,000 per annum.

(See Explanatory Note 4);

5. **GENERAL BUSINESS**  
To consider such other business as may properly be raised at the meeting.

Please refer to the explanatory notes that accompany this notice of meeting.

By order of the board:



**Craig Stobo, Chairman**  
2 October 2015

**ORDINARY RESOLUTIONS:** *Ordinary resolutions are required to be approved by a simple majority of more than 50% of the votes of the shareholders entitled to vote and voting at the annual meeting.*

**SHAREHOLDERS ENTITLED TO ATTEND AND VOTE:** *Pursuant to section 125 of the Companies Act 1993, for the purposes of voting at the annual meeting, those registered shareholders of the Company as at 9.00am on Tuesday 24 November 2015 shall be entitled to exercise the right to vote at the meeting.*

## EXPLANATORY NOTES

### EXPLANATORY NOTE 1 - PROXY VOTE

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of the shareholder. The proxy need not be a shareholder. To be effective, a copy of the proxy form must be received by the Company at **Level 8, City Chambers, 142 Featherston Street, Wellington 6145** not later than 48 hours before the start of the meeting.

A corporation may appoint a person to attend the meeting as its representative in the same manner as that in which it could appoint a proxy.

### EXPLANATORY NOTE 2 - ELECTION OF DIRECTORS

The SHA provides that, beginning at, and including, the annual meeting for 2013, two directors comprising one director who is an "Independent Director" (as defined in the SHA) and one director who is not an "Independent Director" shall retire from office at the annual meeting of the Company in each year. The directors to retire shall be that "Independent Director", and that director who is not an "Independent Director", who have been longest in office since their last election. If two or more relevant directors were last elected on the same day, the directors to retire shall (unless they otherwise agree amongst themselves) be determined by lot. A retiring director is eligible for re-election.

In this case, John Avery and Philip Cory-Wright are deemed to have been last elected on the same day (i.e. upon incorporation of the Company) and are the "Independent Directors" who have been longest in office since their last election (Craig Stobo having been re-elected on 19 November 2013 and Abby Foote on 25 November 2014). Accordingly, the directors have, in accordance with the SHA, agreed amongst themselves, that **John Avery** (being an "Independent Director") shall retire by rotation at this annual meeting. **John Avery**, being eligible, offers himself for re-election.

Following the impending retirement of Paul Anderson at the 2015 AGM and the resignation of Mark Butcher in 2014 there are two vacancies as directors of the Company. The Chairs of the Shareholder Council and Board have undertaken a recruitment process for two new directors and propose **Linda Robertson** and **Mike Timmer** as directors.

#### **John Avery Biography**

John is a professional director with extensive experience across a range of business and industry sectors. He is a very experienced director, chair and committee chair. He has particular experience with both Council Controlled Organisations and Co- Operative style companies. Currently along with LGFA he is a director of an Auckland Council CCO, Regional Facilities Auckland, and a director of Office Products Depot Ltd, Strategic Pay Ltd, Spider Tracks Ltd and Fund Managers Auckland Ltd

Former directorships include; The Warehouse Group Ltd, Independent Timber Merchants Ltd (ITM), NSM Contracting Ltd (a North Shore City Council CCO), Aotea Centre Board (an Auckland City Council CCO), Americas Cup Village Ltd (an Auckland City Council CCO), The New Zealand Guardian Trust Company Ltd, The Lawlink Group Ltd and The Royal New Zealand Ballet. He is also involved with a number of charities including The New Zealand School of Dance. Prior to becoming a fulltime director nine years ago, John was a commercial lawyer and former Managing Partner and Chair of an Auckland based law firm.

He is a Chartered Fellow of the Institute of Directors in New Zealand, a Barrister and Solicitor of the High Court and remains an associate member of the New Zealand Law Society.

#### **Linda Robertson Biography**

Linda is a professional director with over 30 years' experience in the NZ finance sector having worked both in both banking and the corporate environment. In the corporate environment she has worked predominately in the energy sector and has held various senior management roles encompassing, treasury, credit management, audit, risk management and insurance. She was most recently Group Manager Treasury & Procurement at Meridian Energy Ltd. Linda also has extensive governance experience serving on Boards and Audit & Risk Committees including previous roles on the Board of New Zealand Post, Kiwi Bank, Speirs Group and the

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Earthquake Commission. She was also a member of Audit & Risk Committee of Inland Revenue and Chaired the Audit & Risk Committee of Statistics New Zealand.

Her current governance positions include; Member of Audit & Risk Committee of Ministry of Social Development, Director of Hunter Downs Development Company Ltd, Dunedin City Holdings Ltd, Dunedin City Treasury Ltd and Dunedin Venues Ltd; a Member of the Technical Advisory Committee of the New Zealand Export Credit Office, and a Director of NZ Registry Services Ltd, King Country Energy Ltd and the NZPM Group Ltd.

She is a Certified Treasury Professional, a Fellow of the Institute of Finance Professionals New Zealand (INFINZ), a Fellow of Governance New Zealand (previously Institute of Chartered Secretaries and Administrators); a Chartered Fellow of the New Zealand Institute of Directors and a Graduate Member of the Australian Institute of Company Directors. Linda has a Bachelor of Commerce Degree and a Diploma in Banking

#### **Mike Timmer Biography**

Mike joined Wellington Regional Council as Treasurer in January 2007. His present responsibilities include treasury activities, risk management, insurance, and managing the Councils CCO's. He has also been acting Chief Financial Officer for the council for extended periods. His prior roles were Treasurer and Finance Manager at Wellington Hospital. Formally he worked for Citibank for 5 years in its dealing room.

Mike has been involved with the establishment of the LGFA being one of the tight 9 representatives and has been on the Shareholders Council since its inception where he is presently vice chairman.

He is currently a member of the Institute of Directors, a director of the Finance Committee of Physiotherapy New Zealand Incorporated, a certified Chartered Accountant and an INFINZ (cert) professional. He holds a Bachelor of Agricultural Science and a Bachelor of Business Studies, both from Massey University.

#### **EXPLANATORY NOTE 3 - ELECTION OF NOMINATING LOCAL AUTHORITIES**

Pursuant to a shareholders' resolution dated 2 October 2013, the SHA was amended to provide for, amongst other things, a new process for determining the members of the Shareholders' Council. "Principal Shareholders" (as defined in the SHA), other than the New Zealand Government, are now elected as "Nominating Local Authorities" (again as defined in the SHA), and those Nominating Local Authorities have the right to each appoint one member of the Shareholders' Council.

The SHA provides that, beginning at, and including, the annual meeting for 2013, the shareholders shall ensure that two Nominating Local Authorities retire from office at the annual meeting of the Company in each year. The Nominating Local Authorities to retire shall be those who have been longest in office since their last election, and if two or more of those Nominating Local Authorities were last elected on the same day, the Nominating Local Authority to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Nominating Local Authority is eligible for re-election.

In this case, Whangarei District Council, Hamilton City Council, Tasman District Council, Western Bay of Plenty District Council, Wellington City Council, and Bay of Plenty Regional Council, and Greater Wellington Regional Council are deemed to have been last elected on the same day (7 December 2011) and are the Nominating Local Authorities who have been longest in office since their last election (Tauranga City Council and Selwyn District Council having been re-elected as Nominating Local Authorities on 19 November 2013 and Greater Wellington Regional Council and Western Bay of Plenty District Council having been re-elected as Nominating Local Authorities on 25 November 2014). Accordingly, the Nominating Local Authorities have, in accordance with the SHA, agreed amongst themselves, that **Tasman District Council** and **Greater Wellington Regional Council** shall retire by rotation at this annual meeting. Due to Mike Timmer standing for election as a director of the company, **Greater Wellington Regional Council** will not offer themselves for re-election as a Nominating Local Authority.

The Shareholders Council is comprised of between five and ten members. The New Zealand Government can appoint a member and the remaining members comprise up to nine Nominating

Local Authorities. Following the retirement of **Greater Wellington Regional Council** and **Tasman District Council** there are currently two positions available. <sup>5</sup>

**Tasman District Council** offer themselves for re-election as a Nominating Local Authority.

**Auckland Council** is seeking election as a Nominating Local Authority.

#### **EXPLANATORY NOTE 4 - DIRECTORS' REMUNERATION**

This resolution seeks shareholders' approval for an increase in directors' remuneration with effect from 1 July 2015. The proposed fee increases for directors (as set out in the notice of meeting) have been calculated based on a 15% increase over the two period comprising a 7.7% increase for the 2015-2016 year and a 7.1% increase for the 2016-2017 year.

The Shareholders Council have provided to shareholders a background document outlining the proposed fee increases.

**NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED**

**PROXY FORM**

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a shareholder of New Zealand Local Government Agency Limited appoint  
\_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_  
of \_\_\_\_\_ as my/our proxy to vote for me/us at the annual meeting to be held on 24 November 2015 and at any adjournment thereof.

Unless otherwise instructed, the proxy will vote as he or she thinks fit. If you wish to direct the proxy how to vote please indicate with a ✓ in the appropriate box below.

	For	Against
1. To re-elect <b>John Avery</b> as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
2. To elect <b>Linda Robertson</b> as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
3. To elect <b>Mike Timmer</b> as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect <b>Tasman District Council</b> as a Nominating Local Authority	<input type="checkbox"/>	<input type="checkbox"/>
5. To elect <b>Auckland Council</b> as a Nominating Local Authority	<input type="checkbox"/>	<input type="checkbox"/>
6. To approve the following increases in director fees payable		
(a) With effect from 1 July 2015 the director acting as chairman of the board of directors of \$6,000 per annum, from \$78,000 per annum to \$84,000 per annum and with effect from 1 July 2016 an increase of \$6,000 per annum to \$90,000 per annum.	<input type="checkbox"/>	<input type="checkbox"/>
(b) With effect from 1 July 2015, each of the other directors of \$3,400 per annum, from \$44,200 per annum to \$47,600 per annum and with effect from 1 July 2016 an increase of \$3,400 per annum to \$51,000 per annum.	<input type="checkbox"/>	<input type="checkbox"/>
(c) With effect from 1 July 2015, the director acting as chairman of the audit and risk committee of \$3,600 per annum, from \$46,800 per annum to \$50,400 per annum; and with effect from 1 July 2016 an increase of \$3,600 per annum to \$54,000 per annum	<input type="checkbox"/>	<input type="checkbox"/>

(Please refer to the notice of meeting for details of the resolutions)

\_\_\_\_\_  
**Signature of Shareholder**

**Dated:** \_\_\_\_\_ 2015

**Notes:**

1. If you wish you may appoint as your proxy "The Chairperson of the Meeting".
2. If you are a body corporate, this proxy form must be signed on behalf of the body corporate by a person acting under the body corporate's express or implied authority.
3. For this proxy form to be valid, you must complete it and produce it to the Company at least 48 hours before the time for holding the meeting. You can produce it to the Company by delivering it to **Level 8, City Chambers, 142 Featherston Street, Wellington 6145. It must be received at least 48 hours before the time for holding the meeting.**
4. If this proxy form has been signed under a power of attorney, a copy of the power of attorney (unless already deposited with the Company) and a signed certificate of non-revocation of the power of attorney must be produced to the Company with this proxy form.
5. If you return this form without directing the proxy how to vote on any particular matter, the proxy will vote as he or she thinks fit.



# Local Government Funding Agency (LGFA)

## Chair and Director Fee Review

August 2015

### Introduction

Board Dynamics has been engaged by the Shareholder council to provide a brief report on the current director remuneration and any recommended changes in the current fees based on current market data,

In benchmarking LGFA board remuneration we have used the financial services industry as the sector of reference, and excluded State Owned Enterprises (SOEs). This is because LGFA is operating in a specialised technical financial services space aligned with the practices and disciplines of the financial services industry, despite operating as an agency for Local Government funding.

LGFA board remuneration has been benchmarked against similar sized organisations in NZ, based on assets under management and shareholder funds. We have referenced the current remuneration of Chairs and Directors on boards of organisations ranging from a small bank, private equity firm and asset management firms.

The average board remuneration in the financial services industry in NZ for a Chair is (range) \$80,000-\$150,000 and for a Director is (range) \$50,000-\$100,000. The range depends on breakdown – assets, revenue or industry.

The current LGFA board comprises of 1 Independent Chair, 1 Director and 3 Independent Directors. The remuneration fees per annum are set as follows:

Independent Chair	\$78K
Director with Audit and Risk Chair role	\$46.8K
Director with Audit and Risk member role	\$44.2K

We have taken into consideration the complexity of the industry, size of portfolio and technical skills required of each director or Chair. Note: we have excluded director fees of the largest trading banks in NZ to prevent skewing the results.



## Recommendations

Our recommendation is based on several factors including the Financial Industry, Assets under Management and Shareholder Funds of the market data referenced in this report for both Chair and Director fees.

LGFA is an organisation where the board operates in an industry most similar to Financial Services, with Assets Under Management of \$5.4B and Shareholder Funds of \$36M (June 2015).

To summarise relevant Chair and Director fee reference data that is highlighted in the tables:

### 1. Average relevant Chair Fees and Workload

	Annual Average Fee	Annual Average Hours
Industry – Financial Services	\$80,250	208
Assets Under Management >1000M	\$158,569	379
Shareholder Funds 20.1-50M	\$82,500*	371
<b>AVERAGE</b>	<b>\$107,000</b>	<b>319 Hrs = 29 Hrs per Mth</b>

\*Upper Quartile value used as representative in the case of LGFA

### 2. Average relevant Director Fees and Workload

	Annual Average Fee	Annual Average Hours
Industry – Financial Services	\$70,509	127
Assets Under Management >1000M	\$94,557	279
Shareholder Funds 20.1-50M	\$36,250*	218
<b>AVERAGE</b>	<b>\$67,000</b>	<b>208 Hrs = 19 Hrs per Mth</b>

\*Upper Quartile value used as representative in the case of LGFA

Accordingly, we suggest the current Chair and Director fees at LGFA are low if we understand the workload to be in the range suggested of 29 hours per month for the Chair and 19 hours per month for a Director.

We would initially recommend the following fee increases:

- Annual Director fees at LGFA be increased from the current of \$44,200 - \$46,800 (depending on Audit and Risk committee membership) into a range **between \$55,000 and \$60,000.**
- Annual Chair fees at LGFA be increased from the current \$78,000 to **\$93,000.**



While these increases are less than the represented averages for Industry, Assets Under Management and Shareholder Funds, it is a 20% increase and we recognise this would be significant leap for Shareholder Council approval.

This fee increase recognises the increasing financial services sector knowledge requirements for an LGFA director role, and the workload expectations on directors. However, the fee increase may need to be considered against the workload commitments, and if an additional director is appointed reducing the workload to below the average 19-20 hours per month for a Director and 29-30 hours per month for a Chair, the fee may be reduced accordingly.

We note and support the Shareholders Council recommendation to return to 6 Directors under the following structure:

- 1 Independent Chair
- 1 Non-Independent Director
- 4 Independent Directors – 1 of whom is Chair of Audit & Risk.
- All other Directors (apart from the Chair) sit on the Audit & Risk Committee.

**3. Recommended LGFA Chair and Director Fee Increase:**

Board Role	Current Fee	Recommended Fee	Corresponding Workload
Independent Chair	\$78K	\$93K	29 hrs per month
Director with Audit and Risk Chair role	\$46.8K	\$58K	19 hrs per month
Director with Audit and Risk member role	\$44.2K	\$55K	19 hrs per month

These fee increases may represent, depending on final decisions, the annual governance pool rising from \$257.4K (approximate) to \$310K if the board membership remains at 5. This is a rise of approximately \$50K per annum (20%).

Finally, this document represents the objective recommendation of Board Dynamics regarding board fees at LGFA. However, any board fee discussion involves a variety of factors of which the information in this document is just one. We suggest using this information as a starting point in a review that should serve to further develop the relationship between the LGFA Board and the Shareholder Council.



## Appendix Chair and Director Fees in NZ 2015

### Non-Executive Chair Fees 2015 – Breakdown\*

\* LGFA relevant data highlighted in yellow

#### Breakdown By Industry:

Industry	Fee components	Sample		Payment value			
		No.	%	Lower quartile	Median	Upper quartile	Average
Banking, Financial and Insurance Services	Annual fee (\$)	30	7%	41,250	<b>73,500</b>	96,250	<b>80,250</b>
	Hourly rate (\$)	24	6%	202	<b>284</b>	817	1,321
	Total hours	32	8%	108	<b>159</b>	295	208

#### Breakdown By Revenue:

Revenue	Fee components	Sample		Payment value			
		No.	%	Lower quartile	Median	Upper quartile	Average
0-5M	Annual fee (\$)	44	10%	18,000	<b>24,000</b>	35,250	29,281
	Hourly rate (\$)	44	10%	113	<b>168</b>	279	220
	Total hours	124	30%	76	<b>124</b>	193	164
5.1-10M	Annual fee (\$)	25	6%	24,000	<b>35,000</b>	40,000	36,310
	Hourly rate (\$)	24	6%	139	<b>236</b>	280	266
	Total hours	31	7%	102	<b>150</b>	232	200
10.1-20M	Annual fee (\$)	25	6%	25,000	<b>32,000</b>	42,500	34,420
	Hourly rate (\$)	24	6%	137	<b>220</b>	378	341
	Total hours	32	8%	114	<b>168</b>	259	187
20.1-50M	Annual fee (\$)	47	11%	30,000	<b>48,000</b>	60,000	53,543
	Hourly rate (\$)	44	10%	126	<b>193</b>	381	348
	Total hours	51	12%	139	<b>264</b>	384	279
50.1-100M	Annual fee (\$)	41	10%	46,000	<b>60,000</b>	76,000	63,824
	Hourly rate (\$)	30	7%	162	<b>234</b>	341	257
	Total hours	35	8%	168	<b>210</b>	342	388
100.1-200M	Annual fee (\$)	26	6%	64,250	<b>77,500</b>	103,150	93,415
	Hourly rate (\$)	18	4%	245	<b>336</b>	593	1,061
	Total hours	20	5%	146	<b>217</b>	373	283
200.1-500M	Annual fee (\$)	39	9%	72,000	<b>100,000</b>	127,854	103,623
	Hourly rate (\$)	17	4%	217	<b>338</b>	497	588
	Total hours	19	5%	201	<b>250</b>	458	331
500.1-1000M	Annual fee (\$)	17	4%	53,000	<b>80,000</b>	125,000	113,055
	Hourly rate (\$)	5	1%	123	<b>134</b>	227	182
	Total hours	5	1%	589	<b>620</b>	628	697
>1000M	Annual fee (\$)	28	7%	107,500	<b>165,500</b>	240,000	181,572
	Hourly rate (\$)	17	4%	311	<b>522</b>	1,000	1,664
	Total hours	17	4%	96	<b>296</b>	371	306

**Breakdown By Total Assets:**

Total assets	Fee components	Sample		Payment value			
		No.	%	Lower quartile	Median	Upper quartile	Average
0-5M	Annual fee (\$)	61	15%	20,000	<b>30,000</b>	40,000	37,352
	Hourly rate (\$)	61	15%	113	<b>194</b>	317	266
	Total hours	137	33%	82	<b>127</b>	200	168
5.1-10M	Annual fee (\$)	27	6%	24,500	<b>40,000</b>	57,000	43,278
	Hourly rate (\$)	27	6%	130	<b>189</b>	289	229
	Total hours	41	10%	100	<b>190</b>	312	236
10.1-20M	Annual fee (\$)	25	6%	30,000	<b>40,000</b>	60,000	48,850
	Hourly rate (\$)	25	6%	145	<b>197</b>	286	217
	Total hours	32	8%	148	<b>211</b>	357	276
20.1-50M	Annual fee (\$)	31	7%	34,000	<b>48,000</b>	56,500	46,791
	Hourly rate (\$)	30	7%	164	<b>266</b>	336	308
	Total hours	34	8%	151	<b>193</b>	288	231
50.1-100M	Annual fee (\$)	25	6%	42,500	<b>50,000</b>	75,000	57,992
	Hourly rate (\$)	22	5%	127	<b>232</b>	312	266
	Total hours	26	6%	144	<b>258</b>	426	445
100.1-200M	Annual fee (\$)	19	5%	45,460	<b>70,320</b>	100,000	77,077
	Hourly rate (\$)	8	2%	162	<b>256</b>	405	306
	Total hours	10	2%	145	<b>222</b>	481	325
200.1-500M	Annual fee (\$)	37	9%	67,000	<b>78,000</b>	100,000	94,235
	Hourly rate (\$)	15	4%	193	<b>404</b>	559	630
	Total hours	19	5%	136	<b>248</b>	395	287
500.1-1000M	Annual fee (\$)	20	5%	62,769	<b>97,045</b>	160,000	<b>107,085</b>
	Hourly rate (\$)	14	3%	339	<b>598</b>	2,518	1,563
	Total hours	14	3%	57	<b>180</b>	297	193
>1000M	Annual fee (\$)	<b>42</b>	<b>10%</b>	<b>81,094</b>	<b>143,258</b>	<b>205,250</b>	<b>158,569</b>
	Hourly rate (\$)	<b>18</b>	<b>4%</b>	<b>245</b>	<b>504</b>	<b>982</b>	<b>1,597</b>
	Total hours	<b>19</b>	<b>5%</b>	<b>96</b>	<b>324</b>	<b>455</b>	<b>379</b>

**Breakdown By Shareholder Funds:**

Shareholder funds	Fee components	Sample		Payment value			
		No.	%	Lower quartile	Median	Upper quartile	Average
0-5M	Annual fee (\$)	74	18%	20,000	<b>30,000</b>	40,000	37,757
	Hourly rate (\$)	73	17%	113	<b>191</b>	286	259
	Total hours	150	36%	85	<b>140</b>	214	178
5.1-10M	Annual fee (\$)	26	6%	26,250	<b>47,000</b>	60,000	47,096
	Hourly rate (\$)	26	6%	152	<b>224</b>	319	237
	Total hours	40	10%	131	<b>192</b>	336	266
10.1-20M	Annual fee (\$)	27	6%	35,000	<b>48,000</b>	73,500	57,398
	Hourly rate (\$)	27	6%	157	<b>174</b>	309	227
	Total hours	31	7%	162	<b>242</b>	374	297
20.1-50M	Annual fee (\$)	36	9%	46,375	<b>53,500</b>	<b>82,500</b>	61,237
	Hourly rate (\$)	32	8%	158	<b>313</b>	391	353
	Total hours	34	8%	123	<b>228</b>	371	295



50.1-100M	Annual fee (\$)	20	5%	31,500	<b>52,000</b>	96,224	63,976
	Hourly rate (\$)	11	3%	91	<b>217</b>	274	497
	Total hours	13	3%	120	<b>278</b>	428	567
100.1-200M	Annual fee (\$)	33	8%	55,000	<b>76,000</b>	108,090	83,657
	Hourly rate (\$)	15	4%	190	<b>357</b>	487	714
	Total hours	17	4%	140	<b>235</b>	504	300
200.1-500M	Annual fee (\$)	22	5%	71,666	<b>85,500</b>	127,500	112,267
	Hourly rate (\$)	11	3%	328	<b>404</b>	755	573
	Total hours	12	3%	119	<b>150</b>	329	229
500.1-1000M	Annual fee (\$)	15	4%	82,000	<b>141,516</b>	168,000	136,951
	Hourly rate (\$)	6	1%	400	<b>592</b>	3,123	1,965
	Total hours	6	1%	57	<b>161</b>	208	195
>1000M	Annual fee (\$)	<b>25</b>	<b>6%</b>	<b>111,816</b>	<b>165,000</b>	<b>230,000</b>	<b>183,750</b>
	Hourly rate (\$)	<b>10</b>	<b>2%</b>	<b>317</b>	<b>565</b>	<b>982</b>	<b>1,654</b>
	Total hours	<b>11</b>	<b>3%</b>	<b>147</b>	<b>316</b>	<b>351</b>	<b>310</b>

#### Breakdown By Headcount:

Headcount	Fee components	Sample		Payment value			
		No.	%	Lower quartile	Median	Upper quartile	Average
<50	Annual fee (\$)	94	22%	24,000	<b>30,000</b>	45,000	41,284
	Hourly rate (\$)	91	22%	119	<b>197</b>	321	316
	Total hours	182	43%	81	<b>133</b>	212	178
50-99	Annual fee (\$)	30	7%	30,000	<b>36,017</b>	58,125	44,671
	Hourly rate (\$)	27	6%	168	<b>250</b>	388	313
	Total hours	36	9%	123	<b>173</b>	259	308
100-199	Annual fee (\$)	38	9%	37,000	<b>50,000</b>	75,000	61,532
	Hourly rate (\$)	33	8%	155	<b>286</b>	421	559
	Total hours	39	9%	118	<b>168</b>	293	211
200-499	Annual fee (\$)	46	11%	48,000	<b>75,500</b>	97,500	79,340
	Hourly rate (\$)	35	8%	132	<b>192</b>	297	440
	Total hours	40	10%	194	<b>293</b>	481	372
500-999	Annual fee (\$)	32	8%	68,740	<b>93,000</b>	112,612	96,524
	Hourly rate (\$)	15	4%	145	<b>217</b>	358	452
	Total hours	16	4%	243	<b>374</b>	542	374
1,000-1,999	Annual fee (\$)	17	4%	55,250	<b>70,000</b>	125,000	99,515
	Hourly rate (\$)	9	2%	143	<b>259</b>	486	497
	Total hours	10	2%	233	<b>344</b>	565	390
2,000+	Annual fee (\$)	29	7%	90,000	<b>166,000</b>	207,500	173,828
	Hourly rate (\$)	13	3%	340	<b>480</b>	926	1,464
	Total hours	14	3%	249	<b>306</b>	425	350

## Non-Executive Director Fees 2015 – Breakdown\*

\* LGFA relevant data highlighted in yellow

### Breakdown By Industry:

Industry	Fee components	Sample		Payment value			
		No.	%	Lower quartile	Median	Upper quartile	Average
<b>Banking, Financial and Insurance Services</b>	Annual fee (\$)	88	8%	30,000	<b>47,835</b>	92,917	<b>70,509</b>
	Hourly rate (\$)	61	5%	224	<b>407</b>	839	931
	Total hours	81	7%	40	<b>100</b>	187	127

### Breakdown By Revenue:

Revenue	Fee components	Sample		Payment value			
		No.	%	Lower quartile	Median	Upper quartile	Average
0-5M	Annual fee (\$)	59	5%	12,000	<b>19,500</b>	25,000	18,478
	Hourly rate (\$)	58	5%	72	<b>150</b>	214	218
	Total hours	251	22%	44	<b>89</b>	140	119
5.1-10M	Annual fee (\$)	62	5%	12,125	<b>23,500</b>	30,000	21,690
	Hourly rate (\$)	62	5%	105	<b>177</b>	329	232
	Total hours	109	10%	75	<b>122</b>	180	149
10.1-20M	Annual fee (\$)	55	5%	15,000	<b>25,000</b>	32,500	25,548
	Hourly rate (\$)	53	5%	113	<b>197</b>	259	238
	Total hours	76	7%	81	<b>125</b>	180	169
20.1-50M	Annual fee (\$)	59	5%	20,000	<b>30,000</b>	50,000	37,024
	Hourly rate (\$)	51	5%	103	<b>206</b>	471	429
	Total hours	76	7%	81	<b>144</b>	226	173
50.1-100M	Annual fee (\$)	98	9%	23,000	<b>28,750</b>	40,503	32,895
	Hourly rate (\$)	47	4%	113	<b>186</b>	244	192
	Total hours	59	5%	132	<b>197</b>	264	205
100.1-200M	Annual fee (\$)	73	6%	34,824	<b>45,000</b>	60,000	49,394
	Hourly rate (\$)	42	4%	131	<b>264</b>	483	564
	Total hours	49	4%	101	<b>186</b>	280	254
200.1-500M	Annual fee (\$)	128	11%	47,000	<b>59,478</b>	76,892	63,872
	Hourly rate (\$)	37	3%	177	<b>489</b>	839	587
	Total hours	49	4%	56	<b>151</b>	228	183
500.1-1000M	Annual fee (\$)	80	7%	47,000	<b>60,052</b>	95,000	77,689
	Hourly rate (\$)	13	1%	146	<b>230</b>	382	274
	Total hours	16	1%	179	<b>220</b>	297	256
>1000M	Annual fee (\$)	118	10%	66,250	<b>99,225</b>	131,125	99,429
	Hourly rate (\$)	52	5%	274	<b>1,160</b>	2,245	1,434
	Total hours	56	5%	44	<b>96</b>	277	238



### Breakdown By Total Assets:

Total assets	Fee components	Sample		Payment value			
		No.	%	Lower quartile	Median	Upper quartile	Average
0-5M	Annual fee (\$)	79	7%	12,000	<b>19,000</b>	25,000	19,225
	Hourly rate (\$)	79	7%	89	<b>161</b>	278	225
	Total hours	262	23%	50	<b>91</b>	138	110
5.1-10M	Annual fee (\$)	35	3%	15,750	<b>21,500</b>	30,000	23,643
	Hourly rate (\$)	34	3%	83	<b>152</b>	244	187
	Total hours	73	6%	72	<b>131</b>	193	163
10.1-20M	Annual fee (\$)	40	4%	18,075	<b>28,000</b>	31,875	26,197
	Hourly rate (\$)	40	4%	113	<b>195</b>	314	249
	Total hours	64	6%	77	<b>125</b>	216	159
20.1-50M	Annual fee (\$)	45	4%	20,800	<b>30,000</b>	35,000	29,352
	Hourly rate (\$)	41	4%	149	<b>214</b>	313	257
	Total hours	65	6%	85	<b>129</b>	180	163
50.1-100M	Annual fee (\$)	70	6%	20,750	<b>25,000</b>	36,000	29,108
	Hourly rate (\$)	44	4%	84	<b>130</b>	232	188
	Total hours	54	5%	116	<b>177</b>	262	253
100.1-200M	Annual fee (\$)	60	5%	27,875	<b>39,360</b>	59,478	44,843
	Hourly rate (\$)	32	3%	129	<b>202</b>	326	506
	Total hours	43	4%	133	<b>195</b>	274	207
200.1-500M	Annual fee (\$)	137	12%	37,500	<b>47,000</b>	62,000	50,541
	Hourly rate (\$)	43	4%	171	<b>278</b>	839	509
	Total hours	59	5%	56	<b>179</b>	269	205
500.1-1000M	Annual fee (\$)	83	7%	48,918	<b>64,500</b>	80,000	65,159
	Hourly rate (\$)	45	4%	377	<b>1,227</b>	1,591	1,307
	Total hours	52	5%	40	<b>44</b>	202	140
>1000M	Annual fee (\$)	183	16%	57,422	<b>90,000</b>	126,500	<b>94,557</b>
	Hourly rate (\$)	57	5%	187	<b>419</b>	1,563	921
	Total hours	68	6%	96	<b>187</b>	288	279

### Breakdown By Shareholder Funds:

Shareholder funds	Fee components	Sample		Payment value			
		No.	%	Lower quartile	Median	Upper quartile	Average
0-5M	Annual fee (\$)	104	9%	12,375	<b>20,000</b>	25,350	20,158
	Hourly rate (\$)	100	9%	78	<b>159</b>	267	213
	Total hours	292	26%	52	<b>94</b>	151	125
5.1-10M	Annual fee (\$)	39	3%	22,000	<b>29,250</b>	33,500	28,729
	Hourly rate (\$)	39	3%	152	<b>212</b>	332	241
	Total hours	64	6%	83	<b>126</b>	173	147
10.1-20M	Annual fee (\$)	30	3%	17,500	<b>25,000</b>	35,750	26,343
	Hourly rate (\$)	30	3%	107	<b>143</b>	241	241
	Total hours	46	4%	84	<b>153</b>	239	179
20.1-50M	Annual fee (\$)	68	6%	20,000	<b>25,000</b>	<b>36,250</b>	30,878
	Hourly rate (\$)	47	4%	129	<b>185</b>	352	233
	Total hours	56	5%	107	<b>151</b>	218	177



50.1-100M	Annual fee (\$)	87	8%	25,000	<b>36,000</b>	50,000	39,195
	Hourly rate (\$)	50	4%	127	<b>225</b>	553	491
	Total hours	59	5%	68	<b>171</b>	271	227
100.1-200M	Annual fee (\$)	102	9%	34,355	<b>47,000</b>	61,500	47,491
	Hourly rate (\$)	35	3%	189	<b>284</b>	1,012	569
	Total hours	45	4%	40	<b>184</b>	267	197
200.1-500M	Annual fee (\$)	103	9%	52,000	<b>60,000</b>	80,833	67,343
	Hourly rate (\$)	34	3%	200	<b>467</b>	779	599
	Total hours	40	4%	68	<b>170</b>	258	229
500.1-1000M	Annual fee (\$)	58	5%	66,250	<b>80,000</b>	100,000	87,493
	Hourly rate (\$)	19	2%	414	<b>577</b>	3,393	1,553
	Total hours	26	2%	29	<b>124</b>	203	145
>1000M	Annual fee (\$)	114	10%	60,026	<b>99,225</b>	136,907	105,327
	Hourly rate (\$)	35	3%	242	<b>450</b>	1,958	1,150
	Total hours	40	4%	96	<b>186</b>	288	282

**Breakdown By Headcount:**

Headcount	Fee components	Sample		Payment value			
		No.	%	Lower quartile	Median	Upper quartile	Average
<50	Annual fee (\$)	190	17%	15,000	<b>24,000</b>	31,815	27,209
	Hourly rate (\$)	176	16%	99	<b>179</b>	330	293
	Total hours	412	36%	53	<b>104</b>	156	135
50-99	Annual fee (\$)	53	5%	19,000	<b>28,000</b>	41,487	31,175
	Hourly rate (\$)	45	4%	110	<b>185</b>	244	201
	Total hours	77	7%	95	<b>151</b>	214	172
100-199	Annual fee (\$)	60	5%	28,500	<b>39,250</b>	47,835	39,715
	Hourly rate (\$)	40	4%	202	<b>293</b>	511	555
	Total hours	58	5%	69	<b>134</b>	196	151
200-499	Annual fee (\$)	128	11%	25,000	<b>47,000</b>	71,718	53,319
	Hourly rate (\$)	67	6%	107	<b>198</b>	451	574
	Total hours	77	7%	116	<b>190</b>	284	254
500-999	Annual fee (\$)	105	9%	36,804	<b>53,902</b>	90,234	63,183
	Hourly rate (\$)	27	2%	158	<b>263</b>	577	550
	Total hours	36	3%	44	<b>200</b>	273	187
1,000-1,999	Annual fee (\$)	54	5%	37,250	<b>56,750</b>	85,250	66,327
	Hourly rate (\$)	22	2%	103	<b>208</b>	1,313	675
	Total hours	27	2%	142	<b>224</b>	312	311
2,000+	Annual fee (\$)	120	11%	55,521	<b>85,000</b>	122,500	92,936
	Hourly rate (\$)	38	3%	292	<b>476</b>	1,494	1,077
	Total hours	48	4%	44	<b>163</b>	304	227



### Understanding data measures

Lower Quartile	This represents the point at which, when ranked from the lowest value to the highest value, 25 per cent of the sample is lower and 75 per cent of the sample is higher. The lower quartile is also known as the 25 <sup>th</sup> percentile.
Median	When data is ranked from the lowest value to the highest value, the median represents the middle point of the data. At the median, 50 per cent of the sample is lower and 50 per cent of the sample is higher. The median is also known as the 50 <sup>th</sup> percentile.
Upper Quartile	This represents the point at which, when ranked from the lowest value to the highest value, 75 per cent of the sample is lower and 25 per cent of the sample is higher. The upper quartile is also known as the 75 <sup>th</sup> percentile.
Average	Indicates the average value of remuneration or benefit in any given sample. The average is calculated by adding the numbers in a sample and then dividing by the count of the sample.

### Source Data

Our market data (Chair and Director Fees 2015) has been sourced from the EY and IoD 2015 Director Fee Survey 2015.



02 October 2015

Dear Shareholder

LGFA has achieved an incredible level of success over the past almost four years with loans to the sector in excess of \$5.4 billion and LGFA has provided councils with lower borrowing costs and longer dated debt. The size of LGFA and associated benefits to the Local Government sector are expected to continue to grow in the future.

While the original objectives of LGFA remain unchanged, the business model is becoming increasingly complex as LGFA responds to a rapid growth in its asset base and is required to manage additional risk as it becomes a more flexible lender to the Local Government sector.

The LGFA Board plays an important role in the governance and oversight of the organisation on your behalf as both a shareholder and guarantor (with the exception of the New Zealand Government who is a shareholder only).

The Shareholders Council role amongst other duties is to recommend to shareholders the appointment, removal, replacement and remuneration of directors.

An independent review of the LGFA board composition and remuneration was undertaken by Board Dynamics Limited this year to ensure that we have the right board size, skill set and remuneration that will ensure the continued success of LGFA.

This board review has involved the active participation of the LGFA Shareholder Council and the exercise involved:

- an evaluation of current board performance;
- assessment of the skill set of the current board;
- future skill requirements (taking into consideration the LGFA priorities and strategic direction); and
- a review of board remuneration against the market.

#### Appointment of Directors

The LGFA Shareholder Council recommends the re-election of John Avery and the election of Linda Robertson and Mike Timmer as directors and asks that you vote in favour of the resolutions at the AGM.

A committee of myself and Craig Stobo sought applications for the vacant director positions and after an extensive process, we shortlisted and interviewed five candidates before selecting Linda and Mike as our preferred new directors.

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED  
AUCKLAND Level 12, West Plaza Tower, Corner Albert and Customs Street  
WELLINGTON Level 8, City Chambers, 142 Featherston Street  
PO Box 5704, Lambton Quay, Wellington 6145 | PH +64 4 974 6530 | [www.lgfa.co.nz](http://www.lgfa.co.nz)

#### Remuneration of Directors

The outcome of the remuneration section of the board review was a determination that the current LGFA board remuneration levels were approximately 23% below the market for directorships at comparable organisations.

The setting of board remuneration is a complex exercise and after careful consideration and constructive debate at the Shareholders Council it was decided that an increase in director's fees of 15% was warranted. The recommended increase is proposed to be spread over the next two years (7.7% in 2015/16 and 7.1% in 2016/17).

The LGFA Shareholder Council is recommending the above changes to director remuneration and asks that you vote in favour of the resolutions at the AGM.

Regards



Alan Adcock

Chair, LGFA Shareholders Council

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