

**From:** [Official Information](#)  
**To:** [s7\(2\)\(a\)@protonmail.com](#)  
**Cc:** [Official Information](#)  
**Subject:** CM: Request for information - 342141 - [s7\(2\)\(a\)](#) - LGFA Guarantee  
**Date:** Monday, 21 August 2023 8:25:02 am  
**Attachments:** [image001.png](#)  
[Explanation of Council Borrowing and LGFA Guarantee.pdf](#)  
[Amendment and Restatement Deed \(Guarantee and Indemnity\).PDF](#)

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Kia ora

Mayor Southgate has referred your request for information on to staff for a response.

You have asked for information on whether or not the Guarantee that council has executed is limited to the amount borrowed or is it unlimited in nature ie "All Obligations" guarantee, and a copy of the guarantee that council has executed on behalf of the ratepayers.

Attached is a copy of a general explanation of how the LGFA is structured, more information on the LGFA can be found on their website <https://www.lgfa.co.nz/about-lgfa>.

#### **Guarantee structure.**

LGFA's obligations in relation to its securities issued are guaranteed by the councils that are guarantors under the Guarantee and Indemnity Deed. Other than the New Zealand Government, each shareholder in LGFA must be a guarantor. In addition, any council that borrows in aggregate NZ\$20 million or more from LGFA must be a guarantor. The guarantee will be in favour of the obligations of LGFA and not that of the council borrowers. Any call under the guarantee will be allocated across all the guarantors on a pro rata basis in relation to their rates revenue. This is explained in more detail on page two of the attached 'explanation of Council Borrowing and LGFA Guarantee'.

We have attached an example of the Guarantee and Indemnity Deed for your information.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or freephone 0800 802 602.

**Ngaa mihi**

**Keeley Faulkner**

**Official Information Coordinator**

Governance & Assurance Team | Business Services

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**From:** s7(2)(a) s7(2)(a)  
**Sent:** Wednesday, 26 July 2023 2:09 pm  
**To:** Paula Southgate <[paula.southgate@council.hcc.govt.nz](mailto:paula.southgate@council.hcc.govt.nz)>  
**Subject:** LGFA

Dear Ms Southgate,

I note that in the latest publication/overview of the Local Government Funding Agency, the Hamilton City Council has borrowed the sum of \$815 million.

In the aforementioned document it states that if **"any council that borrows in aggregate greater than NZ\$20 million must be a Guarantor."**

I shall be pleased if you will advise whether or not the Guarantee that council has executed is limited to the amount borrowed or is it unlimited in nature ie "All Obligations" guarantee/

Kindly forward a copy of the guarantee that council has executed on behalf of the ratepayers.

Regards,

s7(2)(a)

Sent with [Proton Mail](#) secure email.