

Board Agenda

Auckland Future Fund Trust Limited

Date: 27 September 2024 starting at 9:15am

Location: Albert Street, Level 29, Room 1 Te Po Nui (West)

Board: Christopher Swasbrook (*Chair*)
David Callanan (*Director*)
Craig Stobo (*Director*)

Attendees: Cr Christine Fletcher (*Lead Councillor*)
Ross Tucker (*Group CFO / Lead Officer*)
Kerri Foote (*Executive Officer*)
John Bishop (*Group Treasurer*)
Andrew John (*Head of Group Treasury*)
Bram van Melle (*Associate General Counsel – Commercial*)
Katy Bexley (*Principal Legal Counsel*)
Alastair Cameron (*Manager CCO Governance & External Partnerships*)
Sarah Johnstone-Smith (*Principal Advisor*)
James Stephens (*Senior Advisor*)
Vanessa Feaver (*Senior Corporate Communications & Media Lead*)
Francis Caetano (*Group Financial Controller*)
Kevin Ramsay (*Establishment Lead*)

Agenda

#	Agenda Item	Attachment
	Open Items	
1	Introduction (Chair)	-
2	Director interests register (Kevin Ramsay)	A
3	Trust Deed – <i>execution</i> (Bram van Melle)	B
4	Draft Statement of Intent – <i>approval</i> (Kevin Ramsay/Andrew John)	C
5	Draft Service Agreement – <i>approval</i> (Ross Tucker)	D
6	Meeting Schedule – <i>approval</i> (Kevin Ramsay)	E
7	Other Information & Related Processes <ul style="list-style-type: none"> a) Local Bill update (Katy Bexley) b) Appointment of Auditor process (Francis Caetano) c) Communications & media (Vanessa Feaver) d) Continuous disclosures obligations (Andrew John) 	<ul style="list-style-type: none"> - - - F & G
8	Other Business (Chair)	-

Auckland Future Fund Trust September 2024 Board Report

1. Introduction

As this is the inaugural meeting of the Board of the Auckland Future Fund Trust the agenda includes key documents that are to be completed as part of the establishment of Auckland Future Fund (AFF).

There is some urgency attached to these documents so that AFF can quickly become operational and undertake its intended purpose.

This board meeting builds on the following initial presentations and discussions:

- Induction Pack presented 3 September 2024.
- AFF Briefing Workshop held 16 September 2024.

Some of the policies and appointments will be held over to the October Board meeting as they are reliant on other actions.

2. Director Interests Register (see attachment A)

At each Board meeting directors will be asked to confirm any relevant interests they have so the register can be maintained and potential conflicts managed. The directors will also be asked to identify any perceived conflicts that might arise regarding any of the items on the agenda.

Recommendation – That the Board confirms any additions, deletions or corrections to the director interests register (noting that the register does not need to include interests arising from the purchase of regular services such as utilities and travel providers)

3. Trust Deed (see attachment B)

Substantial work, supported by Simpson Grierson, has been undertaken by the council to produce the draft Trust Deed presented here, ensuring that it aligns with council objectives and the intended legislation currently being progressed.

The Trust Deed states the purposes of the Trust as being:

- a) Intergenerational Benefit: to maintain or increase the real value of the Fund over time, so that the Fund can continue to benefit future generations; and
- b) Funding Services/Infrastructure: to provide a strong return to Auckland Council to fund services and infrastructure.

Auckland Council is identified as the sole beneficiary, and the Trustee is noted as having overall control of, and responsibility, for the Fund. Based on council guidance the Trust will prepare a

Statement of Investment & Policy Objectives after consulting with the council. This will run parallel to the Trust preparing a Statement of Intent for the council's feedback.

As well as this Trust Deed, all operations of the Fund must be in compliance with the Auckland Future Fund Policy and the Auckland Future Fund Distributions Policy.

The Trust must meet all legislative requirements including those arising through its status as a substantive CCO of council and must not undertake any activities that would cause it to become a Tax CCO.

As expected, the Trust Deed also covers other factors such as trustee appointments and remuneration, indemnification and liability limits, modification of trust terms, resettlement, winding up, duration and final vesting.

As this is a foundation document for AFF the Trust Deed has the single highest priority for review and approval at this meeting. Following approval by the Board the Trust Deed will be presented to council for final sign off.

Recommendation – That the Board approves the execution of the Trust Deed and authorises the Chair to sign the Trust Deed before forwarding it to the Council for final execution.

4. Draft Statement of Intent (see attachment C)

The purpose of a statement of intent is to—

- a) state publicly the activities and intentions of the council-controlled organisation for the year and the objectives to which those activities will contribute; and
- b) provide an opportunity for shareholders to influence the direction of the organisation; and
- c) provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

As this is the initial year of AFF, there is no Letter of Expectation from council, which will be received in future years. These Letters of Expectation outline key goals and components that the council is expecting to see in the AFFTL's Statement of Intent and subsequent performance.

Although there is no Letter of Expectation for this initial draft Statement of Intent, there has been substantial guidance provided to AFFTL from council resolutions and previous reports.

The draft Statement of Intent attached here is for review and if approved forwarding to council for approval.

As well as outlining the purpose of goals that the Trust will be implementing, the intentions are also quantified through specific key performance indicators and financial budgets.

Recommendation – That the Board approves the Draft Statement of Intent and forwards it to the council for final adoption.

5. Draft Service Agreement (see attachment D)

It is proposed that to assist with the performance of the Trustee's obligations and responsibilities under the Trust Deed, council will provide the following services for the Trustee, in consideration for the Trustee paying a service fee:

- Company secretarial (including role of Fund Administrator)
- Legal
- Auditor and Accounting and Financial Reporting
- Tax
- Business Records
- Investment and Fund Managers
- Distributions
- Compliance
- Regulator and stakeholder interface
- Office and equipment
- Information Technology
- Communications

The Trustee can request additional services to be added or existing services to be removed. The fee amount is to reflect an arm's length transaction and so not exceed the cost of these services being procured from a third-party provider. It is proposed that the agreement continue until terminated by either party giving six months' notice, unless agreed earlier.

The agreement also covers considerations such as the obligations on council, warranties, indemnities, liability limitations, intellectual property, confidential information, and dispute resolution.

If the option to utilise the council's services is approved, and the scope and terms of this agreement are acceptable then the service agreement will be finalised with the council.

Recommendation – That the Board agrees to use Auckland Council for selected services and approves the signing of the Service Agreement by the Chair.

6. Meeting Schedule (see attachment E)

Generally, it is proposed that the Board meets every second month to ensure that the reporting obligations to the council can be met. However, it is proposed that the Board meets in both September and October 2024, to facilitate the initial set up of policies and roles as there is a substantial amount of work to be undertaken initially.

The proposed schedule covers off 24 months as some processes, such as a letter of expectation, will not be required for the first year.

It is expected that this works schedule will be updated as required to add activities that the Board decides are to be completed, such as detailed risk assessments, or potentially specific reviews of market conditions.

There may also need to be special board meetings around the sale of the AIAL shares if there is some urgency, meaning that it can't wait for a scheduled meeting.

Recommendation – That the Board approve the indicative Meeting Schedule, with any amendments made at the meeting and that the Board looks to progressively populate it with meeting dates and other details.

7. Other Information & Related Processes

There is a set of information that will be provided at the meeting which do not require decisions from the Board but do provide useful information and context.

a) Local Bill update

A verbal update will be provided at the meeting as to the background to the bill, the process for its promotion, and at what stage we are at in the process.

b) Appointment of Auditor process

A verbal update will be provided at the meeting outlining the process for the appointment by the Auditor-General of the AFFTL's audit service provider, as it is a Public Benefit Entity.

c) Communications plan (including AFF website)

A verbal update will be provided at the meeting to provide a general overview of future communications activity, as well as share key protocols for the Board to be aware of such as media policy and process, spokesperson protocols and approvals process.

d) Continuous disclosures obligations (attachments F & G)

Auckland Council currently has a number of bonds quoted on the New Zealand, Singapore and Swiss Debt Markets. As a result, the council is subject to continuous disclosure obligations, which it must comply with under the NZX Listing Rules, the listing rules of other exchanges and the Financial Markets Conduct Act 2013 (FMCA). The Disclosure Policy requires each director and senior manager of a council entity who becomes aware of any information that is or may be material information must report such information to a senior manager of council or a member of the disclosure committee promptly and without delay.

Attached for information are the council's Continuous Disclosure Policy and Disclosure Manual 2024.

Recommendation – That the Board note the information provided

8. Other Business

Opportunity to address any other business raised that is not already on the agenda and is either for information only or requires an urgent decision.

Recommendation – [this will depend on whether any other business raised and its nature]

Director Interests as at 20 September 2024

Member	Interest	Company/Entity
Christopher Swasbrook	Chair/Director	Auckland Future Fund Trustee Limited
	Board Member	Financial Markets Authority (FMA)
	Managing Director and Shareholder	Elevation Capital Management Limited (ECML) – FSP # 9601 – MIS Licensed Manager
	Director and Shareholder	Bethunes Investments Limited – principal investment (15%) SwimTastic Limited
	Director	Holland Family Stonebridge Holdings Limited
	Director	NZX-Listed New Zealand Rural Land Company Limited
	Director	NZRLC Dairy Holdings Limited (NZL subsidiary)
	Director	McCashin's Brewery Limited
	Director and Shareholder	EC Management Limited
	Director and Shareholder	Elevation Capital Funds Management Limited (FSP# 1007386) – MIS Licensed Manager
	Director and Shareholder	Elevation Capital Securities Limited
	Director	SSP NI Limited (NZL subsidiary)
	Chair	Auckland Art Gallery Advisory Board
	Investment	Elevation Capital Global Shares Fund via ECML
	Investment	New Zealand Rural Land Company shares & warrants (NZL.NZX) via ECML
	Investment	ECML Clients have holdings in various NZX, ASX and global companies – No client holds AIA shares.
	Banking	HSBC, Westpac, ASB
	Insurance	Vero, Berkshire Hathaway, Star, Partners Life, NIB, Fidelity Life, Southern Cross, AXA XL.
	KiwiSaver	SuperLife (NZX) – US500 Fund
	Past Directorships/ Memberships	NZX Listed - Allied Farmers
		NZX Listed - Satara Co-operative Group – now part of Eastpack
		TIL Logistics Group Limited (formerly Bethunes Investments and before that Mowbray Collectables)
		New Zealand Rural Land Management Limited
		New Zealand Markets Disciplinary Tribunal (2013-2022)
		ALF Nominees Limited
		Clearwater Hotel 2004 Limited
		Lifestyles of New Zealand Queenstown Limited
		LONZ 2008 Holdings Limited
		LONZ 2008 Limited
		NZ Farmers Livestock Limited
		NZ Farmers Livestock Finance Limited
		QWF Holdings Limited
		Rural Funding Solutionz Limited
		UFL Lakeview Limited
		5M No. 2 Limited
		NZRegCo Listing Subcommittee (2008 – 2023)
		SwimTastic Limited & MRA Liquidation Limited
		SSL Liquidation Co Limited
		Ruapehu Alpine Lifts (RAL)

	Past Employment	Goldman Sachs JBWere (NZ) Limited 1997-2006
		ANZ McCaughan Securities Limited 1995-1997

Director Interests as at 20 September 2024

Member	Interest	Company/Entity
David Callanan	Director	Auckland Future Fund Trustee Ltd
	Employee. General Manager, Corporate Trustee Services	Public Trust performs services and/or obtains services, under commercial arms-length terms, for/from many participants in the NZ financial markets including investments managers, Kiwisaver providers, securitisation issuers, fund administrators, custodians, etc. The services generally entail overseeing client activities on behalf of beneficiaries/investors in an independent, fiduciary capacity as the supervisor/trustee. David is not incentivised (i.e. bonus or similar) as a result of the delivery of these services other than ordinary remuneration as an employee for the general performance of the Public Trust business.
	Director	Various Public Trust subsidiaries, e.g. nominee companies; established for the purpose of undertaking corporate trustee services.
	Retail customer	ASB, Kiwibank, Milford Asset Management Kiwisaver, Australian Retirement Trust Superannuation Fund, ING Bank Australia, AIA Life Insurance, and NIB Health Insurance.
	Personal investments	Various ETFs and direct investments. Portfolio <\$10,000 via the Sharesies platform; includes Mercer and Vanguard funds.
	Chair	Corporate Trustees Association New Zealand; industry body representing corporate trustees.

Director Interests as at 20 September 2024

[illegible]

DEED OF TRUST

AUCKLAND FUTURE FUND

**DEED OF TRUST
OF
AUCKLAND FUTURE FUND**

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**DEED OF TRUST
OF
AUCKLAND FUTURE FUND**

EXECUTED BY

AUCKLAND COUNCIL, a unitary authority established under the Local Government (Auckland Council) Act 2009, as settlor (**Auckland Council**);

AND

[AUCKLAND FUTURE FUND TRUSTEE] LIMITED, a company incorporated under the Companies Act 1993, registration number [] and NZBN [], with its registered office at Auckland, as trustee (**Initial Trustee**).

BACKGROUND

- A.** Auckland Council is establishing the Trust (and has established the Initial Trustee, a wholly owned subsidiary of Auckland Council, to act as trustee of the Trust) to create and own an investment fund (the Fund (as further defined in clause 1.1)).
- B.** The Fund is intended to be a long-term regional wealth fund, for the benefit of current and future communities of Auckland, with the following purposes:
 - i.** To maintain or increase the real value of assets that are put into the Fund over time, so they can continue to benefit future generations; and
 - ii.** To provide a strong return to Auckland Council to fund services and infrastructure.
- C.** Auckland Council consulted on the proposed establishment of the Trust, the Initial Trustee and the Fund as part of its Long-term Plan 2024-2034 consultation process, and establishment has been provided for, and related policies have been included in, the final Long-term Plan 2024-2034 adopted by Auckland Council on 27 June 2024.
- D.** The Trust will operate as a CCO of Auckland Council under the Local Government Act 2002 and as a Substantive CCO of Auckland Council under the Local Government (Auckland Council) Act 2009.
- E.** Following the establishment of the Trust, Auckland Council intends to settle its shares in Auckland International Airport Limited on the Trust, to enable the Trustee to manage that shareholding (which may include selling some or all of the shares, to diversify the Fund) to achieve the purposes of the Trust. The Council may also transfer additional property to the Trust from time to time.
- F.** Under the terms of the Trust as set out in this deed, the Trustee will be responsible for stewardship of the Fund, including overseeing the investment of the Fund and distributions from the Fund.
- G.** By way of initial settlement to establish the Trust, the Council has provided, or holds and will provide, to the Trustee the sum of \$100, which will form part of the Fund.

TRUST TERMS

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions: In this deed, including the background, the following definitions apply unless the context requires otherwise:

"Auckland" has the meaning given to that term in section 4(1) of the Local Government (Auckland Council) Act 2009;

"Auckland Council" means the unitary authority established under the Local Government (Auckland Council) Act 2009, or its successor;

"Auckland Council Group" means, collectively, Auckland Council and all CCOs of Auckland Council;

"Auckland Future Fund Distribution Policy" means the policy of that name published by Auckland Council from time to time;

"Auckland Future Fund Policy" means the policy of that name published by Auckland Council from time to time;

"Beneficiaries" means Auckland Council and any other future beneficiary or beneficiaries of the Trust under clause 3.1;

"Business Day" means any day of the week (other than a Saturday or Sunday or any other day on which banks in Auckland are not open for ordinary business);

"CCO" means a "council-controlled organisation", as that term is defined in section 6(1) of the Local Government Act 2002;

"CCTO" means a "council-controlled trading organisation", as that term is defined in section 6(1) of the Local Government Act 2002;

"Entrenched Terms" has the meaning given to that term in clause 14.2;

"Exceptional Distributions" has the meaning given to that term in clause 7.1;

"Financial Year" means a financial year of Auckland Council and the Trust (and the Trust's financial year must match Auckland Council's financial year), except the first Financial Year which will be deemed to commence on the date of this deed and end on 30 June 2025;

"Fund" means:

- (a) **Initial Settlement:** the initial settlement made by Auckland Council on the terms of this deed; and
- (b) **Other Property:** all other property, including capital and income, paid to or held under the control of or vested in or acquired by the Trustee on the terms of the Trust from any source on or after the date of this deed, whether by way of gift, bequest, devise, purchase, exchange or otherwise;

"Governing Body" means the governing body of Auckland Council established under the Local Government (Auckland Council) Act 2009;

"Interested" has the meaning given to that term in clause 12.2;

"Local Government Acts" means the Local Government Act 1974, the Local Government Act 2002, the Local Government (Auckland Transitional Provisions) Act 2010, the Local Government (Auckland Council) Act 2009 and the Local Government Official Information and Meetings Act 1987;

"LTP" means Auckland Council's long-term plan under section 93 of the Local Government Act 2002;

"person" includes an individual, partnership, firm, company, body corporate, corporation, association, organisation, trust, a state or government or any agency thereof, a municipal, local or regional authority, and any other entity or organisation, whether incorporated or not (in each case whether or not having separate legal personality);

"property" means real or personal property of any kind and includes any right or interest in such property and any thing in action and anything else capable of being held on trust;

"Responsible Investment Policy" means the policy of that name published by Auckland Council from time to time;

"Statement of Intent" means the statement of intent of the Trust as required under section 64 of the Local Government Act 2002 and, where the context so requires, means the most recent statement of intent (including any modification thereof);

"Substantive CCO" means a "substantive council-controlled organisation", as that term is defined in section 4(1) of the Local Government (Auckland Council) Act 2009;

"this deed" includes this deed and any modification of the terms of the Trust under clause 14;

"Tax CCO" means a "council-controlled organisation", as that term is defined in section YA 1 of the Income Tax Act 2007;

"Trust" means the trust established in relation to the Fund on the terms set out in this deed; and

"Trustee" means:

- (a) **Initial Trustee:** *[Auckland Future Fund Trustee]* Limited, a company incorporated under the Companies Act 1993, having registration number [] and NZBN [], acting (in accordance with its constitution) in its capacity as trustee of the Trust; and
- (b) **Subsequent Appointees:** any person appointed by Auckland Council to act as trustee of the Trust under clause 10.

1.2 Interpretation: In this deed, including the background, the following rules of interpretation apply unless the context requires otherwise:

- (a) **Clauses:** a reference to a clause is a reference to a clause of this deed;
- (b) **Headings:** section, clause and other headings are for ease of reference only and do not affect the interpretation of this deed;
- (c) **Negative Obligations:** any obligation not to do anything includes an obligation not to suffer, permit or cause that thing to be done;
- (d) **Particular References:** a reference to anything of a particular nature either before or after a general statement does not limit the general statement;
- (e) **Plural and Singular:** singular words include the plural and vice versa; and
- (f) **Legislation:** a reference to any legislation or to any provision of any legislation includes:
 - (i) **Legislative Amendments:** that legislation or provision as from time to time amended or re-enacted and any corresponding replacement legislation or provision; and
 - (ii) **Subordinate Legislation:** any statutory instrument, regulation, rule or order issued under that legislation or provision (as from time to time amended or re-enacted) or under any corresponding replacement legislation or provision.

2. NAME OF THE TRUST

- 2.1 Name of the Trust:** The name of the Trust is **AUCKLAND FUTURE FUND**.
- 2.2 Trustee Power to Change Name:** The Trustee may change the name of the Trust to any other name, by deed, provided that the name change will not be effective unless and until it is approved in writing by Auckland Council.
- 2.3 Auckland Council Power to Direct Change:** Auckland Council may direct the Trustee, in writing, to change the name of the Trust in accordance with clause 2.2 to a name proposed by Auckland Council.

3. BENEFICIARIES AND PURPOSES OF THE TRUST

- 3.1 Beneficiaries of the Trust:** The Beneficiaries of the Trust are:
- (a) **Auckland Council:** Auckland Council; and
 - (b) **Future Beneficiaries:** any future, principal local authority or local authorities established for Auckland, in place of Auckland Council, throughout the duration of the Trust.
- 3.2 Purposes of the Trust:** The Trust has been settled by Auckland Council with the intention of benefitting current and future communities of Auckland by advancing and

achieving the following purposes (the **Purposes of the Trust**), in each case subject to the Auckland Future Fund Policy and the Auckland Future Fund Distribution Policy:

- (a) **Intergenerational Benefit:** to maintain or increase the real value of the Fund over time, so that the Fund can continue to benefit future generations; and
- (b) **Funding Services/Infrastructure:** to provide a strong return to Auckland Council to fund services and infrastructure.

3.3 Trustee Advancement of Purposes: The Fund, including both capital and income, is to be held and administered by the Trustee on trust, and applied and distributed by the Trustee:

- (a) **Beneficiaries:** for the benefit of Auckland Council and any other Beneficiaries;
- (b) **Purposes:** with a view to advancing and achieving the Purposes of the Trust; and
- (c) **Policy and Terms:** in accordance with the Auckland Future Fund Policy, the Auckland Future Fund Distribution Policy, and the terms set out in this deed.

4. TRUSTEE AND AUCKLAND COUNCIL ROLES

4.1 Role of Trustee: Subject to the terms set out in this deed, the Trustee will have overall control of, and responsibility for, the Fund and the administration of the Trust, and the affairs and activities of the Trust will be managed by, or under the direction or supervision of, the Trustee.

4.2 Role of Auckland Council: Acting in accordance with its role as local authority for Auckland and its position as beneficiary of the Trust, the role of Auckland Council in relation to the Trust is to oversee the conduct of the Trustee and to exercise its powers under the terms of this deed (in addition to any rights and obligations of Auckland Council under any of the Local Government Acts or otherwise) to protect Auckland Council's interest and the public interest, and in particular the interests of Auckland and its communities, in relation to the Fund and the proper control and administration of the Trust.

5. TRUSTEE POWERS AND DUTIES

5.1 Trustee Powers: In order to advance the Purposes of the Trust and carry out its role, in addition to all other powers conferred by law but subject to the terms of this deed (and any other applicable law), the Trustee has the widest possible powers, as if it were the absolute owner of, and beneficially entitled to, the Fund, including:

- (a) **General Powers:** all powers necessary to manage the Fund, and all powers necessary to carry out the Trust;
- (b) **Full Capacity:** full capacity to carry on or undertake any business or activity, do any act, or enter into any transaction; and

- (c) **Full Rights, Powers and Privileges:** for the purposes of clause 5.1(b), full rights, powers, and privileges.

5.2 Delegation of Powers: Subject to sections 67 and 68 of the Trusts Act 2019 and any other applicable law, the Trustee will have, to the extent permitted by law, full power to delegate any power or discretion exercisable by the Trustee, in writing and on such terms as the Trustee thinks fit, to any officer, employee, manager, investment manager, agent, committee, attorney or other person nominated or appointed by the Trustee, provided that:

- (a) **Exercise of Delegated Powers:** any delegated power or discretion must be exercised in accordance with the terms of this deed and any terms set, or directions given by, the Trustee;
- (b) **Review of Delegation:** the Trustee must keep any such delegation under review and, if the circumstances make it appropriate to do so, consider whether to intervene in any way (by way of giving directions, amending or revoking the delegation or any of its terms/directions, or otherwise);
- (c) **Amendment/Revocation:** the Trustee may wholly or partly revoke or modify any such delegation at any time; and
- (d) **Trustee Responsibility:** no such delegation will release the Trustee from its responsibilities as trustee of the Trust.

5.3 Non-delegable Powers: In accordance with, and without limiting the application of, sections 67 and 68 of the Trusts Act 2019, the Trustee must not delegate:

- (a) **Use of Trust Fund:** any power or function that is, or relates to, the final determination of whether, when or in what way any of the Fund should be distributed, applied or otherwise used;
- (b) **Resettlement/Variation/Winding Up:** the Trustee's powers in relation to resettling all or any part of the Fund, modifying the terms of the Trust, and winding up the Trust; and
- (c) **Court Applications:** any right of the Trustee to make any application to the Court in connection with the Trust.

5.4 Trustee Duties: The Trustee must comply with all applicable trustee duties under the Trusts Act 2019, including (as at the date of this deed):

- (a) **Mandatory Duties:** the following mandatory duties under the Act:
 - (i) **Knowledge of Terms:** to know the terms of the Trust as set out in this deed;
 - (ii) **Compliance with Terms:** to act in accordance with the Trust's terms;
 - (iii) **Honesty/Good Faith:** to act honestly and in good faith;

- (iv) **Focus on Beneficiary and Purposes:** to hold and deal with the Fund and otherwise act for the benefit of the Beneficiaries and to further the Purposes of the Trust, in accordance with the Trust's terms; and
 - (v) **Proper Use of Powers:** to exercise all Trustee powers for a proper purpose; and
- (b) **Default Duties:** the following default duties under the Act, which are not excluded by, but apply only to the extent that they are consistent with, the terms set out in this deed:
 - (i) **Proper Consideration of Powers:** to consider actively and regularly whether to exercise Trustee powers;
 - (ii) **No Fettering of Discretion:** not to bind or commit themselves to any future exercise or non-exercise of any discretion;
 - (iii) **General Duty of Care:** when administering the Trust, to exercise care and skill that is reasonable in the circumstances;
 - (iv) **Prudent Investment:** when exercising any power to invest any part of the Fund, to exercise the care and skill that a prudent person of business would exercise in managing the affairs of others; and
 - (v) **No Private Benefit, Profit or Reward:** not to exercise any Trustee power directly or indirectly for the Trustee's own benefit, or to make a profit from trusteeship, or to take any reward for acting as Trustee, except as provided for under the terms set out in this deed or permitted under the Trusts Act 2019.

5.5 Performance of Duties: The Trustee must perform all of its trustee duties having regard to the context and the objectives of the Trust, and in particular the Purposes of the Trust.

5.6 Trustee/Auckland Council Group Dealings: Subject to clause 6.4 and any Auckland Council requirement to participate in any shared services or similar arrangements for the Auckland Council Group, the Trustee will not be required to enter into arrangements with any member of the Auckland Council Group in relation to the Fund or otherwise. Trustee entry into any such arrangements will be a decision for the Trustee, to be exercised by the Trustee in its sole discretion.

6. MANAGEMENT OF THE FUND

6.1 Investment Policies and Objectives:

- (a) **Guidance from Council:** Auckland Council may, at any time, indicate its high level investment principles applicable to the Fund (including any requirements relating to a benchmark return and to ethical investment principles), which must be consistent with the terms set out in this deed (**Council Guidance**).
- (b) **Draft Statement of Investment Policies and Objectives:** The Trustee will, in respect of each Financial Year (the **Relevant Financial Year**), prepare and

deliver to Auckland Council a draft statement of investment policies and objectives designed to further the Purposes of the Trust, which must be based on any Council Guidance received prior to preparation of the draft statement, have regard to the Responsible Investment Policy and, in form and substance, be consistent with this deed (**Draft SIPO**). A Draft SIPO must be delivered:

- (i) in respect of the first Financial Year, not later than [30] Business Days following the date of this deed; and
 - (ii) in respect of each subsequent Financial Year, not later than [60] Business Days prior to the commencement of the Relevant Financial Year.
- (c) **Auckland Council Consideration of Draft SIPO:** Auckland Council will consider and, if thought fit, provide comments on or propose amendments to the Draft SIPO. Any comments on or proposed amendments to a Draft SIPO must be notified to the Trustee:
 - (i) in respect of the Draft SIPO for the first Financial Year, not later than [30] Business Days after receipt of the Draft SIPO; and
 - (ii) in respect of the Draft SIPO for each subsequent Financial Year, not later than [30] Business Days prior to the commencement of the Relevant Financial Year.
- (d) **Trustee Confirmation of Final SIPO:** The final statement of investment policies and objectives for a Relevant Financial Year (**SIPO**) must be approved by the Trustee, after taking into account Auckland Council's comments on or proposed amendments to the Draft SIPO for the Relevant Financial Year. A SIPO must be approved by the Trustee:
 - (i) in respect of the first Financial Year, within [75] Business Days after the date of this deed; and
 - (ii) in respect of each subsequent Financial Year, prior to the commencement of the Relevant Financial Year.

For the avoidance of doubt, the SIPO approved by the Trustee may be the Draft SIPO as delivered to Auckland Council, or the Draft SIPO with amendments proposed by Auckland Council, or an amended version of the Draft SIPO, as determined by the Trustee in its sole discretion.

- (e) **Agreed Extension of Timeframes:** Auckland Council and the Trustee, each acting reasonably, may agree to extend any of the timeframes set out in this clause 6.1.

6.2 Investment Management: The Trustee will, for the duration of the Relevant Financial Year, ensure that the Fund is invested in accordance with the SIPO. It is specifically acknowledged that, without prejudice to the generality of clause 5.2 above, the Trustee shall be entitled to delegate its obligations under this clause 6.2 to such qualified professional fund managers (and on such terms) as the Trustee shall, in its sole discretion, determine. For the avoidance of doubt, except as specifically

contemplated by clause 6.1, Auckland Council shall not direct the Trustee as to the investments or activities of the Fund, including any related party transactions or investments.

6.3 Distributions: The Trustee shall procure that distributions are made from the Fund to Auckland Council, from time to time, in accordance with the Auckland Future Fund Distribution Policy. In respect of the first Financial Year, Auckland Council and the Trustee, each acting reasonably, will agree the distribution date(s); in respect of each subsequent year, distributions dates will be agreed as part of the Statement of Intent.

6.4 Liquidity Support to Auckland Council: Notwithstanding clause 5.6, if so instructed by Auckland Council from time to time, the Trustee will enter into arrangements with any member of the Auckland Council Group provided that those arrangements are consistent with the "Liquidity Support" provisions set out in the Auckland Future Fund Policy and with the "Guiding Principle" set out in the Auckland Future Fund Distribution Policy.

7. EXCEPTIONAL DISTRIBUTIONS

7.1 Meaning of Exceptional Distributions: For the purpose of this clause 7, "**Exceptional Distribution**" means any distribution from the Fund that is not permitted under the initial Auckland Future Fund Distribution Policy (as at the date of establishment of the Trust), any resettlement of all or any part of the Fund (clause 15), or the winding up of the Trust (clause 16).

7.2 Exceptional Distributions Restricted: The Trustee may make, and Auckland Council may request the Trustee, in writing, to make, an Exceptional Distribution, provided that any such distribution must comply and be implemented in accordance with clause 7.3.

7.3 Restrictions relating to Exceptional Distributions: The Trustee shall not proceed with any Exceptional Distribution, and any purported Trustee approval of any such Exceptional Distribution shall not be effective, unless all of the following steps have been taken:

- (a) Report to Auckland Council:** the Trustee has provided a written report to Auckland Council in relation to the proposed Exceptional Distribution, including the Trustee's advice regarding the impact of the proposed Exceptional Distribution on the Fund's balance and future performance and on the advancement and achievement of the Purposes of the Trust;
- (b) Auckland Council Consultation:** Auckland Council has consulted on the proposed Exceptional Distribution, using the special consultative procedure under the Local Government Act 2002 (and in the case of a resettlement or winding up only, as an amendment to the LTP), and that consultation has incorporated the advice from the Trustee referred to in clause 7.3(a);
- (c) Governing Body Approval:** the proposed Exceptional Distribution has been approved by the Governing Body of Auckland Council; and
- (d) Trustee Assessment of Proposal:** the Trustee is satisfied, in each case in its sole discretion, that the proposed Exceptional Distribution:

- (i) **Level of Approval:** was approved by at least 75% of the Governing Body members who were entitled to vote and voted on the matter, for which purpose the Trustee must obtain, and may rely upon, written certification from the Mayor and the Deputy Mayor of Auckland Council that the 75% approval threshold has been met;
- (ii) **Benefit of Proposal:** will achieve a benefit that is better for current and future communities of Auckland compared with not proceeding with the proposed Exceptional Distribution;
- (iii) **Best Available Means:** is the best available means of achieving that benefit; and
- (iv) **Other Funding Options:** is not being sought by Auckland Council in lieu of other viable funding sources or options that Auckland Council might, in the view of the Trustee, reasonably be expected to use or pursue before seeking any Exceptional Distribution.

8. COMPLIANCE WITH LOCAL GOVERNMENT ACTS

8.1 General Requirement: Without limiting the Trustee's obligation to comply with this deed, the Trustee must comply, and co-operate with Auckland Council to enable Auckland Council to comply, with all applicable requirements under any of the Local Government Acts.

8.2 Specific Requirements: Without limiting the generality of clause 8.1 the requirements referred to in that clause include (as at the date of this deed):

(a) **Standard CCO Requirements:** Under the Local Government Act 2002:

(i) **Statutory Objectives:** without derogating from the Purposes of the Trust, in advancing those purposes and carrying out its role the Trustee must, in accordance with section 58 of the Act, assist the Trust to meet its objectives and any other requirements in its Statement of Intent, and the Trustee must, in accordance with section 59 of the Act, aim to:

(A) **Council Objectives:** achieve the objectives of Auckland Council, both commercial and non-commercial, as specified in the Statement of Intent;

(B) **Good Employer:** be a good employer (as defined in clause 36 of Schedule 7 of the Act); and

(C) **Social/Environmental Responsibility:** exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so;

(ii) **Decisions:** the Trustee must ensure that all decisions made in relation to the operation of the Trust are made by or under the authority of the Trustee in accordance with this deed and the

Statement of Intent, in accordance with section 60 of the Act, and in accordance with section 60A of the Act if applicable;

- (iii) **Statement of Intent:** the Trustee must prepare and deliver to Auckland Council, and make available to the public, each year a Statement of Intent for the Trust for the relevant Financial Year, in accordance with section 64 and Schedule 8 of the Act (with the first Statement of Intent under the Act being for the Financial Year commencing 1 July 2025);
 - (iv) **Additional Plans:** the Trustee must prepare and deliver to Auckland Council any additional plans required by Auckland Council under section 64A of the Act;
 - (v) **Statement of Expectations:** the Trustee must take into account, and conduct its relationships in accordance with, any Auckland Council statement of expectations prepared under section 64B of the Act;
 - (vi) **Reporting:** the Trustee must prepare, deliver and, if applicable, publicise, in accordance with sections 66 to 69 of the Act:
 - (A) **Half Yearly Report:** a report on the Trust's operations during the first half of each Financial Year (starting with the Financial Year commencing 1 July 2025), which must be delivered to Auckland Council within two months after the end of that half year and must include the information required to be included in the report by the Trust's Statement of Intent; and
 - (B) **Annual Report:** a report on the Trust's operations during each Financial Year (including the first Financial Year), which must, within three months after the end of that year, be delivered to Auckland Council and made available to the public and must include the information required to be included in the report by sections 68 and 69 of the Act and by the Trust's Statement of Intent; and
 - (vii) **LGOIMA:** the Trustee must comply with Parts 1 to 6 of the Local Government Official Information and Meetings Act 1987, in accordance with section 74 of the Local Government Act 2002.
- (b) **Auckland Council CCO Requirement:** The Trustee must hold at least two meetings in each Financial Year (starting with the Financial Year commencing 1 July 2025) that are open to members of the public and must include all relevant details in relation to such meetings in the Trust's Statement of Intent, in accordance with the requirements set out in section 96 of the Local Government (Auckland Council) Act 2009.
- (c) **Auckland Council Substantive CCO Requirements:**
- (i) **Auckland Council Accountability Policy:** the Trustee must comply with any expectations and requirements relevant to the Trust set

out in Auckland Council's Substantive CCO Accountability Policy adopted by Auckland Council and included in the LTP in accordance with section 90 of the Local Government (Auckland Council) Act 2009;

(ii) **Additional Accountability Requirements:** if required by Auckland Council, the Trustee must comply with any additional accountability requirements, including (without limitation) any further requirements relating to the Trust's Statement of Intent and any additional reporting requirements, as set out in section 91 of the Local Government (Auckland Council) Act 2009; and

(iii) **Auckland Council Plans/Strategies:** in accordance with section 92 of the Local Government (Auckland Council) Act 2009, the Trustee must:

(A) **Long Term Plan:** give effect to the relevant aspects of the LTP; and

(B) **Other Plans/Strategies:** act consistently with relevant aspects of any other plan (including a local board plan) or strategy of Auckland Council to the extent specified in writing by the Governing Body.

(d) **Treaty of Waitangi:** The Trustee must comply with all applicable statutory and regulatory obligations relating to Māori and the Treaty of Waitangi, including those in the Local Government Act 2002.

8.3 Protection from Disclosure of Sensitive Information: Nothing in clause 8.2 requires the inclusion in any Statement of Intent, part-year or annual report, or financial statement required to be produced by the Trustee of any information that may be properly withheld if a request for that information were made under the Local Government Official Information and Meetings Act 1987.

9. TAX STATUS

9.1 General Requirement: In carrying out its role, exercising its powers, and performing its duties under this deed, the Trustee must take into account the tax status and treatment of the Trust and distributions to Auckland Council.

9.2 Tax CCO Status: Without limiting the generality of clause 9.1, the Trustee must not undertake any activity that would cause the Trust to become a Tax CCO (unless the Trustee is satisfied that Tax CCO status will not have any adverse impact on the tax status and treatment of the Trust and any distribution to Auckland Council), and for this purpose (as at the date of this deed):

(a) **No Trading Undertaking for Profit:** the Trust must not become a CCTO, and for that purpose the Trustee must not operate a trading undertaking for the purpose of making a profit that would cause the Trust to become a CCTO; and

(b) **No Controlling Interest in a Tax CCO:** the Trustee must not knowingly acquire or receive or have transferred to it an interest which results in the

Trustee having, in relation to any company that is a CCO under paragraph (a)(i) of the "council-controlled organisation" definition in the Local Government Act 2002 or in relation to any organisation other than a company that is CCTO:

- (i) **Control of Votes:** control of 50% or more of the votes at any meeting of the members of the controlling body of that company or organisation; or
- (ii) **Appointment Rights:** the right to appoint at least 50% of the directors, managers or trustees of that company or organisation (however the positions are described).

9.3 Tax CCO Interests Held on Bare Trust: If and to the extent that the Trustee, in any way whatsoever, acquires or receives or has transferred to it an interest which results in the Trustee having an interest in a company or organisation as referred to in clause 9.2(b)(i) or 9.2(b)(ii) (**Tax CCO Interest**), immediately upon the acquisition or receipt or transfer of the Tax CCO Interest the Trustee will hold the Tax CCO Interest on bare trust for the Auckland Council and the Trustee will not, in any circumstance, hold the Tax CCO Interest pursuant to the terms of the Trust.

10. TRUSTEE APPOINTMENT AND REMOVAL

10.1 Responsible Trustees: Without derogating from the rights and obligations of Auckland Council under any of the Local Government Acts or other applicable legislation in relation to appointing directors or trustees of its CCOs and Substantive CCOs (including any trustee of the Trust and any director or officer of any corporate trustee of the Trust), Auckland Council has the power, at any time, to appoint any person (other than itself) as a trustee of the Trust and to remove a person from holding office as Trustee, provided that:

- (a) **Single Corporate Trustee:** unless Auckland Council determines otherwise, the Trust will have a single corporate trustee and the corporate trustee must be a CCO wholly owned or controlled by Auckland Council, or another entity wholly owned or controlled, directly or indirectly, by Auckland Council; and
- (b) **Two or More Trustees:** Auckland Council may determine that the Trust will have two or more trustees (including natural person trustees) and appoint two or more persons to act as trustees of the Trust, in which case the terms of the Trust must be reviewed and, if necessary or expedient, modified in accordance with clause 14 to provide for the control and administration of the Trust by two or more trustees (including natural person trustees, if applicable).

10.2 Special Trust Advisers: Auckland Council has the power, at any time, to appoint any person (other than itself) to act as a special trust adviser in accordance with the Trusts Act 2019, and to revoke any such appointment. The Trustee also has the power, at any time, to appoint any person to act as a special trust adviser in accordance with that section and to revoke any such appointment, provided that any exercise of such power by the Trustee must be approved in writing by Auckland Council.

11. TRUSTEE REMUNERATION AND REIMBURSEMENT

- 11.1 Remuneration Permitted:** Subject to clause 11.2, a Trustee is permitted to be remunerated out of the Fund for services provided by or on behalf of the Trustee in connection with the control and administration of the Trust, having regard to the duties and responsibilities of the Trustee and the services provided.
- 11.2 Remuneration Restrictions:** In relation to any remuneration to be provided under clause 11.1:
- (a) Fair Market Value:** the remuneration must not exceed fair market value for the services provided; and
 - (b) Auckland Council Approval:** the amount of any remuneration and the circumstances in which the remuneration is to be provided will be determined by Auckland Council or by a person appointed by Auckland Council, and must be approved in writing by Auckland Council.
- 11.3 Reimbursement of Expenses:** Without limiting the generality of clause 13.3, the Trustee is entitled to be reimbursed out of the Fund for all expenses properly incurred by or on behalf of the Trustee in connection with the control and administration of the Trust (including, without limitation, the fees, costs and expenses of any investment manager appointed pursuant to clause 6.2).

12. TRUST TRANSACTIONS INVOLVING SELF-INTEREST

- 12.1 Officers Interested in Trust Transactions:** The Trustee may enter into a transaction in respect of which any officer of the Trustee (including any director) is Interested, provided that if an officer of the Trustee is Interested in a transaction entered into, or to be entered into, by the Trustee:
- (a) Disclosure Requirements:** immediately after the officer becoming aware of the fact that they are interested in the transaction or proposed transaction, the officer must disclose to the Trustee:
 - (i) Disclosure of Interest:** the fact of their interest in the transaction; and
 - (ii) Disclosure of Nature/Extent of Interest:** the nature of their interest and either the monetary value of the interest or, if the monetary value of the interest cannot be quantified, the extent of their interest;
 - (b) Record of Interest:** the Trustee must keep a record of the officer's interest in the transaction, such record to be made available to Auckland Council upon request; and
 - (c) Officer Involvement in Transaction:** the officer must not do any of the following:
 - (i) Voting:** vote on any matter relating to that transaction;

- (ii) **Deliberations:** be in attendance for the portion of a Trustee meeting at which any matter relating to that transaction arises and be included among the attendees at the meeting for the purposes of establishing a quorum;
- (iii) **Signing:** sign a document relating to that transaction on behalf of the Trustee; or
- (iv) **Other Matters:** do any other thing in their capacity as an officer of the Trustee in relation to that transaction.

12.2 "Interested": For the purpose of clause 12.1, an officer of the Trustee is interested in a transaction if the officer:

- (a) **Party or Direct Financial Interest:** is a party to, or will or may derive a material financial benefit from, the transaction; or
- (b) **Indirect Financial Interest:** has a material financial interest in another party to the transaction, or is a director, officer or trustee of another party to, or a person who will or may derive a material financial benefit from, the transaction (not being Auckland Council or a party or person that is wholly owned or controlled, directly or indirectly, by the Trustee or Auckland Council), or is the parent, child, spouse, civil union partner, or de facto partner of another party to, or a person who will or may derive a material financial benefit from, the transaction; or
- (c) **Other Material Interest:** is otherwise directly or indirectly materially interested in the transaction.

13. LIMITATION OF LIABILITY AND INDEMNIFICATION

13.1 Limited Liability of Trustees and Officers/Employees: No Trustee (including any former Trustee) and no current or former officer, agent, representative or employee of any Trustee (including a director) will be liable for any loss to the Fund arising from the relevant person's conduct unless such loss is attributable to:

- (a) **Dishonesty/Bad Faith:** dishonesty or lack of good faith on the part of the Trustee, officer, agent, representative or employee (as the case may be); or
- (b) **Wilful Breach of Trust:** any wilful conduct of the Trustee, officer, agent, representative or employee (as the case may be) known by that person to be a breach of trust or a breach of any other obligation of that person in connection with the Trust; or
- (c) **Gross Negligence:** gross negligence on the part of the Trustee, officer, agent, representative or employee (as the case may be),

and no Trustee (including any former Trustee) will be liable for any negligence, fraud or delay on the part of any agent engaged by the Trustee in connection with the control and administration of the Trust.

- 13.2 Proceedings against Trustees:** No Trustee will be bound to take proceedings against any other Trustee (including any former Trustee) in relation to any actual or alleged breach of trust.
- 13.3 Indemnification of Trustees and Officers/Employees:** A Trustee (including any former Trustee) and any current or former officer, agent, representative or employee of any Trustee (including a director) is entitled to be indemnified out of the Fund in relation to all actions, proceedings, claims, damages, losses, demands, calls, liabilities, costs (including legal costs) and expenses (together called **Liabilities**) suffered or incurred by the Trustee, officer, agent, representative or employee (as the case may be) in connection with the Trust, except to the extent that such Liabilities are attributable to:
- (a) **Dishonesty/Bad Faith:** dishonesty or lack of good faith on the part of the Trustee, officer, agent, representative or employee (as the case may be); or
 - (b) **Wilful Breach of Trust:** any wilful conduct of the Trustee, officer, agent, representative or employee (as the case may be) known by that person to be a breach of trust or a breach of any other obligation of that person in connection with the Trust; or
 - (c) **Gross Negligence:** gross negligence on the part of the Trustee, officer, agent, representative or employee (as the case may be).
- 13.4 Auckland Council:** Auckland Council will not be liable for any loss to the Fund in relation to carrying out its role in relation to the Trust as set out in clause 4.2 and, in relation to carrying out that role, is entitled to the benefit of indemnification under clause 13.3 as if it were a Trustee.

14. REVIEW AND MODIFICATION OF TRUST TERMS

- 14.1 Review of Trust Terms:** The terms of the Trust must be reviewed from time to time by the Trustee and may also be reviewed by Auckland Council at any time.
- 14.2 Meaning of Entrenched Terms:** Specific requirements apply in relation to any modification affecting any Entrenched Terms, under clause 14.3(b). For this purpose, “**Entrenched Terms**” means the terms of this deed relating to the Beneficiaries of the Trust (clause 3.1), the Purposes of the Trust (clause 3.2), compliance with the Purposes of the Trust, the Auckland Future Fund Policy and Auckland Future Fund Distribution Policy (clauses 3.3(c), 6.3 and 6.4), restriction of Exceptional Distributions (clause 7), restrictions relating to modification of the terms of the Trust (clause 14), and the duration of the Trust (clause 17).
- 14.3 Trustee Power to Modify:** The Trustee may, by deed, modify the terms of the Trust, including by way of amending, deleting or replacing any of the terms set out in this deed, provided that:
- (a) **Requirements relating to All Modifications:** in relation to all proposed modifications (including, without limitation, those referenced in clauses 14.2 and 14.3(b)):
 - (i) **Consistency with LTP:** the relevant modification must be consistent with all aspects of the LTP relating to the Trust at the relevant time;

- (ii) **Report to Auckland Council:** the Trustee must provide a written report to Auckland Council in relation to the proposed modification and the effect of the proposed modification, including the Trustee's assessment of whether, and if so how, the proposed modification would impact on:
 - (A) **Fund and Purposes:** the future of the Fund and the Purposes of the Trust;
 - (B) **Auckland Council Interests/Rights:** any interest or right of Auckland Council in relation to the Trust, including any power of Auckland Council under the terms of this deed;
 - (C) **Compliance with Local Government Acts:** the ability of the Trustee and Auckland Council to comply with the Local Government Acts;
 - (D) **Tax Status and Treatment:** the tax status and treatment of the Trust and distributions to Auckland Council; and
 - (E) **Entrenched Terms:** any of the Entrenched Terms; and
 - (iii) **Auckland Council Approval:** no modification will be effective unless Auckland Council has received the report required under paragraph (ii) in relation to the modification and the modification has been approved in writing by Auckland Council following its receipt of that report; and
- (b) **Additional Requirements relating to Entrenched Terms:** no modification that directly or indirectly affects or detracts from any of the Entrenched Terms shall be made, and any purported approval of any such modification shall not be effective, unless:
 - (i) **Auckland Council Consultation:** Auckland Council has consulted on the proposed modification, using the special consultative procedure under the Local Government Act 2002, and that consultation has incorporated the report from the Trustee in relation to the impact of the proposed modification on the Entrenched Terms referred to in clause 14.3(a)(ii);
 - (ii) **Governing Body Approval:** the relevant modification has been approved by the Governing Body of Auckland Council; and
 - (iii) **Trustee Assessment of Proposal:** the Trustee is satisfied, in each case in its sole discretion, that the relevant modification:
 - (A) **Level of Approval:** was approved by at least 75% of the Governing Body members who were entitled to vote and voted on the matter, for which purpose the Trustee must obtain, and may rely upon, written certification from the Mayor and the Deputy Mayor of Auckland Council that the 75% approval threshold has been met;

- (B) **Benefit of Proposal:** will achieve a benefit that is better for current and future communities of Auckland compared with not proceeding with the modification;
- (C) **Best Available Means:** is the best available means of achieving that benefit; and
- (D) **Other Options:** is not being sought by Auckland Council in lieu of other viable options that Auckland Council might reasonably be expected to use or pursue before seeking a modification to the Entrenched Terms; and

14.4 Auckland Council Power to Direct Modification: Auckland Council may direct the Trustee, in writing, to modify the terms of the Trust, provided that any modification must comply and be implemented in accordance with clause 14.3 as if it were a modification proposed by the Trustee.

15. RESETTLEMENT

15.1 Trustee Power to Resettle: Subject to prior compliance with clause 7, the Trustee may, by deed, resettle all or any part of the Fund (including by way of distribution to Auckland Council, any CCO of Auckland Council or any other entity owned or controlled, directly or indirectly, by Auckland Council) on trust directly or indirectly for the benefit of Auckland Council, on terms determined by the Trustee.

15.2 Auckland Council Power to Direct Resettlement: Auckland Council may direct the Trustee, in writing, to resettle all or any part of the Fund, provided that such resettlement must comply and be implemented in accordance with clause 15.1 as if it were a Trustee proposal to resettle all or part of the Trust Fund.

16. WINDING UP

16.1 Trustee Power to Wind Up: Subject to prior compliance with clause 7, the Trustee may wind up the Trust and direct the distribution or application of the Fund, provided that:

- (a) **Satisfaction of Debts/Liabilities:** the Trustee must ensure that all debts and liabilities of the Trust, including the costs of winding up the Trust, have been or will be satisfied out of the Fund or have been or will be assumed by another person; and
- (b) **Distribution/Application of Surplus:** the remainder of the Fund must be distributed or applied to or for the benefit of Auckland Council (which may include the distribution of all or any part of the Fund to Auckland Council, any CCO of Auckland Council, or any other entity owned or controlled, directly or indirectly, by Auckland Council).

16.2 Auckland Council Power to Direct Winding Up: Auckland Council may direct the Trustee, in writing, to wind up the Trust, provided that the winding up of the Trust must comply and be implemented in accordance with clause 16.1 as if it were a Trustee proposal to wind up the Trust.

17. DURATION AND FINAL VESTING

Subject to any prior resettlement or winding up in accordance with clause 15 or clause 16:

- 17.1 Duration of Trust:** the Trust will continue for the maximum period permitted by law (as at the date of this deed, until the date that is 125 years after the creation of the Trust in accordance with section 16 of the Trusts Act 2019); and
- 17.2 Final Vesting:** at the end of that period, the Fund will be held on bare trust for, and distributed to, the Beneficiaries.

18. GOVERNING LAW AND JURISDICTION

- 18.1 Governing Law:** This deed is governed by New Zealand law.
- 18.2 Jurisdiction:** The Trustee submits to the non-exclusive jurisdiction of all courts having jurisdiction in New Zealand.

EXECUTED AND DELIVERED AS A DEED this day of 2024

SIGNED for and on behalf of **AUCKLAND COUNCIL**, as settlor, by:

[Note: Signature blocks to be updated]

Full name of Governing Body Member

Signature of Governing Body Member

Full name of Governing Body Member

Signature of Governing Body Member

SIGNED on behalf of **[AUCKLAND FUTURE FUND TRUSTEE] LIMITED** as trustee:

Signature of Director

Signature of Director/Authorised Signatory

Name of Director

Name of Director/Authorised Signatory

Witness:*

Witness:*

Signature of witness

Signature of witness

Full name of witness

Full name of witness

Occupation of witness

Occupation of witness

Address of witness

Address of witness

**Signatures need not be witnessed if there are two signatories and both signatories are Directors. In all other cases, the signature or signatures must be witnessed.*



Statement of Intent

Auckland Future Fund Trustee Limited

27 September 2024 to 30 June 2027

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Message from the Chair of the Board

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Message from the Chair of the Board

The Auckland Future Fund Trustee Limited's (AFFTL) purpose is to advance and achieve the purposes of the Auckland Future Fund, which is to provide financial resilience and strong returns for Auckland, to enable better outcomes for Aucklanders.

AFFTL has been established to contribute to three core goals of the Council's long-term financial strategy:

- Increase Auckland's financial and physical resilience;
- Ensure basic infrastructure and services can continue to be delivered affordably; and
- Increase trust and confidence that the Council is delivering value for current and future residents.

As Directors of AFFTL, our initial focus will be on establishing the Fund, ensuring robust policies and processes are implemented, and appropriately investing funds created through the sale of Auckland International Airport shares. This will enable the diversification of Council assets for the long-term benefit of all Aucklanders.

The Board's core responsibilities are to:

- develop and negotiate Statements of Intent with the Council;
- act consistently within the guidelines provided in the Statement of Expectations;
- actively review and direct the overall strategy, policies and delegations of AFF;
- obtain complete and timely information necessary to discharge its obligations;
- identify, evaluate and mitigate controllable risk factors;
- manage and monitor the Fund's performance; and,
- report to the Council on the performance of the CCO.

With the AFFTL being established part way through a financial year, this initial Statement of Intent does not cover a full year, instead covering the period from its establishment to 30 June 2025.

While the council has set clear and quantified expectations through the Auckland Future Fund Policy Distributions Policy for our first two and a half years, we will seek to present updated expectations for subsequent years to the council.

During this initial phase, we will also seek to build strong relationships with our lead councillor, the Mayor, and other elected members.

Christopher Swasbrook
Chair
Auckland Future Fund Trustee Limited

Part 1: Strategic overview

1.1 Purpose and Functions

As part of the Long-term Plan 2024-2034, the council decided to establish a regional wealth fund, to be called the Auckland Future Fund (the Fund), to improve Auckland Council's (council's) financial and physical resilience.

The Fund shall be held in trust by the Auckland Future Fund Trustee pursuant to a Deed of Trust. The initial Trustee shall be Auckland Future Fund Trustee Limited, a company incorporated under the Companies Act 1993.

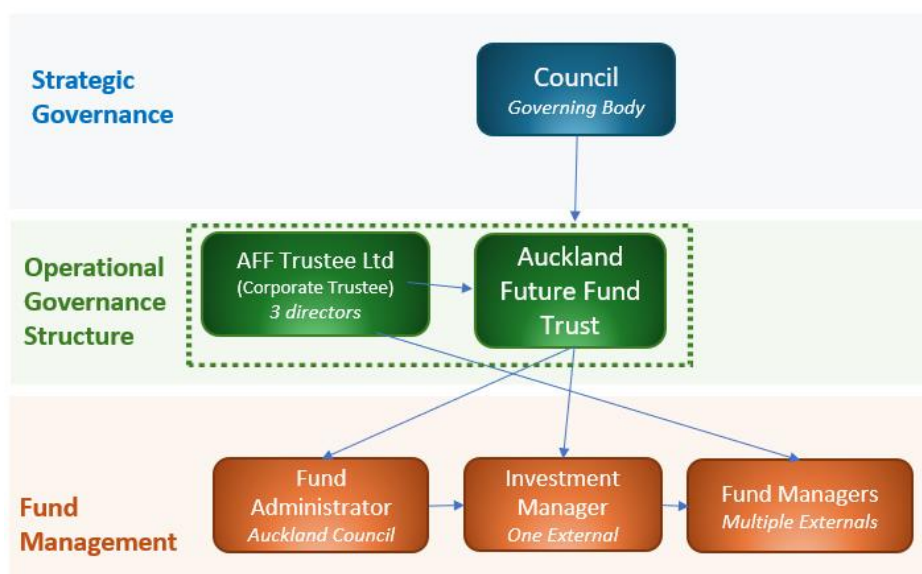
The purposes of AFFTL are to advance and achieve the purposes of the Auckland Future Fund, which are to:

- a) Protect the real value of the Trust's assets over time so they can continue to benefit future generations; and,
- b) Provide a strong return to council to fund services and infrastructure.

1.2 Auckland Future Fund Structure

The structure of AFF is shown in the following diagram, with the key components being:

- **Strategic Governance** – Auckland Council sets the strategic direction
- **Operational Governance** – Auckland Future Fund Trustee Limited is the Trustee of the Auckland Future Fund Trust that has stewardship of the Fund.
- **Fund Management** – The Trust is supported by a Fund Administrator to manage its operations, procures an Investment Manager to advise on investments strategies, and procures Fund Managers to manage the actual investments.



The Auckland Future Fund Trust Limited (AFFTL) is a substantive council-controlled organisation (CCO) of Auckland Council, including the amalgamated company and the non-charitable trust.

The Fund will be initially capitalised with council's shareholding in Auckland International Airport Limited (AIAL), and council will work to identify opportunities to make further capital contributions to the Fund.

Trust decisions will be made independently by the Trustee in accordance with the governing documents of the Fund, which include:

- The Auckland Future Fund Trust Deed
- The Responsible Investment Policy
- The Auckland Future Fund Distribution Policy

All investment and transactional decisions of the Fund shall be made by the Trustee in accordance with the Trust Deed, Trusts Act 2019, and other policies and documents.

Auckland Council shall not direct the Trustee through any other channel as to the investments or activities of the Fund, including any related party transactions or investments.

1.3 Objectives, nature and scope of activities – 'what we do'

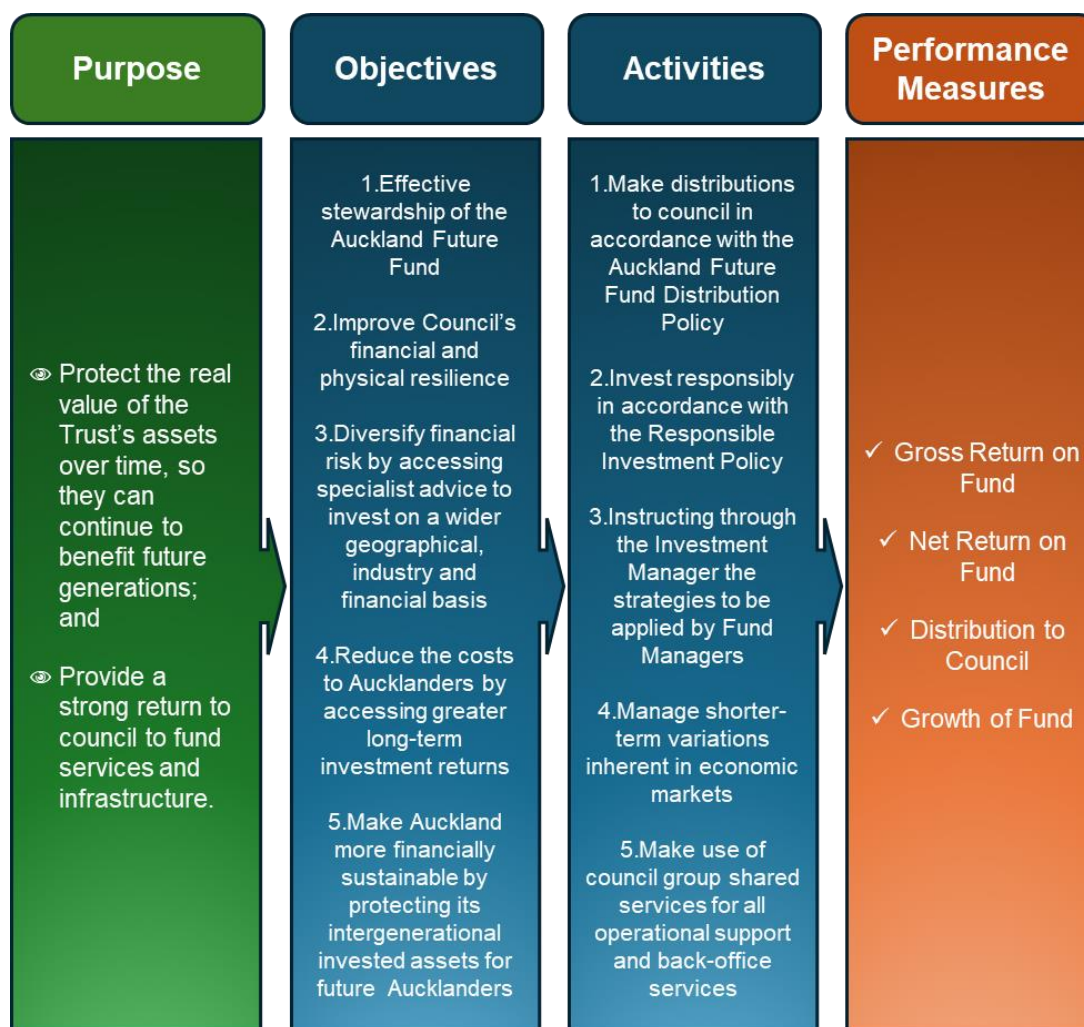
Unlike the other CCOs of Auckland Council, AFFTL does not directly provide services to Aucklanders beyond the protection of the value of the long-term assets with which it has been entrusted.

AFFTL is an enabler of services by providing a strong long-term return to the council that can be used to fund services and infrastructure, reducing the council's requirement to rate.

It does this by being responsible for the stewardship of the Fund, including the overseeing of its investment and the distributions to council.

By its nature AFFTL has a long-term focus protecting the real value of the Fund over time, and managing the shorter-term variations that are inherent in the economic markets.

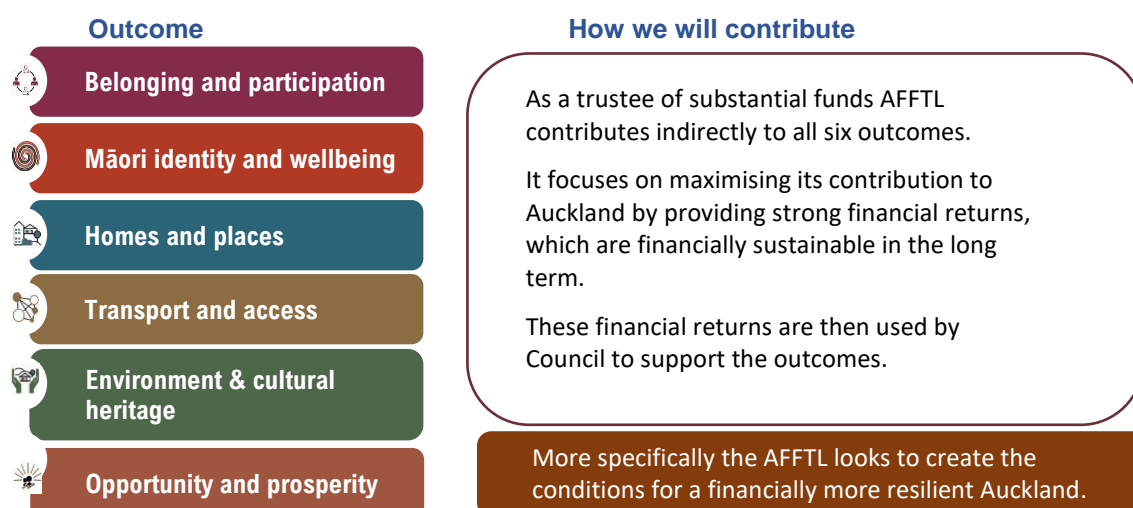




1.4 Response to council's strategic objectives and outcomes

The Auckland Plan 2050 is Auckland Council's vision for a world-class city. It is the long-term spatial plan for Tāmaki Makaurau Auckland, which sets the strategic direction for the region and is underpinned by a set of six outcomes to achieve this vision.

As already noted, AFFTL is not a direct service provider; however, this does not mean that it doesn't contribute indirectly to the strategic outcomes of the council as noted below:



Contributions to the Council's Strategies

Auckland Council Financial Strategy

AFFTL also directly contributes to the first three of the identified four goals with the council's financial strategy:

- Increase Auckland's financial and physical resilience
- Ensure basic infrastructure and services can continue to be delivered affordably
- Increase trust and confidence that we are delivering value for current and future residents
- A new approach to partnering with central government to provide regional leadership and deliver better outcomes for Aucklanders

AFFTL's ability to deliver on the outcomes and goals of council is strongly impacted on by the economic markets in which it invests. By taking a long-term perspective and diversifying its investments AFFTL looks to manage these risks over the long-term.

Achieving Māori Outcomes

A thriving Māori identity is Auckland's point of difference and Kia Ora Tamaki Makaurau identifies how the group can contribute towards this thriving Māori identity and other outcomes.

AFFTL will work on developing an Achieving Māori Outcomes plan that is appropriate for the organisation, reflecting its scope and the nature of its activities.

Due to the nature of its activities the AFFTL doesn't directly contribute to these outcomes, however by reducing risk and providing strong returns to council it enables the achievement of these outcomes across the group.

Local Board Engagement Plan

The investment and distribution activities of AFFTL are not a local activity and so do not require engagement with local boards when making decisions. Distributions to council will be used to fund a range of activities, potentially including local activities decided by council through its planning.

AFFTL will look to provide general performance reporting on its activities and make these available to Local Boards.

Climate Change

AFFTL will be guided by Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan by incorporating climate change considerations (whole of life greenhouse gas emissions and resilience) where appropriate into decisions. This will include work towards reducing exposure and vulnerability to climate-related risks related to its investment decisions.



1.5 About us – statement of the board’s approach to governance

Auckland Future Fund Trustee Limited (AFFTL) is the corporate trustee of the Auckland Future Fund Trust. Its Board consists of three directors (appointed by the Council) and meets regularly.

AFFTL will act in accordance with Auckland Council expectations as outlined within the CCO Accountability Policy and other key policies, along with its statutory obligations under the Companies Act 1993 and the Trusts Act 2019.

The Board’s core responsibilities are to:

- develop and negotiate Statements of Intent with the Council;
- act consistently within the guidelines provided in the Statement of Expectations;
- actively review and direct the overall strategy, policies and delegations of AFF;
- obtain full and timely information necessary to discharge its obligations;
- identify, evaluate and mitigate controllable risk factors;
- manage and monitor the Fund’s performance; and,
- report to the Council on the performance of the CCO.

To enable the AFFTL to carry out its role the Trustee through the Trust Deed generally has the widest possible powers, as if it were the absolute owner of, and beneficiary entitled to, the Fund.

Managing risk is a key component of the AFFTL’s role and so it will utilise independent and reliable advice on key assumptions and forecasts upon which it makes its decisions.

Service Agreement

To support the Board in undertaking its activities AFFTL will utilise the services of Council through a Services Agreement. Through this agreement AFFTL will not need to employ staff and can leverage off the scale and skills of Council.

Houkura / Independent Māori Statutory Board

AFFTL is committed to working alongside Council and Houkura / Independent Māori Statutory Board where applicable to meet the requirements of the tri-annual Treaty of Waitangi Audit and Houkura’s Schedule of Issue of Significance to Māori.

Climate Related Disclosures reporting

AFFTL has no statutory requirement to prepare climate reporting. However, each fund manager should be able to provide the emissions for each fund under their management. If the total of the noted emissions is considered material, AFFTL can provide the relevant details to Auckland Council to include them within the group’s scope 3 emissions reporting.

Meetings

Auckland Council CCOs are required to hold two public meetings a year (Local Government (Auckland Council) Act 2009). The first of these meetings is to consider prior year performance against Statement of Intent targets, which will not be applicable for this first year as the Fund has just been established. The second is to consider shareholder comments on the draft Statement of Intent for the 2025/26 year.

Purpose of Public Meeting	Date	Form of Public Notification
Consider shareholder comments on draft SOI for 2025-2028	TBD (normally May 2025)	Board meetings will be advertised on AFFTL's website and through the public notices section of the New Zealand Herald normally five days prior to the meeting date.
Consider prior year performance against SOI targets (not applicable for first year)	N/A	

Members of the public are welcome to attend the two statutory meetings (as outlined in the table above).



Part 2: Statement of performance expectations

This section sets out AFFTL's performance expectations for the remainder of the 2024/25 financial year. As AFFTL does not deliver capital projects or services directly to Aucklanders, its expectations are focused on achieving a strong return on the Fund and protecting it for future generations.

2.1 Response to council's annual letter of expectation

As this is the initial year of AFFTL, there is no Letter of Expectation from the council, which will be received in future years. Letters of Expectation outline goals and components that the council expects to see in the AFFTL's Statement of Intent and subsequent performance. Although there is no Letter of Expectation for this initial SOI, substantial guidance is provided to AFFTL from council resolutions and AFF-related policies.

2.2 How we will deliver – the annual work programme

AFFTL (through the Fund) is tasked with delivering strong returns while protecting the real value of the Fund for future generations. It will do this through assessing the markets and instructing through the Investment Manager the strategies to be applied by Fund Managers. The expected returns are outlined below in the performance measures section below.

Promptly in its first term the AFFTL will produce a key policy:

Policy	Description
Statement of Investment and Policy Objectives (SIPO)	<i>Policy that sets out the investment governance and management framework, philosophy, strategies and objectives of a managed investment scheme and its investment funds or portfolios</i>

On an ongoing basis the AFFTL will also provide input to additional policies:

Document	Description
Responsible Investment Policy	<i>Policy that sets out the principles and guidelines for responsible investment, including environmental, social and governance ESG), climate change considerations, and stated exclusions</i>
Auckland Future Fund Distribution Policy	<i>Policy that sets out the rules for distributions to Council, which will need to be reviewed and updated regarding key assumptions around expected returns, operating costs, retention rates, and distributions</i>

2.3 How we will assess performance – performance measures and targets

The five objectives of the Fund (see diagram on page 4) can be summarised into two overarching objectives making up the two components of the purposes for which it was established: Strong returns; and Protect the Fund. The performance measures and applicable targets, which are subject to audit, for the first three years related to these two overarching objectives are shown below:

		2023/24 Actual	Targets		
Objective	Performance Measure		2024/25	2025/26	2026/27
Strong Returns	Gross Return on Fund	N/A	7.64%*	7.64%	7.64%
	Net Return on Fund	N/A	7.24%*	7.24%	7.24%
	Distribution to Council	N/A	5.24%*	5.24%	5.24%
Protect the Fund	Growth of Fund	N/A	2.00%*	2.00%	2.00%

* For the first year these annual targets will be prorated for the portion of the year that AFFTL was operating

2.4 Financials

The following financial statements for AFFTL are based on the 2024/25 to 2026/27 budgets for the financial years ending 30 June included in the adopted 2024-2034 Long-term plan (LTP). These statements are based on the assumptions noted within the Long-term plan, including fund balance, timing of establishment, and expected returns.

Prospective Statement of Comprehensive Revenue & Expense				
	LTP	LTP	LTP	
\$ million	2024/25	2025/26	2026/27	
Revenue				
Dividend revenue	36.32	73.36	74.83	
Total revenue	36.32	73.36	74.83	
Expenditure				
Management fee	2.58	5.2	5.3	
Total expenditure	2.58	5.2	5.3	
Operating surplus before tax	33.74	68.16	69.53	
Operating surplus after tax attributable to:				
AFF				
Trust	33.74	68.16	69.53	
Other comprehensive income				
Gain on revaluation of financial assets held at fair value through other comprehensive revenue and expenditure	12.88	26.02	26.54	
Total other comprehensive income after tax	12.88	26.02	26.54	
Total comprehensive income after tax	46.62	94.18	96.07	

Prospective Statement of Financial Position

	LTP	LTP	LTP
\$ million	2024/25	2025/26	2026/27
ASSETS			
Bank	2.58	5.2	5.3
Other financial assets	1300.83	1326.85	1353.39
Total assets	1303.41	1332.05	1358.69
LIABILITIES			
Accounts payable	2.58	5.2	5.3
Total liabilities	2.58	5.2	5.3
Net assets	1300.83	1326.85	1353.39
Contributed Equity	1287.95	1287.95	1287.95
Retained earnings	0	0	0
Revaluation reserve	12.88	38.9	65.44
Total equity	1300.83	1326.85	1353.39

Prospective Statement of Changes in Equity

	LTP	LTP	LTP
\$ million	2024/25	2025/26	2026/27
Opening balance 1 July	0	1300.83	1326.85
Total comprehensive revenue and expenses for the year	46.62	94.18	96.07
Owner transactions			
Contributed equity	1287.95	0	0
Distribution to AFF Trust	-33.74	-68.16	-69.53
Closing balance as at 30 June	1300.83	1326.85	1353.39

Prospective Statement of Cashflows

	LTP	LTP	LTP
\$ million	2024/25	2025/26	2026/27
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends and interest received	36.32	73.36	74.83
Management fees paid	0	-2.58	-5.2
Net cash from operating activities	36.32	70.78	69.63
Net cash from investing activities	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES			
Distributions paid	-33.74	-68.16	-69.53
Net cash from financing activities	-33.74	-68.16	-69.53
Net increase/(decrease) in cash	2.58	2.62	0.1
Opening cash balance	0	2.58	5.2
Closing cash balance	2.58	5.2	5.3



2.5 Major accounting policies of the group

Auckland Council (the council) is a local authority domiciled in New Zealand and governed by the following legislation:

- Local Government Act 2002 (LGA 2002);
- Local Government (Auckland Council) Act 2009 (LGACA 2009); and
- Local Government (Rating) Act 2002.

The council is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 (FMCA 2013).

The council's principal address is 135 Albert Street, Auckland Central, New Zealand.

The Auckland Council Group (the group) consists of the council, its subsidiaries, associates, and joint ventures. All entities are domiciled in New Zealand. Significant council-controlled organisations and subsidiaries comprise:

- Auckland Transport
- Eke Panuku Development Auckland Limited
- Port of Auckland Limited
- Tātaki Auckland Unlimited Limited
- Tātaki Auckland Unlimited Trust
- Watercare Services Limited
- Auckland Future Fund Trust
- Auckland Future Fund Trust Limited

The primary objective of the group is to provide services and facilities to the Auckland community for social benefit rather than to make a financial return. Accordingly, the group has designated itself as a public benefit entity (PBE) and applies New Zealand Tier 1 PBE Accounting Standards. These standards are based on International Public Sector Accounting Standards (IPSAS), with amendments for the New Zealand environment.

Basis of preparation

The prospective financial statements are presented in New Zealand dollars (NZD), which is the functional currency of each of the group's entities and are rounded to the nearest million dollars unless otherwise stated. All items in the prospective financial statements are stated exclusive of Goods and Services Tax (GST), except for receivables and payables which include GST.

The prospective financial statements have been prepared on a going concern basis and the accounting policies applied are consistent with those used for the year ended 30 June 2023.

Implementation of amended accounting standards by the group

2022 Omnibus Amendments to PBE Standards, issued June 2022

The 2022 Omnibus Amendments include several general updates and amendments to several Tier 1 and Tier 2 PBE accounting standards. The revised PBE standards are effective from the year ending 30 June 2024. The group has adopted the revised PBE standards, and the adoption did not result in a significant impact on the group financial statements.

Standard issued but not yet effective

The group will adopt the following accounting standard in the reporting period after the effective date.

PBE IFRS 17 *Insurance Contracts*

PBE IFRS 17 *Insurance Contracts* for public sector entities was issued in June 2023. This standard establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts. It is effective for reporting periods beginning on or after 1 January 2026 with early adoption permitted. The group has not assessed the effect of the new standard in detail.

Disclosure of Fees for Audit Firms' Services – (Amendments to PBE IPSAS 1)

Disclosure of Fees for Audit Firms' Services (the amending Standard) was issued in May 2023. This amending standard updates the required disclosures for fees relating to services provided by the entity's audit or review firm. The fees must be disaggregated into specified categories and there is guidance to assist entities in determining the types of services to include in each category. This amending standard is effective for reporting periods beginning on or after 1 January 2024 with early adoption permitted. The amendment is not expected to have any significant impact on the group's financial statements.

Significant accounting policies

Accounting policies that are considered critical to the portrayal of the group's financial condition and results, and contain judgements, estimates and assumptions about matters that are inherently uncertain have been included in the notes to these interim financial statements. These accounting policies are consistent with those applied in the comparative information.

Derivative financial instruments

The group may use derivative financial instruments, such as forward foreign currency contracts and interest rate swaps, to mitigate risks associated with foreign currency and interest rate fluctuations. The group does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Any gains or losses arising from changes in the fair value of derivatives are taken directly to surplus or deficit.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Derivative assets and derivative liabilities are classified as current when the maturity is 12 months or less from balance date or non-current when the maturity is more than 12 months from balance date

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities are recognised in the Statement of Comprehensive Revenue and Expense.

Current and deferred income tax

Income tax expense comprises both current tax and deferred tax and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by balance date. Income tax expense is charged or credited to the surplus or deficit in the Statement of Comprehensive Revenue and Expense, except when it relates to items charged or credited directly to equity or other comprehensive income.

Current tax is the amount of income tax payable based on the taxable surplus for the current period, plus any adjustments to income tax payable in respect of prior periods.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which AFFTL expect to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surplus will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting surplus nor taxable surplus.

Cash and cash equivalents

Cash and cash equivalents are made up of cash on hand, on-demand deposits and other short-term highly liquid investments and are net of bank overdraft. The carrying value of cash on hand, on demand bank deposits and short-term deposits with original maturities of less than three months approximates the fair value

Financial assets and liabilities

For the purpose of measurement, the group's financial assets and liabilities are classified into categories according to the purpose for which the financial assets and liabilities are held. Management determines the classification of financial assets and liabilities and recognises these at fair value at initial recognition. Subsequent measurement and the treatment of gains and losses are presented below:

Categories	Subsequent measurement	Treatment of gains and losses
Fair value through surplus or deficit	Fair value	Surplus or deficit
Fair value through other comprehensive revenue and expenditure	Fair value	Other comprehensive revenue and expenditure
Financial assets at amortised cost	Amortised cost less provision for impairment	Surplus or deficit
Financial liabilities at amortised cost	Amortised cost	Surplus or deficit

Derivatives are, by their nature, categorised as fair value through surplus or deficit unless they are designated into a hedge relationship for which hedge accounting is applied.

The fair values for financial assets and financial liabilities at amortised cost have been calculated as the net present value of future cashflows using discount rates from appropriate interest rate curves. The valuation for foreign debt instruments is based on market data from Bloomberg.

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when offset is legally enforceable and there is an intention to settle on a net basis. Revenue and expenses arising as a result of financial instrument earnings or fair value adjustments are recognised on a net-basis for like items.

Financial risk management

The group's core policies relating to financial risk are contained in the Treasury Management Policy (TMP). The TMP meets the requirements of the LGA 2002 and sets out the group's policies on how it will manage its key financial risks including risks associated with borrowing, interest rates, foreign exchange, counterparty credit, liquidity and investment.

Any changes to the TMP require the approval of the Governing Body. More detailed treasury policies are contained in the Treasury Operating Manual which must be consistent with the TMP and is approved by the Treasury Management Steering Group.

The significant financial risks to the group and the council are set out below. Within each subsection, a definition and explanation of the risk is detailed (risk definition), and then an explanation of how the council manages each financial risk (risk management).

The following are the financial risks that are significant to the group and the council:

- Interest rate risk
- Climate risk
- Credit risk
- Foreign exchange risk
- Liquidity risk



SERVICES AGREEMENT

AUCKLAND COUNCIL

**AUCKLAND FUTURE FUND TRUSTEE LIMITED AS TRUSTEE OF
AUCKLAND FUTURE FUND**

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SCHEDULES

SCHEDULE 1 SERVICES
SCHEDULE 2 SERVICE FEE

PARTIES

1. **AUCKLAND COUNCIL**, a unitary authority established under the Local Government (Auckland Council) Act 2009 (**Council**)
2. **AUCKLAND FUTURE FUND TRUSTEE LIMITED**, a company incorporated under the Companies Act 1993, registration number [●] and NZBN [●], with its registered office at Auckland, as trustee of the **Auckland Future Fund (Trustee)**

BACKGROUND

- A. Council has established the Trust to create and operate an investment fund. Council has appointed the Trustee as the initial trustee of the Trust.
- B. To assist with the performance of the Trustee's obligations and responsibilities under the Trust Deed, Council will provide to, and perform the Services for, the Trustee on the terms and conditions of this agreement.

THIS AGREEMENT RECORDS THAT:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions: In this agreement, unless the context indicates otherwise:

Business Day means any day excluding Saturdays, Sundays and statutory public holidays in Auckland, New Zealand and excluding any day in the period beginning on 25 December in any year and ending on 5 January in the following year.

Commencement Date means the date of this agreement.

Confidential Information means all information of a party which is:

- (a) marked by that party as confidential;
- (b) disclosed by either party to the other party on the express basis that such information is confidential; or
- (c) information that:
 - (i) relates to the terms of this agreement;
 - (ii) relates directly or indirectly to the disclosing party's corporate structure or existing or future business, or operations, financial records and accounts information, administration, strategic plans or assets, or to any such records of a Related Company of the disclosing party; or

- (iii) is disclosed to the receiving party and that the receiving party knows, or ought to reasonably know, is of a confidential, secret or sensitive nature, whether or not it is marked as confidential by the disclosing party or is in an oral or a visual form or is recorded in a document; or

Default Rate means the higher of:

- (a) 12%; and
- (b) the official cash rate set by the Reserve Bank of New Zealand plus 2%.

Distribution Policy means the Auckland Future Fund Distribution Policy adopted by Council from time to time.

Good Industry Practice means, without limiting or prejudicing any higher standards or higher requirements under this agreement, in relation to any activity or Service, the exercise of a degree of skill, care, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced person engaged in New Zealand in the same type of activity or Service, under the same or similar circumstances.

Government Agency means any government or governmental, administrative, regulatory, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.

GST means goods and services tax chargeable under the GST Act, at the rate prevailing from time to time.

GST Act means the Goods and Services Tax Act 1985.

Intellectual Property Rights means all present and future rights conferred by statute, common law or equity in or in relation to any copyright, trademarks, designs, patents, circuit layouts, business and domain names, confidential information, inventions and other results of intellectual activity in the industrial, commercial, scientific, literary or artistic fields whether or not registered, registrable or patentable.

Law means any all applicable laws and regulations and lawfully binding directions of any governmental or other regulatory authority or industry body (including the Reserve Bank of New Zealand, the Financial Markets Authority and any approved dispute resolution scheme (as defined in the Financial Service Providers (Registration and Dispute Resolution) Act 2008)) that apply in relation to the matter in question.

Local Government Acts means the Local Government Act 1974, the Local Government Act 2002, the Local Government (Auckland Transitional Provisions) Act 2010, the Local Government (Auckland Council) Act 2009, the Local Government Official Information and Meetings Act 1987 and the Local Government Official Information and Meetings Act 1987.

Personnel means Representatives of Council performing services under this agreement.

Related Company has the meaning set out in section 2(3) of the Companies Act 1993.

Representative of a person means:

- (a) an employee, contractor, officer, agent or director of that person; and
- (b) any other person acting on behalf of that person.

Services means the services listed in Schedule 1, as amended from time to time in accordance with 3.2(b).

Service Change Request has the meaning given to it in clause 3.2(b).

Service Fee means the fee payable for performing the Services as set out in Schedule 2, as amended from time to time in accordance with clause 4.1(b).

Term has the meaning given to it in clause 2.

Trust means the Auckland Future Fund, established pursuant to the Trust Deed.

Trust Deed means the deed of trust establishing the Auckland Future Fund dated on or around the date of this agreement, as amended from time to time.

1.2 **Interpretation:** In this agreement, unless the context indicates otherwise:

- (a) **Defined Expressions:** expressions defined in the main body of this agreement have the defined meaning throughout this agreement, including the background;
- (b) **Headings:** clause and other headings are for ease of reference only and will not affect this agreement's interpretation;
- (c) **Parties:** references to any **party** include that party's executors, administrators, successors and permitted assigns;
- (d) **Persons:** references to a **person** include an individual, company, corporation, partnership, firm, joint venture, association, trust, unincorporated body of persons, governmental or other regulatory body, authority or entity, in each case whether or not having a separate legal identity;
- (e) **Plural and Singular:** references to the singular include the plural and vice versa;
- (f) **Clauses/Schedules/Attachments:** references to clauses, schedules and attachments are to clauses in, and the schedules and attachments to, this agreement. Each such schedule and attachment forms part of this agreement;

- (g) **Statutory Provisions:** references to any statutory provision are to statutory provisions in force in New Zealand and include any statutory provision which amends or replaces it, and any by-law, regulation, order, statutory instrument, determination or subordinate legislation made under it;
- (h) **Negative Obligations:** any obligation not to do anything includes an obligation not to suffer, permit or cause that thing to be done;
- (i) **Inclusive Expressions:** the term **includes** or **including** (or any similar expression) is deemed to be followed by the words **without limitation**; and
- (j) **Documents:** references to any document (however described) are references to that document as modified, novated, supplemented, varied or replaced from time to time and in any form, whether on paper or in an electronic form.

2. TERM AND RENEWAL

- 2.1 **Term:** This agreement takes effect on the Commencement Date and will continue in force until 30 June 2027 (**Term**).
- 2.2 **Review on Expiry:** Within the 6-month period prior to the expiry of the Term, the Trustee and Council will review this agreement and determine whether to renew this agreement and, if so, the terms of any such renewal. If the parties agree to renew this agreement, it will continue on its terms, except as otherwise agreed by the parties, for the agreed renewal period. If the parties do not agree on the terms of such a renewal by 31 March 2027, this agreement will expire on 30 June 2027.

3. PROVISION OF SERVICES

- 3.1 **Engagement:** The Trustee engages Council to provide and carry out the Services, and Council accepts that engagement, on the terms and conditions set out in this agreement with effect from the Commencement Date.
- 3.2 **Scope of Services:**
 - (a) **Services:** The initial Services to be provided under this agreement are all support and administration services reasonably necessary for the orderly and efficient administration of the Trust, including the services set out in Schedule 1, but excluding investment management and advisory services expressly delegated or contracted to third parties (such as the investment manager and transactional advisers etc).
 - (b) **Additional Services:** The Trustee may request, by written notice to Council, to amend the Services, including to add and/or terminate any of the Services or to reduce or increase any existing Service (**Service Change Request**).

4. SERVICE FEE

4.1 Service Fee Payable:

(a) **Service Fee:** In consideration for the Services provided by Council, the Trustee will pay Council the Service Fee in accordance with this clause 4.

(b) **Amendment to Service Fee:**

(i) The Council will, within five Business Days following receipt of a Service Change Request, calculate and notify to the Trustee in writing the amount of any corresponding increase or decrease in the Service Fee (a **Service Fee Adjustment**). Any such increase or decrease must reflect, as closely as possible, any reduction or increase in the cost to Council of providing the Services, as amended by a Service Change Request (a **Cost Reduction or Increase**) and, where there is no such Cost Reduction or Increase, any reduction or increase in the extent to which Council's human or other resources will be deployed in providing the Services, if the Service Change Request is implemented (as a percentage of the cost to Council of maintaining that resource); and

(ii) The Trustee will, within 5 Business Days following receipt of the Service Fee Adjustment, either:

(A) accept the Service Fee Adjustment by notifying the Council in writing accordingly; or

(B) reject the Service Fee Adjustment by notifying the Council in writing and then enter negotiations with the Council until the parties reach an agreement regarding the Service Fee Adjustment. In the event that the parties are unable to reach an agreement regarding the Service Fee Adjustment, this will be deemed a Dispute to be resolved in accordance with clause 8.

(iii) Following acceptance of the Service Fee Adjustment, the Service Fee will be amended by the Service Fee Adjustment and recorded in Schedule 2 and the Services will be amended by the Service Change Request and recorded in Schedule 1.

4.2 Payment of Fee: Council shall invoice the Trustee monthly in arrears for Service Fees payable under this agreement. The Trustee must pay the Service Fee in an invoice within [30] days after receipt of the invoice from Council.

4.3 Overdue Amounts: Council may at its discretion charge interest at the Default Rate on any overdue amounts owing.

4.4 Service Fee not to exceed cost: The parties intend that the Service Fee payable to Council under this agreement should not exceed the cost which the Trustee would

incur in procuring similar or comparable services from a third party provider that is not a Related Company.

- 4.5 Disbursements:** In addition to the Service Fee, in each case, subject to the prior approval of the Trustee, the Trustee shall pay or shall reimburse Council in respect of all fair and reasonable fees, costs and expenses incurred on behalf of the Trust and/or the Trustee in connection with the performance of the Services, including, without limitation all direct and out of pocket costs, charges, expenses, and liabilities associated with or incurred by or on behalf of the Trust and/or the Trustee in performing the Services including, but not limited to, third-party costs, the costs of external legal, accounting and other advisers engaged by Council, and all other expenses that are directly related to the Services, but in all cases excluding any Council overhead costs. The parties acknowledge that, where possible, Council is incurring the above costs on behalf of and as agent for the Trust, and Council shall provide the Trustee with the original invoices (if any) relating to those costs.

5. GENERAL OBLIGATIONS

- 5.1 Obligations of Council:** In performing its obligations under this agreement, Council must:

- (a) provide all Services in accordance with Good Industry Practice;
- (b) keep proper records for the Trustee pursuant to Law and this agreement;
- (c) ensure that all relevant Personnel are trained, monitored and supervised as required by Law when providing the Services;
- (d) operate appropriate compliance processes in order to comply with obligations agreed between the Parties and as required by Law, and ensure that all relevant Personnel participate in those processes;
- (e) regularly and promptly provide the Trustee with such information, documents, access to premises and co-operation as the Trustee reasonably requests in order to comply with Law;
- (f) comply with any reasonable directions of the Trustee;
- (g) not do any acts, incur any obligations or make any representations or warranties on behalf of the Trustee or expose the Trustee to any liabilities other than in accordance with this agreement or as otherwise agreed between the parties;
- (h) not intentionally do anything that would reasonably be expected to diminish the reputation or goodwill of the Trust or the Trustee;
- (i) not, and ensure that its Personnel do not, except to the extent expressly permitted by this agreement or otherwise authorised in writing by the Trustee:

- (i) enter into any contract binding, or purporting to bind, the Trustee; and
 - (ii) represent to any person or do anything that may result in a person believing that Council or its Personnel, is an employee of the Trustee or has authority to act on behalf of the Trustee outside of the scope of this agreement;
- (j) not subcontract any of its rights or obligations under this agreement (except to a Related Company) without first obtaining the Trustee's prior written approval to such subcontractor (other than professional advisers, as required under this agreement); and
- (k) comply with all applicable legal and regulatory requirements.

5.2 Compliance with Law: Nothing in this agreement prevents a party from complying with its obligations under any Law.

5.3 Compliance and risk notifications: Council will notify the Trustee:

- (a) as soon as practicable of any events or changes that it becomes aware of that may impact this agreement, including the provision of the Services;
- (b) promptly of any material written communications that it has received from any Government Agency that impacts, or is reasonably likely to impact, this agreement or a party's obligations under this agreement; and
- (c) promptly of any material breach of this agreement by Council.

6. WARRANTIES

6.1 Reciprocal Warranties: Each party (**First Party**) warrants to the other party that:

- (a) the First Party has obtained all authorisations, holds the necessary licences, registrations and/or authorisations required by Law and has done all things necessary to enter into, and to perform its obligations under, this agreement;
- (b) the First Party is not aware of any fact or circumstance which would, or might reasonably be expected to, prevent the First Party from performing its obligations under this agreement, at the times and in the manner contemplated by this agreement;
- (c) all information disclosed to the other party, by or on behalf of the First Party in relation to this agreement, is, or will be, when disclosed, complete and accurate in all material respects and that the use of that information by either party (for the purpose for which it was disclosed) will not breach the Intellectual Property Rights of any third person,

and each such warranty will be deemed repeated continuously, by the party giving that warranty, during the Term.

7. GST

7.1 Supplies Charged with GST: Unless this agreement expressly provides otherwise:

- (a) **Supply Payments GST-exclusive:** any Service Fee payment and any other amount payable by one party (**Recipient**) to the other (**Supplier**) for any supply under this agreement (**Supply Payment**) is exclusive of the amount of GST, if any, charged in respect of the relevant supply to which the Supply Payment relates (**GST Amount**);
- (b) **GST Amounts Additional:** the Recipient must pay any GST Amount to the Supplier in addition to, and at the same time and in the same manner as, the Recipient's payment of the relevant GST-exclusive Supply Payment; and
- (c) **Taxable Supply Information:** the Recipient's obligation to pay any GST Amount to the Supplier under clause 7.1(b) is conditional on the Supplier providing the Recipient with taxable supply information in respect of the relevant supply.

7.2 Calculation of Payments: If any amount payable under this agreement is calculated or otherwise determined by reference to any cost, expense, loss or outgoing of any person (**Relevant Expense**), the amount of the Relevant Expense for the purpose of calculating or determining the payment is to be reduced by an amount equal to any input tax deduction or other deduction from output tax available to the person (or to any group of which the person is a member) as a result of incurring the Relevant Expense.

7.3 GST Act Terms: Unless the context requires otherwise, words and phrases used in this clause 7 have the same meaning as those words and phrases have in the GST Act.

8. DISPUTE RESOLUTION

8.1 Dispute Resolution: If any dispute or difference arises between the parties relating in any way to this agreement (**Dispute**) the following process shall be followed:

- (a) Either party may, at any time, give written notice (**Dispute Notice**) to the other party specifying the subject matter of the Dispute and requiring the Group Treasurer (as referred to in clause 9.16) and the Trustee chairperson (**Chairperson**) to meet in good faith and use their reasonable endeavours to resolve the Dispute within 5 Business Days of the Dispute Notice (**First Meeting**).
- (b) In the event the parties do not resolve the Dispute within 5 Business Days of the First Meeting, either party may give written notice (**Second Notice**) escalating the matter to the Council CEO. The Council CEO and the Chairperson will meet within 10 Business Days of the Second Notice and use their reasonable endeavours to resolve the Dispute (**Second Meeting**).

- (c) In the event the parties do not resolve the Dispute within 10 Business Days of the Second Meeting, the Chairperson may give written notice (**Third Notice**) escalating the matter to the Council Mayor. The Chairperson of and the Mayor shall meet within 10 Business Days of the Third Notice in any forum that the Chairperson thinks most appropriate, in an effort to resolve the matter directly between them (**Third Meeting**).
- (d) In the event the parties do not resolve the Dispute within 10 Business Days of the Third Meeting, the parties will immediately be deemed to have submitted the dispute to mediation by a single mediator agreed upon in writing by them or (if they are unable to agree on a mediator within 5 Business Days after the submission to mediation) nominated by the President for the time being of the New Zealand Law Society. In the event of any submission to mediation:
 - (i) the mediator will not be acting as an expert or as an arbitrator;
 - (ii) the mediator will determine the procedure and timetable for the mediation; and
 - (iii) the parties will share equally the cost of the mediation.

9. GENERAL

- 9.1 **Costs:** Unless otherwise stated in this agreement, each party will bear its own costs and expenses in connection with the negotiation, preparation and implementation of this agreement.
- 9.2 **Partial Invalidity:** If any provision of this agreement is or becomes invalid or unenforceable, that provision will be deemed modified to the minimum extent necessary to render that provision valid and enforceable or, if the parties cannot agree (acting reasonably) to such modification, will be deleted from this agreement. The invalidity or unenforceability of that provision will not affect the other provisions of this agreement, all of which will remain in full force and effect to the extent permitted by Law, subject to any modifications made necessary by the deletion of the invalid or unenforceable provision.
- 9.3 **Remedies:** The rights, powers and remedies provided in this agreement are cumulative and are in addition to any right, powers or remedies provided by Law.
- 9.4 **Entire Agreement:** This agreement records the entire understanding and agreement of the parties relating to the matters dealt with in this agreement. This agreement supersedes all previous understandings or agreements (whether written, oral or both) relating to such matters.
- 9.5 **Further Assurances:** Each party will, at its own expense, do all things and execute all documents reasonably required to give effect to the provisions and intent of this agreement whether before or after the Commencement Date.

- 9.6 Waiver:** Any waiver by a party of any of its rights or remedies under this agreement will be effective only if it is recorded in writing and signed by that party. If the waiver relates to a breach of any provision of this agreement, this will not (unless stated otherwise) operate as a waiver of any other breach of that provision. A single or partial exercise of a right or remedy under this agreement does not prevent another or further exercise of that or another right or remedy. No waiver of any breach, or failure to enforce any provision, of this agreement at any time by a party will in any way affect, limit or waive that party's right to subsequently require strict compliance with this agreement.
- 9.7 Counterparts:** This agreement may be signed in counterparts. All executed counterparts will together constitute one document.
- 9.8 Copies:** Any copy of this agreement that is received via email in PDF or other document reproduction format (including any copy of any document evidencing a party's signature to this agreement) may be relied on by any party as though it were an original copy of this agreement. This agreement may be entered into on the basis of an exchange of PDF or other document reproduction format.
- 9.9 Amendment:** Except as otherwise provided for expressly in this agreement, no amendment to this agreement will be effective unless it is in writing and signed by each party.
- 9.10 Assignment:** This agreement binds, and takes effect for the benefit of, the parties and their respective successors and permitted assignors. No party may assign its interest in this agreement except to a Related Company.
- 9.11 No Partnership:** This agreement shall not create a partnership between the parties nor a relationship of employer and employee and nothing contained in this agreement shall render either party liable to the creditors of the other party.
- 9.12 Confidential Information:** Subject to clause 9.13, each party will not at any time, directly or indirectly disclose or permit Confidential Information disclosed by one party (**Discloser**) to the other (**Recipient**) to be disclosed to any person or use such Confidential Information other than for the purpose for which it was provided, except:
- (a) to the extent required by Law, any court of competent jurisdiction or by the rules of a recognised stock exchange;
 - (b) in the case of information that is, at the time of disclosure, or subsequently becomes, public knowledge other than as a result of breach or non-performance of any confidentiality obligation owing to the Discloser;
 - (c) in the case of information that the Recipient already knew at the time of disclosure and that came into the Recipient's possession other than as a result of breach or non-performance of any confidentiality obligation owing to the Discloser;
 - (d) as is authorised in writing by the Discloser;
 - (e) as is reasonably necessary to give effect to this agreement; or

- (f) for the purposes of obtaining professional advice.

9.13 Local Government Official Information and Meetings Act 1987: Both parties acknowledge that each party is subject to the Local Government Official Information and Meetings Act 1987 (**LGOIMA**) and that under that Act, the parties may be required to release certain information about this agreement. Each party will undertake to consult with each other following such a request and to take the other relevant party's views into account prior to deciding the response to any such request. In the context of LGOIMA, the parties consider that the making available of the Confidential Information to third parties would be likely unreasonably to prejudice the commercial position of either or both parties on the basis that, amongst other things, it is commercially sensitive and may affect their other commercial dealings (both present and future).

9.14 Intellectual Property:

- (a) Council acknowledges and agrees that all intellectual property owned by the Trust shall remain at all times the absolute property of the Trust.
- (b) The Trustee acknowledges and agrees that all intellectual property owned by Council or developed by Council or a Representative of Council in the course of providing the Services or Additional Services under this agreement shall be the absolute property of Council.

9.15 Notices:

- (a) **Method of Delivery:** Any written notice required under this agreement must be in English and signed by a duly authorised senior representative of the party giving that notice, and will be deemed validly given if:
 - (i) delivered by hand to the intended recipient's address as set out below; or
 - (ii) sent by email to the intended recipient's email address as set out below and if the recipient acknowledges receipt (whether by way of an automated message or otherwise).
- (b) **Time of Delivery:** Any notice transmitted by facsimile or email or delivered after 5.00 pm on a Business Day, or at any time on a non Business Day, will be deemed received at 9.00 am on the next Business Day (being, in each case, the time of day at the intended place of receipt of that notice).

(c) Addresses for delivery:

Council	Trust

9.16 Key Contacts: The table below lists the key contacts in relation to this agreement.

Position	Contact Person	Contact Details
Group Treasurer	John Bishop	John.Bishop@aucklandcouncil.govt.nz
Head of Group Treasury	Andrew John	Andrew.John@aucklandcouncil.govt.nz

9.17 Governing Law and Jurisdiction: This agreement is governed by the laws of New Zealand. The parties submit to the exclusive jurisdiction of the New Zealand courts in respect of all matters relating to this agreement.

9.18 Regulatory Role of Auckland Council: Nothing in this Agreement shall limit, remove, alter or restrict any rights, power, remedies or actions which Auckland Council may have under any statute, regulation or bylaw.

SIGNATURES

SIGNED for and on behalf of the **AUCKLAND COUNCIL** under delegated authority:

[Title of officer having delegation to sign]

SIGNED on behalf of **AUCKLAND FUTURE FUND TRUSTEE LIMITED** (as trustee of the **AUCKLAND FUTURE FUND**) by:

Signature of director

Name of director

SCHEDULE 1

SERVICES

1. **Company secretarial:** Provide Trustee secretarial services, including managing company registers and records, facilitating regular Trustee board meetings and management of board business including setting board remuneration, board agenda, preparing reports, taking minutes, managing an action list and interest register and providing corporate governance advice and documentation to the Trustee.
2. **Legal:** Provide or coordinate legal advice and support the Trustee on all matters of its business to support the Trustee to comply with all of its legal obligations including with respect to regulatory compliance, regulatory filings, corporate and commercial matters, dispute resolution, marketing and product review and advice, insurance and financial services licensing and regulation, new or changed law, and regulator engagement.
3. **Auditor and Accounting and Financial Reporting:** Provide or coordinate timely and accurate accounting records and financial reporting and support financial forecasting, planning and analysis, and oversight/controls for finance and banking functions. Council will also appoint an auditor for the Trust.
4. **Tax:** Provide or coordinate tax advice and assistance, tax compliance and reporting functions and (where required) advocacy and engagement with Inland Revenue, including arranging for the preparation and filing of all income tax returns and any GST returns on behalf of the Trustee.
5. **Business Records:** Keep full, true and separate books and records of all transactions undertaken by it or on its behalf in connection with the Trust (**Books and Records**). The Books and Records shall be in a form which allows accurate checks to be made and shall be supported by all necessary records.
6. **Investment and Fund Managers:** Preparing or coordinating the preparation of all contractual arrangements required between the Trustee and any investment managers, fund managers or advisors (**Managers**) engaged by the Trustee to achieve the purposes of the Trust. To the extent a Manager is not paid directly by the Trust (whether by deduction from Trust distributions or not), Council will facilitate any payment owed to the Manager from the Trustee.
7. **Distributions:** Arranging payment on behalf of the Trustee of all distributions generated by the Trust in accordance with the Distribution Policy.
8. **Compliance:** Assist the Trustee to comply with all laws, regulations and Council policies. This includes assisting the Trustee to comply with all Local Government Acts as outlined in clause [9] the Trust Deed.
9. **Regulator and stakeholder interface:** To the extent necessary, deliver to any regulatory authority all information, documentation, reports or records that any regulatory authority requires under any regulatory legislation in connection with the Trust and provide interface with any stakeholders.

- 10. Office and equipment:** Provide the Trustee with all necessary office space, office equipment, secretarial support services and other office administration services necessary to achieve the purposes of the Trust.
- 11. Information Technology:** The provision of all information technology resources, business systems, financial systems, and project management systems required for the Trust and Trustee.
- 12. Communications:** Provide the Trustee with communications and public relations services in connection with the Trust, including interface with media, updating and maintaining online content, providing support to deliver annual and other reporting, other communications and brand advice/collateral, as needed.

SCHEDULE 2

SERVICE FEE

As at the date of this agreement, the Service Fee is [\$175,000] [plus GST], per annum.

24-Month Board Work Programme: Auckland Future Fund

Month	Shareholder Accountability	Board Dates
Sep-24	<ul style="list-style-type: none"> Approval of: <i>Trust Deed; Draft Statement of Intent; Service Agreement; Meeting Schedule</i> Selection of: <i>Investment Manager; AIAL Share Sale Advisor</i> 	27-Sep 2025 <i>Inaugural Meeting</i>
Oct-24	<ul style="list-style-type: none"> Approval of: <i>Draft SIPO; Responsible Investment Policy; Fund Managers</i> Selection of: <i>Advisory Roles</i> 	?? Oct 2024
Nov-24	<ul style="list-style-type: none"> May be needed? 	
Dec-24	<ul style="list-style-type: none"> Planning for future meetings to meet accountabilities 	?? Dec 2024
Jan-25		
Feb-25	<ul style="list-style-type: none"> Q2 Performance & Risk Reports Draft Statement of Intent 2025 – 2028 	?? Feb 2025
Mar-25		
Apr-25	<ul style="list-style-type: none"> Q3 Performance & Risk Reports 	?? Apr 2025
May-25		
Jun-25	<ul style="list-style-type: none"> Public board meeting – Shareholder feedback on draft SOI 	?? Jun 2025 <i>Public Meeting</i>
Jul-25		
Aug-25	<ul style="list-style-type: none"> Q4 Performance & Risk Reports Financial Reporting for Year ended 30 Jun 2025 	?? Aug 2025
Sep-25		
Oct-25	<ul style="list-style-type: none"> Public board meeting – Performance against SOI targets for year ended 30 Jun 2025 Q1 Performance & Risk Reports 	?? Oct 2025 <i>Public Meeting</i>
Nov-25		
Dec-25	<ul style="list-style-type: none"> Letter of Expectation received 	?? Dec 2025
Jan-26		
Feb-26	<ul style="list-style-type: none"> Q2 Performance & Risk Reports Financial Reporting for half-year ended 31 Dec 2025 Draft Statement of Intent 2026 - 2029 	?? Feb 2026
Mar-26		
Apr-26	<ul style="list-style-type: none"> Q3 Performance & Risk Reports 	?? Apr 2026
May-26		
Jun-26	<ul style="list-style-type: none"> Public board meeting – Shareholder feedback on draft SOI Finalise SOI 	?? Jun 2026 <i>Public Meeting</i>
Jul-26		
Aug-26	<ul style="list-style-type: none"> Q4 Performance & Risk Reports AFFT & AFFTL Annual Report Financial Reporting for Year ended 30 Jun 2026 	?? Aug 2026

Continuous Disclosure Policy

1. Introduction

1.1 Commitment

Auckland Council (**Council**) currently has a number of bonds quoted on the New Zealand, Singapore and Swiss Debt Markets (**Quoted Bonds**). As a result, the Council is subject to continuous disclosure obligations, which it must comply with under the listing rules of the NZX (**Listing Rules**), the listing rules of other exchanges and the Financial Markets Conduct Act 2013 (**FMCA**). This policy has been implemented by Council to ensure it complies with its continuous disclosure obligations.

A summary of the continuous disclosure obligations and consequences of Council failing to comply with its continuous disclosure obligations are set out in schedule 1.

1.2 Scope

This policy applies to:

- Council;
- each substantive Council Controlled Organization, Ports of Auckland Limited and City Rail Link Limited (each a **Council Entity**);
- all Councillors;
- all directors of Council Entities; and
- all employees of Council and Council Entities.

This policy does not address insider trading, market manipulation or disclosure of interest obligations.

1.3 Purpose

The purpose of this policy is to establish and maintain processes to ensure that the committee established pursuant to this policy (**Disclosure Committee**) is notified of any event or circumstance arising in relation to Council, or information held by Council, which may be material to:

- ensure Council's compliance with its continuous disclosure obligations in respect of its Quoted Bonds under the Listing Rules and the FMCA; and
- consider any other matter of an exceptional or extraordinary nature.

2. Disclosure Committee

2.1 Committee

Council will establish the Disclosure Committee to consider and determine matters arising within the scope set out in paragraph 1.2.

2.2 Members

The members of the Disclosure Committee (**Members**) will be the persons holding the following offices (or any office that replaces any of the following offices):

- Chief Executive;
- Group Chief Financial Officer (**Chair**);
- Chair of the Audit and Risk Committee;
- Group Financial Controller;
- Chief Risk and Assurance Officer;
- General Counsel;
- Group Treasurer; and
- Associate General Counsel – Commercial or their delegate (**Secretary**).

The Disclosure Committee may appoint additional Members and any Member as chair and/or secretary.

3. Disclosure processes

3.1 Reporting

Employees of Council or a Council Entity who become aware of any information that is or may be material information must promptly and without delay report such information to the senior manager who is responsible for their area.

Council Entities and where relevant their subsidiaries are responsible for ensuring that they adhere to this policy. Each director and senior manager of a Council Entity who becomes aware of any information that is or may be material information must report such information to a senior manager of Council or a Member promptly and without delay.

Each senior manager of Council and each Councillor must promptly and without delay report to any Member any information that is or may be material information.

Notwithstanding the foregoing, nothing in this policy limits anyone else from also reporting any matters to the Disclosure Committee.

3.2 Material Information


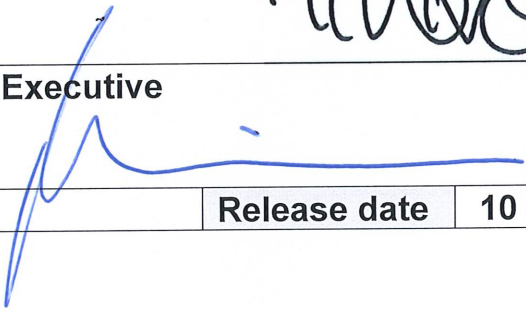
On being notified of any matter or information, the Disclosure Committee must consider and determine whether that information constitutes Material Information for the purposes of the Listing Rules (refer schedule 1). If such information is Material Information, the Disclosure Committee must determine if it must be released to the market or whether it can be withheld (refer schedule 1).

The Group Chief Financial Officer or their delegate is required to sign-off on any releases to the NZX.

4. Policy review

The General Counsel will review this policy annually with input from the Treasury Management Steering Group and recommend any proposed changes to the Chief Executive for approval.

5. Authority

Owner	General Counsel 		
Authorised by	Chief Executive 		
Version No.	V7.0	Release date	10 September 2024

Schedule 1 - Continuous disclosure obligations

NZX Listing Rules

1. As an issuer of quoted securities on the NZX Debt Market, Council is subject to continuous disclosure obligations, which it must comply with under the Listing Rules and the FMCA.
2. Council's continuous disclosure obligations under the Listing Rules require that once it becomes Aware of any Material Information relating to it, it must:
 - (a) promptly and without delay release that Material Information to NZX; and
 - (b) not disclose any Material Information to the public, any other stock exchange or any other party without first releasing the Material Information to NZX.
3. Council's continuous disclosure obligations under the Listing Rules do not apply when:
 - (a) one or more of the following applies:
 - (i) the release of information would be a breach of law;
 - (ii) the information concerns an incomplete proposal or negotiation;
 - (iii) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - (iv) the information is generated for the internal management purposes of Council; or
 - (v) the information is a trade secret;
 - (b) the information is confidential and its confidentiality is maintained; and
 - (c) a reasonable person would not expect the information to be disclosed.
4. Council will promptly and without delay release Material Information to NZX to the extent necessary to prevent development or subsistence of a market for its Quoted Bonds which is materially influenced by false or misleading information emanating from:
 - (a) Council or any Associated Person of Council; or
 - (b) other persons in circumstances in each case which would give such information substantial credibility,and which is of a reasonably specific nature whether or not paragraph 3 applies.

5. The Listing Rules define Material Information (by reference to the definition in section 231(1) of the FMCA) as information, in relation to an issuer, that:
 - (a) a reasonable person would expect, if it were generally available to the market, to have a material effect of the price of the quoted financial products; and
 - (b) relates to particular financial products, a particular issuer, or particular issuers, rather than to financial products generally or issuers generally.
6. An issuer becomes Aware of information if, and as soon as, a director or senior manager of the issuer has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties. The Listing Rules define a director, in relation to an entity which is not a company or a managed investment scheme, to be *“any person occupying a position in that entity, ... that is comparable with that of a director of a company”*. Accordingly, Councillors are to be treated as directors for the purposes of the Listing Rules on the basis that comparable to a board of a company, Councillors vote on matters such as strategy and have similar powers to directors of a company. Senior manager is defined (by reference to the definition in the FMCA) as a person who is not a director, but occupies a position that allows that person to exercise significant influence over the management or administration of an issuer (for example, a chief executive or chief financial officer).
7. The definition of Associated Person in the Listing Rules states a number of ways that a person (A) can be associated with, or is an Associated Person of, another person (B), the most applicable to Council being when:
 - (a) A is able, directly or indirectly, to exert a substantial degree of influence over the activities of B (or vice versa);
 - (b) A and B are Related Bodies Corporate;
 - (c) A is a director or senior manager of B (or vice versa); or
 - (d) A and B are acting jointly or in concert.

Disclosure Manual

relating to Auckland Council

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Disclosure Manual

1. Introduction

1.1 Continuous disclosure obligations

Auckland Council (**Council**) currently has a number of bonds quoted on the NZX Debt Market (**Quoted Bonds**) maintained by NZX Limited (**NZX**). As a result, Council is subject to continuous disclosure obligations, which it must comply with under the NZX Listing Rules (**Listing Rules**) and the Financial Markets Conduct Act 2013 (**FMCA**). A summary of the continuous disclosure obligations, the definition of Material Information and consequences of Council failing to comply with its continuous disclosure obligations are set out in schedule 1. Council also has bonds quoted on overseas exchanges (**SGX** and **SIX**) which have similar continuous disclosure requirements to the NZX. In general, disclosures to the NZX will also be made to those overseas exchanges in order to satisfy the requirements of those exchanges. The continuous disclosure requirements of SGX and SIX are also set out in schedule 1.

1.2 Purpose and scope

The purpose of this manual is to establish and maintain processes to ensure that the Disclosure Committee is notified of any event or circumstance arising in relation to Council, or information held by Council, which may be material to:

- ensure Council's compliance with its continuous disclosure obligations in respect of its Quoted Bonds under the Listing Rules, the FMCA, and the listing rules of SGX and SIX; and
- consider any other matter of an exceptional or extraordinary nature.

This manual does not address insider trading, market manipulation or disclosure of interest obligations.

2. Disclosure Committee

2.1 Committee

Council has established the Disclosure Committee to consider and determine

matters arising within the scope set out in paragraph 1.2.

2.2 Members

The members of the Disclosure Committee (**Members**) are the persons holding the following offices (or any office that replaces any of the following offices):

- Chief Executive;
- Group Chief Financial Officer (**Chair**);
- Chair of the Audit and Risk Committee;
- Group Financial Controller;
- Chief Risk and Assurance Officer;
- General Counsel;
- Group Treasurer; and
- Associate General Counsel – Commercial or their delegate (**Secretary**).

The Disclosure Committee may appoint additional Members and any Member as chair and/or secretary.

A list of current Members and their contact details is attached as schedule 5.

2.3 Committee meetings

A meeting of the Disclosure Committee may consist of all Members or such number of Members as may be determined by either the Chief Executive or the Group Chief Financial Officer (or either of their respective delegates) at the time of the meeting (taking into account the requirement to release Material Information promptly and without delay) provided that at least one of the Chief Executive or the Group Chief Financial Officer (or at least one their respective delegates) is at the meeting. A meeting of the Disclosure Committee can be held by phone, audio or video conferencing or in person.

2.4 Observers

The Disclosure Committee may invite other persons to attend as observers and participate in any meeting or discussion at the Committee's discretion.

2.5 Records

Appropriate records in relation to the processes carried out in accordance with this manual must be kept by Council and maintained for a period of at least seven years.

3. Disclosure processes

3.1 Reporting

Employees of:

- (a) Council; or
- (b) a substantive Council Controlled Organisation, Ports of Auckland Limited or City Rail Link Limited (each a **Council Entity**),

who become aware of:

- (a) any information that is or may be Material Information (including information which Councillors or the executive leadership team of Council ought to know in the performance of their duties);
- (b) any previously confidential Material Information no longer being confidential; or
- (c) information of an exceptional or extraordinary nature,

(each **Relevant Information**), must promptly and without delay report the Relevant Information to the manager that is responsible for their area. That manager must promptly and without delay report the Relevant Information to a member of the executive leadership team (or equivalent) of Council or that Council Entity, as applicable.

Each director or member of the executive leadership team of a Council Entity who becomes aware of any Relevant Information must promptly and without delay report the Relevant Information to a member of the executive leadership team of Council or a Member.

Each member of the executive leadership team of Council and each Councillor who becomes aware of any Relevant Information must promptly and without delay report the Relevant Information to a Member.

Council Entities and where relevant their subsidiaries are responsible for ensuring that they adhere to this manual.

Notwithstanding the foregoing, nothing in this manual limits anyone else from reporting Relevant Information to the Disclosure Committee. The matters set out above are independent of paragraph 3.2

3.2 Meetings

Each:

- regular periodic meeting of the executive leadership team of Council; and
- regular periodic meeting of the board and/or executive leadership team (or their respective equivalent) of each Council Entity,

must include as appropriate, as a standing agenda item, consideration of any

Relevant Information.

3.3 Materiality

The guidelines for determining whether the information is material are set out in schedule 2.

3.4 Material Information

On being notified of any matter or information, the Disclosure Committee must consider and determine whether that information constitutes Material Information for the purposes of the Listing Rules (refer schedule 1). If such information is Material Information, the Disclosure Committee must determine if it must be released to the market or whether it can be withheld pursuant to the Listing Rules disclosure obligation exclusions (refer schedule 1).

The Group Chief Financial Officer or their delegate is required to sign-off on any releases to the NZX and/or overseas exchanges.

3.5 Register

Council has adopted a register of continuous disclosure matters, including information which has been excluded from disclosure, in the form included in schedule 3. The Disclosure Committee will update the register in respect of the matters considered pursuant to paragraph 3.4 above as soon as reasonably practicable after a matter is considered.

3.6 Confirmations

An authorised representative of each Council Entity is required to provide written confirmation to the Disclosure Committee in a form substantially similar to the form in schedule 4 that the Council Entity is complying with the processes set out in this manual. This confirmation is to be provided on a six-monthly basis to align with obligations for annual and semi-annual financial reporting.

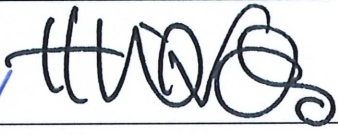
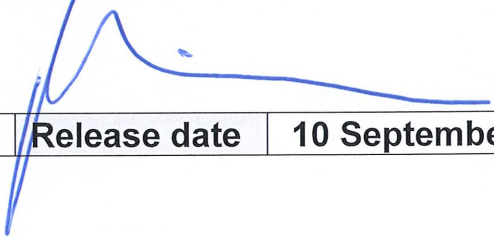
Council remind each of the Councillors of this manual and Council's disclosure obligations annually.

4. Administration

The General Counsel is responsible for administering this manual.

The General Counsel or the delegate of Manager Property and Commercial should be contacted in relation to any questions regarding this manual or for guidance on what constitutes Material Information.

5. Authority

Owner	General Counsel 		
Authorised by	Chief Executive 		
Version No.	V5.0	Release date	10 September 2024

Schedule 1 - Continuous disclosure obligations

NZX Listing Rules

1. As an issuer of quoted securities on the NZX Debt Market, Council is subject to continuous disclosure obligations, which it must comply with under the Listing Rules and the FMCA.
2. Council's continuous disclosure obligations under the Listing Rules require that once it becomes Aware of any Material Information relating to it, it must:
 - (a) promptly and without delay release that Material Information to NZX; and
 - (b) not disclose any Material Information to the public, any other stock exchange or any other party without first releasing the Material Information to NZX.
3. Council's continuous disclosure obligations under the Listing Rules do not apply when:
 - (a) one or more of the following applies:
 - (i) the release of information would be a breach of law;
 - (ii) the information concerns an incomplete proposal or negotiation;
 - (iii) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - (iv) the information is generated for the internal management purposes of Council; or
 - (v) the information is a trade secret;
 - (b) the information is confidential and its confidentiality is maintained; and
 - (c) a reasonable person would not expect the information to be disclosed.
4. Council will promptly and without delay release Material Information to NZX to the extent necessary to prevent development or subsistence of a market for its Quoted Bonds which is materially influenced by false or misleading information emanating from:
 - (a) Council or any Associated Person of Council; or
 - (b) other persons in circumstances in each case which would give such information substantial credibility,and which is of a reasonably specific nature whether or not paragraph 3 applies.
5. The Listing Rules define Material Information (by reference to the definition in section 231(1) of the FMCA) as information, in relation to an issuer, that:

- (a) a reasonable person would expect, if it were generally available to the market, to have a material effect of the price of the quoted financial products; and
 - (b) relates to particular financial products, a particular issuer, or particular issuers, rather than to financial products generally or issuers generally.
- 6. An issuer becomes Aware of information if, and as soon as, a director or senior manager of the issuer has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties. The Listing Rules define a director, in relation to an entity which is not a company or a managed investment scheme, to be *“any person occupying a position in that entity, ... that is comparable with that of a director of a company”*. Accordingly, Councillors are to be treated as directors for the purposes of the Listing Rules on the basis that comparable to a board of a company, Councillors vote on matters such as strategy and have similar powers to directors of a company. Senior manager is defined (by reference to the definition in the FMCA) as a person who is not a director, but occupies a position that allows that person to exercise significant influence over the management or administration of an issuer (for example, a chief executive or chief financial officer).
- 7. The definition of Associated Person in the Listing Rules states a number of ways that a person (A) can be associated with, or is an Associated Person of, another person (B), the most applicable to Council being when:
 - (a) A is able, directly or indirectly, to exert a substantial degree of influence over the activities of B (or vice versa);
 - (b) A and B are Related Bodies Corporate;
 - (c) A is a director or senior manager of B (or vice versa); or
 - (d) A and B are acting jointly or in concert.
- 8. NZX has published a guidance note in respect of continuous disclosure. A ‘reasonable person’ under the guidance note (page 7 of the note) is a person who commonly invests in securities, and holds such securities for a period of time, based on their view of the inherent value of the securities. The reasonable person test is an objective one. It is to be judged from the perspective of an independent fair-minded bystander and not from the perspective of someone whose interests are aligned with the issuer or with the investment community.
- 9. Council's failure to comply with its continuous disclosure obligations may attract disciplinary action from NZX. Such failure will also be a contravention of the FMCA

which may give rise to civil liability for Council. A range of sanctions are provided for under the FMCA, including a pecuniary penalty not exceeding the greater of:

- (a) the consideration of the relevant transaction;
- (b) 3 times the amount of the gain made or the loss avoided; and
- (c) \$1 million in the case of an individual or \$5 million in any other case.

SIX Swiss Listing Rules

10. The Swiss Listing Rules require Council to provide notification as soon as it becomes aware of the main points of price-sensitive facts. Price-sensitive facts are defined in the Swiss Listing Rules as facts which are capable of triggering a significant change in market prices.

SGX Main Board Rules

11. Council is required to disclose to the Singapore Exchange (SGX) via the Singapore Exchange Network (SGXNET) any information which may have a material effect of the price or value of its debt securities or on an investor's decision whether to trade in such debt securities.

Schedule 2 - Materiality guidelines

1. Determining whether information is Material Information for the purposes of the Listing Rules involves a qualitative assessment of that information.
2. As an aid, the Disclosure Committee may set quantitative materiality guidelines as size often determines whether an item is large enough to impact on the financial position or performance of Council and in turn influence the value of any listed debt issued by Council. The standard approach for a quantitative materiality guideline is by reference to some sort of benchmark (e.g. % of revenue/expenses). Council's current quantitative benchmark is set out below. Although this is helpful, it should be used with care and Council should not be over reliant on this quantitative measure in forming a judgement. If an item falls short of this current benchmark, this is not, of itself, sufficient to consider it to be disqualified from being Material Information.

Tool	Benchmark
Size	\$50 million (i.e. approximately 3% of total annual rates income)

3. The nature of the information is another element in determining materiality. For example:
 - Legislative non-compliance, significant legislative changes, items relating to serious governance, conduct or probity issues, items of strategic importance, and fraud are examples of types of information which by their nature could be Material Information.
 - Credit quality (credit rating) is a key tool investors use to determine asset allocation and whether to buy or not to buy Council bonds. Any information that might lead to a downgrade (or a negative watch or negative outlook) of Council's credit rating will certainly qualify as Material Information.
 - Public perception/reaction to information may also need to be considered as part of this assessment.
4. Although size and nature may be indicative of materiality, assessing materiality requires a holistic view of all factors as opposed to only determining if the particular factor should be disclosed or not. Materiality remains a question of judgement, and those assessing materiality should ultimately use their own experience and judgement and err on the side of caution in their determination.

Schedule 3 - Form of Register

Register for continuous disclosure matters

Matters for consideration	Business area / Council Entity	Raised by	To be disclosed (Y/N)	Reasons for non-disclosure (see Disclosure Policy for a summary of permitted exclusions)	If subsequently disclosed
[Meeting] meeting held on [insert date of meeting] [Note: Insert a new box for each meeting]					
[Description]	[•]	[Person]	[•]	[•]	[Document (date)]

Please file updated register to: U:\CEO\Legal\Property and Commercial\Disclosure Register

Schedule 4 - Form of Council Entity Disclosure

[Council Entity Letterhead]

Dated: dd mmm yyyy

To: Auckland Council (**Council**)
Members of the Disclosure Committee
Attention: Disclosure Committee Secretary
(currently James Colvin)

Auckland Council Disclosure Policy - Confirmation

This Confirmation letter is provided pursuant to paragraph 3.6 of Council's Disclosure Policy dated [] (**Disclosure Policy**).

I [•], [Authorised Representative], hereby confirm that [insert name of Council Entity] is, and since the date of last confirmation has continuously been, in compliance with the processes set out in the Disclosure Policy [other than as set out below].

[Describe any events or circumstances giving rise to non-compliance]

Signed: _____

Authorised Representative

Schedule 5 - Current Disclosure Committee Members

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General Counsel

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