

Transfer Agreement

PARTIES

Waikato Waters Limited

The Company

Waitomo District Council

Council

IN COMPLIANCE WITH THE LOCAL GOVERNMENT (WATER SERVICES) ACT
2025 AND COUNCIL'S WATER SERVICES DELIVERY PLAN SUBMITTED UNDER THE
LOCAL GOVERNMENT (WATER SERVICES PRELIMINARY ARRANGEMENTS) ACT 2024

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AGREEMENT dated 18 March 2026

PARTIES

Waikato Waters Limited

("Company")

Waitomo District Council

("Council")

INTRODUCTION

- A. In accordance with the legislation implementing Local Water Done Well, the Council has determined that a joined-up approach to Water Services is the structural delivery option that best meets the long-term needs of its communities. To this end, the Council, together with 5 other Waikato councils, has:
- (a) jointly established the Company for the purpose of transferring its responsibility for providing drinking water and wastewater services to it; and
 - (a) included the joint model as the future delivery model for water services in their respective water services delivery plans which have been approved by the Secretary for Local Government.
- B. Under the terms of the Shareholders' Agreement, each of the shareholding councils has made a commitment as to when and how it will transfer its Water Services business into the Company. In accordance with the terms of the Shareholders' Agreement and pursuant to sections 12 and 13, and Schedule 2, of the LG(WS) Act, the Council hereby enters into this transfer agreement with the Company to implement the transfer to the Company of:
- (a) responsibility for providing the Transferring Water Services;
 - (b) all infrastructure owned or controlled by Council that is used primarily for the purpose of providing the Transferring Water Services (including specified infrastructure) unless expressly excluded;
 - (c) related assets and other matters that are necessary for the Company to carry out, and be responsible for, providing the Transferring Water Services in the Service Area; and
 - (d) relevant Water Service liabilities.
- C. For completeness, it is noted that further details relevant to a Council's transfer of its Water Services business into the Company are set out in further agreements between the parties as follows:

- (a) an agreement relating to the transitional services that will be provided by Council to the Company in the period following the Agreed Transfer Date (**Post-Completion Services Agreement**);
 - (b) an agreement relating to the provision of services by the Company to the Council, and by the Council to the Company (**Shared Services Agreement**).
- D. The Council and the Company have completed this Transfer Agreement in accordance with the LG(WS) Act and the Transfer Principles set out in, and the other requirements of, the Shareholders' Agreement.
- E. The Council is retaining responsibility for stormwater services.

1. AGREEMENT

1.1 The parties enter into this agreement to record their agreement on the following matters:

- (a) Schedule 2: The Council has agreed to transfer to the Company, and the Company has agreed to receive the Assets and assume the Responsibilities and Obligations, for the consideration and on the terms and conditions set out in this agreement.
- (b) Schedule 2A: Settlement Amount Calculation.
- (c) Schedule 2B: Terms and conditions for the transfer of land assets.
- (d) Schedule 3: How the parties will work together to effectively and efficiently manage matters of shared interest, and what arrangements will apply for charging and revenue collection for the Transferring Water Services that will be performed by the Company following Completion.
- (e) Schedule 4: The general terms and conditions which apply to this agreement.
- (f) Schedule 5: The definitions which apply to this agreement.

SIGNATURES

WAITOMO DISTRICT COUNCIL

By: Ben Smart

John Robertson

Name of Authorised Signatory

[Signature]
Signature of Authorised Signatory

In the presence of

[Signature]

Signature of witness

Helen Beever

Name of witness

GM Community Services

Occupation

Te Kuiti

City/town of residence

6th March 2026

WAIKATO WATERS LIMITED

By: Elena Trout

Signature of Director

Elena Trout

Name of Director

[Signature]

Signature of Director

Jaydene Kana

Name of Director

SCHEDULE 1
AGREEMENT DETAILS

Transfer Terms under Schedule 2

Completion Date <i>(Clause 7.1, Schedule 2)</i>	1 July 2026
Settlement Amount <i>(Clause 3.1, Schedule 2)</i>	The Settlement Amount is the amount calculated in accordance with Schedule 2A.
List or description of Assets to be transferred (or expressly not to be transferred) under this agreement <i>(Appendices 1 and 2 of Schedule 2, and Appendices 1 to 4 of Schedule 2B)</i>	See Appendices 1 and 2 of Schedule 2 and Appendices 1 to 4 of Schedule 2B.
List or description of contracts to be transferred (or expressly not to be transferred) under this agreement <i>(Appendices 1 and 2 of Schedule 2)</i>	See Appendices 1 and 2 of Schedule 2.
List or description of Responsibilities to be transferred (or expressly not to be transferred) under this agreement <i>(Appendices 1 and 2 of Schedule 2)</i>	See Appendices 1 and 2 of Schedule 2.
Acknowledgement of Iwi and hapu responsibilities <i>(Appendix 1 of Schedule 2)</i>	See Appendix 1 of Schedule 2.

Shared Interests, Charging and Revenue Collection Arrangements under Schedule 3



Post-Completion Services and Shared Interest Arrangements <i>(Clause 2 2, Schedule 3, Appendix 1, Schedule 3)</i>	As agreed under the Shareholders' Agreement, the Council will provide the Company with the Post-Completion Transition Services set out in the Post-Completion Services Agreement (with details set out in the relevant service order) The parties will work together in relation to the following Shared Interest Arrangements • when the Council is performing and exercising its functions, duties, and powers under the Building Act 2004, • land use planning and resource management planning (including consent processes), and • the performance or exercise of any statutory functions included in that agreement, for example, in respect of emergency management Further detail in relation to the Shared Interest Arrangements is set in clause 2 of Schedule 3 and Appendix 1 to Schedule 3	
Party to collect Water Revenues <i>(Clause 3, Schedule 3)</i>	From the Completion Date, until such time as notified by the Board (provided that such time is no later than 3 years from the Completion Date unless agreed otherwise between the Council and the Company), the Council will continue to collect the Water Revenues on the terms set out in this agreement and in the relevant service order to the Post-Completion Services Agreement	
Representatives <i>(Clause 5 2, Schedule 3)</i>	Council as notified in writing to the Company three months prior to the Completion Date	Company as notified in writing to the Council three months prior to the Completion Date
Interface Governance Group Members <i>(Clause 5 3, Schedule 3)</i>	Chair To be confirmed by Interface Governance Group as its first meeting	
	Council representative(s) as notified in writing to the Company three months prior to the Completion Date	Company representative(s) as notified in writing to the Council three months prior to the Completion Date

General Terms and Conditions under Schedule 4

Place of arbitration <i>(Clause 3.4(c), Schedule 4)</i>	Cambridge, unless agreed otherwise by the parties in writing	
Address for notices <i>(Clause 6.1, Schedule 4)</i>	Council	Company
	15 Queen Street, Te Kuiti 3010	Unit 3, 149 Ossie James Drive, Hamilton Airport. 3282
	PO box 404, Te Kuiti 3941	PO Box 144, Waikato Mail Centre, Hamilton 3240
	Email: ben.smit@waitomo.govt.nz	Email: allie.stevens@waikatowaters.co.nz
	Attention: Ben Smit	Attention: Allie Stevens

SCHEDULE 2

TRANSFER TERMS AND CONDITIONS

Purpose of Schedule 2 This Schedule 2 provides for the terms of the Transfer of the Assets, Responsibilities, and Obligations from the Council to the Company

1. MATTERS TO BE TRANSFERRED

1.1 Agreement to transfer

- (a) **Assets and Obligations** The Council shall transfer the Assets and Obligations to the Company, and the Company shall
 - (i) receive the Assets free of any Encumbrances, and
 - (ii) assume the Obligations (including by taking an assignment/novation of the Assumed Contracts under clause 9 of Schedule 2),
 from the Council, in accordance with this agreement
- (b) **Statutory responsibilities, functions, duties and powers** The Council shall transfer the Statutory Responsibilities to the Company, and the Company shall comply with the Statutory Responsibilities as required by this agreement, and the relevant legislation
- (c) **Operational Responsibilities and Management Responsibilities** The Council shall transfer the Operational Responsibilities and Management Responsibilities to the Company, and the Company shall comply with the Operational Responsibilities and Management Responsibilities as required by this agreement, and the relevant legislation
- (d) **Resource Consents Responsibilities** The Council shall transfer the Resource Consents Responsibilities to the Company, and the Company shall comply with the Resource Consents Responsibilities as required by this agreement, and the relevant legislation

1.2 Categorisation of matters

- (a) The following principles shall apply for the categorisation of Assets for the purpose of clause 1.1(a)
 - (i) **Facility Level** Information in relation to assets, plant and equipment is set out at "Facility" level, with facility asset classification code. Assets such as control systems, electrical, mechanical, pipe within a facility, site services, and office equipment within the facility will transfer to the Company as one asset
 - (ii) **Inventory** It is not practical to carry out a stocktake of all spares, inventory and chemicals related to assets that are transferring from Council to the Company on the Completion Date. On this basis, spares, inventory and chemicals related to water services that will transfer are set out on a category basis (rather than identifying specific spares, inventory and chemicals)

- (iii) **Asset identifiers:** It is agreed that where possible a unique identifier for each asset from the Council asset management system will be included.

2. MATTERS NOT TRANSFERRED

- 2.1 **No transfer:** The Council does not transfer any of the Excluded Matters or any other matters not specified in this agreement as transferring to the Company, and those matters shall continue to be owned, retained and/or performed and exercised by the Council.
- 2.2 **No assumption of Liabilities:** Except as expressly provided in this agreement, the Company only assumes the Obligations and the Responsibilities, and does not assume any other Liabilities of the Council in relation to the Assets or otherwise.
- 2.3 **Agreements that are not transferred:** The parties agree that where the Council is a party to any agreement with any third party, and there is a current dispute or disagreement between the Council and the third party, the Council and the Company have considered whether that agreement should be included in the transfer of Assets (including, without limitation, by considering whether that agreement is necessary to the Company for the purpose of providing the Transferring Water Services and whether the Company or the Council is better placed to resolve the dispute or disagreement with the third party). Where the Parties have decided to exclude a matter from transfer on this basis, it is either not included as an Assumed Contract or is expressly listed as an Excluded Matter (as appropriate in the circumstances).

3. SETTLEMENT AMOUNT

- 3.1 **Settlement Amount:** The Settlement Amount is the amount calculated in accordance with Schedule 2A.

4. TAX

- 4.1 The parties agree and acknowledge that, pursuant to section 255 of the LG(WS) Act, they are treated as the same person for the purposes of the Inland Revenue Acts (as defined in section 3(1) of the Tax Administration Act 1994) and therefore no tax consequences arise in respect of the Transaction contemplated by this agreement.

5. EMPLOYEES/CONTRACTORS

- 5.1 **Principle:** The Council wants to ensure there is employment security, to the extent possible, for Transferring Water Services employees during the transfer process. Council and the Company have agreed that the Company will offer employment in the Company for Council employees who are categorised by both Council and the Company as within:
 - (a) the "Job Guarantee" category: this extends to all Council employees whose role is 80% to 100% carrying out Field Operations for Transferring Water Services. Field Operations means operating or maintaining water assets and includes team leaders.

- (b) the "Offer Guarantee" category: this extends to all Council employees whose role is 80% or more related to Transferring Water Services but who does not come within the Job Guarantee category at the time an offer of employment is made.

5.2 **Identification of affected employees and contractors:** Pursuant to clause 1 of Schedule 1 of the LG(WS) Act, and the arrangements that have been agreed between the Council and the Company, the Parties have agreed the employees who fall into each of the categories in clause 5.1. To the extent any such employee has not received confirmation from the Council of the category into which they fall, this will be provided by the Council on the earlier of 10 Business Days after the date of this agreement and three months before the Agreed Transfer Date. Within the same time frame, the Council will also notify the Company of any contractors providing services relating to the Transferring Water Services.

5.3 **Ring-Fenced Employees:** For completeness, it is noted that:

- (a) the Council has, prior to the signing of this agreement, notified any Council employee whose role is between 20% and 79% related to the Transferring Water Services, and who is impacted by the transfer process, of their right to apply for opportunities of employment at the Company (referred to as **Ring-Fenced Employees**).
- (b) Ring-Fenced Employees will be given preference for appropriate recruitment opportunities in the Company through a closed recruitment process to identify suitably qualified candidates before (and if) any wider advertising takes place.
- (c) A closed recruitment process will not apply to Tier 2 leadership roles and other new roles within the Company; these will be recruited through a fully open process to ensure impartial selection of the most qualified candidates. Ring-Fenced Employees are welcome to apply for such roles.

5.4 **Offer of employment:** The Company shall, within ten Business Days of the date of signing this agreement, and to the extent not already done so, consult with the Council as to the terms and conditions to be offered to those employees referred to in clauses 5.1 and 5.2. To the extent that an offer:

- (a) relates to an employee within the "Job Guarantee" category, the offer must be:
 - (i) for substantially the same position as the position the employee holds at the Council before the transfer;
 - (ii) for employment in substantially the same general locality;
 - (iii) on the same or better terms and conditions as the employee's terms and conditions at the Council; and
 - (iv) on the basis that the employment is treated as continuous for the purposes of any entitlements or benefits; or
- (b) relates to an employee within the "Offer Guarantee" category, the offer must be for "Similar Employment". For the purpose of this clause 5, "Similar Employment" means:

- (i) employment on the same basis as existing employment with the Council (i.e. either permanent or fixed term),
 - (ii) a role that provides the same salary/wages as the employee received at the Council before the transfer,
 - (iii) a role that provides the same entitlement to annual leave as the employee received at the Council before the transfer,
 - (iv) the same redundancy provisions, including compensation and notice requirements as the employee was entitled to at the Council, and
 - (v) on the basis that the employment is treated as continuous for the purposes of any entitlements or benefits (and with accrued annual leave entitlement, entitlement to days off in lieu of public holidays worked, and long service leave entitlements (if any) transferred to the Company)
- (c) Other than as set out in clause 5.4(b) (i) to (v), it is accepted that offers to employees in the Offer Guarantee category may not be for
- (i) substantially the same position as the position the employee holds at the Council before the transfer,
 - (ii) for employment in substantially the same general locality,
 - (iii) on the same or better terms and conditions as the employee's terms and conditions at the Council. Notwithstanding this, the Company will engage in good faith with the Council on the terms and conditions to be offered to such employees, having regard to variations in existing remuneration structures across the Transferring Shareholding Councils, with a view to addressing discrepancies where appropriate and promoting a sense of fairness for employees of the Company.
- (d) The Company may also choose to offer
- (i) any contractor identified in clause 5.2 a new independent contractor agreement, and
 - (ii) a role in the Company to any Ring-Fenced Employee who has successfully applied for a role in the Company whether through the closed recruitment or open recruitment process.
- (e) Each offer to an employee or contractor is referred to as an "Offer"

5.5 **Acceptance** The parties shall use all reasonable endeavours to persuade each employee and Contractor to accept the Offer

5.6 **Conditions of Offer** The Offer will be conditional on the transfer proceeding and with effect from the Completion Date. In respect of Employees for whom the Offer does not meet the requirements of clause 1(3) of Schedule 1 of the LG(WS) Act, the Offer will be conditional on the Employee waiving any entitlement to redundancy compensation/notice from the Council

5.7 **Access to Employees and Contractors:** The Council will, at such times as reasonably requested by the Company, allow the Company access to

- (a) each Employee and Contractor to discuss the Offer, and
- (b) subject to obtaining each Employee's and Contractor's consent to disclosure, if required, each Employee's employment records (or equivalent for Contractors)

5 8 **Company's Assumed Accrued Employee Benefits** The Company shall from Completion assume, and indemnify the Council against, all Liability of the Company for all Accrued Employee Benefits

5 9 **Return of Employee and Contractor information** Where any Employee or Contractor does not accept an Offer, the Company will, at the option of the Council, return to the Council or destroy all personal information provided to the Company in relation to the relevant Employee (including, but not limited to, all employment records (or equivalent for Contractors) provided by the Council to the Company for the purposes of this clause 5

6. PRE-COMPLETION OBLIGATIONS

6 1 **Positive obligations of Council** Between the date of this agreement and Completion, the Council shall, subject to clause 6 3 of Schedule 2 (but without limiting the negative obligations of the Council in clause 6 2 of Schedule 2)

- (a) operate and conduct the Business in the normal course in accordance with the business practices employed by the Council as at the date of this agreement and in accordance with any applicable provisions in the Shareholders' Agreement (with particular reference to the Establishment Strategy),
- (b) continue to make such payments and discharge such obligations in a manner consistent with the timing and method of payment or discharge employed by the Council in the 12- month period prior to the date of the Shareholders' Agreement,
- (c) continue to adhere to the Major Decisions Framework set out in the Shareholders' Agreement,
- (d) to the extent not already executed, execute a deed of guarantee in favour of LGFA in accordance with the commitment set out in the Shareholders' Agreement,
- (e) promptly notify the Company of any law suits, Claims, proceedings (other than normal debt collection proceedings), investigations or adverse events which may occur, be threatened, brought, asserted or commenced against it, its Directors or employees, involving or affecting the Business, the Assets, the Obligations and/or the Responsibilities, and
- (f) no later than 30 days prior to the Agreed Transfer Date, give notice ("Council Debt Notice") to the Company of the Council's best estimate of the amount of the Council's Council Water Infrastructure Debt, the Council's share of Establishment Costs, the Council's Establishment Funding Share and any Transitional Activity Costs including sufficient detail for the Company to be able to confirm how such amounts were reached and that such amounts comprise Council Water Infrastructure Debt, the Council's share of Establishment Costs, the Council's Establishment Funding Share and any Transitional Activity Costs (as applicable)

- 6.2 **Negative obligations of Council:** Between the date of this agreement and Completion, the Council shall not, subject to clause 6.3 of Schedule 2 (but without limiting the positive obligations of the Council in clause 6.1 of Schedule 2):
- (a) alter any of the conditions of employment of the Employees or Contractors (other than as required to provide for changes required to meet agreements with unions, salary increases and the payment of bonuses in accordance with the ordinary course of operations of the Council);
 - (b) agree to amend any of the terms of any Assumed Contract; or
 - (c) acquire or dispose of any of the Assets other than in the ordinary course of conducting the Business.
- 6.3 **Exceptions:** Clauses 6.1 and 6.2 of Schedule 2 do not prevent the Council from doing anything that:
- (a) is expressly permitted by this agreement; or
 - (b) is approved in writing by the Company.
- 6.4 **Additional agreements:** The parties will negotiate and agree the form of the:
- (a) Post-Completion Services Agreement; and
 - (b) Shared Services Agreement.
- and, no later than 90 days prior to the Agreed Transfer Date each party will sign and deliver to the other party a copy of each such agreement.
- 6.5 **Novation and Counterparty Consents:**
- (a) Prior to Completion, the Council shall use all reasonable endeavours to have each of the counterparties to any Assumed Contracts enter into a deed of novation, on terms acceptable to each of the Council and the Company, to novate the relevant Assumed Contract to the Company with effect from Completion.
 - (b) To the extent that a deed of novation is not able to be entered into pursuant to sub-clause (a), then the Council will use all reasonable endeavours to obtain the consent of the relevant counterparty to the Assumed Contracts marked as requiring consent in Appendix 1 of this Schedule 2, to the assignment of that Assumed Contract to the Company, on terms that are acceptable to both the Council and Company ("**Counterparty Consents**").
 - (c) The Company shall provide such assistance to the Council as it reasonably requests in relation to sub-clauses (a) and (b).
 - (d) If:
 - (i) no deed of novation has been entered into in respect of that Assumed Contract; and
 - (ii) where a Counterparty Consent is required in respect of an Assumed Contract, and that Counterparty Consent has not been obtained

on or before Completion, the Company shall not delay or fail to undertake Completion and clause 9 of Schedule 2 will apply

6.6 **Additional assets, responsibilities and liabilities before Completion** The Council and the Company acknowledge that at the date of this agreement, further work is required to identify all of the assets, responsibilities, Liabilities or contracts that will transfer to the Company under this agreement on Completion. From the date of this agreement until Completion, the Council and the Company agree to continue to work together to identify any such additional assets, responsibilities, Liabilities or contracts in accordance with the Transfer Principles. If, before Completion, the Council or the Company identifies any asset, responsibility, Liability or contract held by the Council that

(a) is necessary for the Company to carry on the Business after Completion in a manner consistent with how the Business was carried on during the 12 months prior to Completion, and/or

(b) primarily relates to the provision of the Transferring Water Services,

other than an Excluded Asset ("Additional Item"), then the parties may agree before Completion to vary this agreement in accordance with clause 7.8 of Schedule 4, for the Additional Item to be added to Appendix 1 of Schedule 2 or an Appendix to Schedule 2B. If the parties cannot agree on such a variation, the expert determination process in clause 8.2(b) of Schedule 2 will apply, with appropriate changes to reflect the determination required by this clause.

7. COMPLETION

7.1 **Time of Completion** Completion of the transfer of the Assets, Obligations and Responsibilities ("Completion") shall take place electronically not later than 3pm on the Completion Date, or at such other time and place as may be agreed between the parties.

7.2 **Obligations on Completion** At Completion

(a) The Company shall pay the Settlement Amount to the Council in immediately available funds by electronic transfer to a bank account nominated by the Council, or through such other method as agreed in writing prior to Completion,

(b) the Company shall issue the Stage 2 Shares to the Council in accordance with the Shareholders' Agreement and update Companies Office to reflect the change in shareholding, and the Council will consent to such issue,

(c) legal and beneficial title to, risk to, and possession of, the Assets shall be given by the Council and accepted by the Company, and the Council will deliver all Assets, title to which passes by delivery, at the places set out in Appendix 1 of Schedule 2 and Schedule 2B or as otherwise notified by the Council to the Company,

(d) the Council shall take such actions, and sign and deliver to the Company (together with all relevant documents of or evidencing ownership) such documents and other things necessary, to transfer to the Company full and unencumbered legal and beneficial title to, and possession of, the Assets as the Company may reasonably require,

- (e) the Company assumes the Obligations and shall take such actions, and sign and deliver to the Council such documents and other things necessary, for the Company to assume full responsibility for the Obligations (including as provided for in clauses 6.4 and 9 of Schedule 2), as the Council may reasonably require,
- (f) the Company assumes the Responsibilities and shall take such actions for the Company to assume full responsibility for the Responsibilities as the Council may reasonably require, and
- (g) the Council must deliver to the Company
 - (i) transfers of the Resource Consents (if any), which do not automatically pass to the Company on Completion as the registered owner of any freehold land comprising part of the Assets, duly executed by the Council (to the extent held by the Council) or executed by the relevant consent holder(s) (which the Council shall procure, to the extent the Resource Consents are held by a related party of the Council) in each case in a form satisfactory to the Company (acting reasonably), and
 - (ii) confirmation that the Council has advised the Minister for the Environment and the relevant territorial authority of the transfer of any designation(s) held by the Council in respect of the transfer of the Assets to the Company pursuant to s180 of the Resource Management Act 1991 (or any corresponding section of any successor legislation)

7.3 **Assignment of rights** With effect from Completion, the Council assigns to the Company all its property and contractual rights in the Assets

7.4 **Completion simultaneous** The actions specified in clauses 7.2 and 7.3 of Schedule 2 must take place on the same day. If any of the documents required to be delivered, or actions required to be taken, pursuant to clause 7.2 of Schedule 2 are not delivered or taken for any reason, the Company is entitled, without prejudice to any of its other rights or remedies to

- (a) effect Completion so far as is practicable having regard to the defaults which have occurred and in so doing either to release, or without releasing (as the Company may elect), the Council from liability to comply as soon as possible with its obligations under that clause,
- (b) fix a new date for Completion, which shall be treated for all purposes as the Completion Date,
- (c) sue for specific performance, and/or
- (d) request Ministerial intervention under the terms of the LG(WS) Act or Local Government (Water Services Preliminary Arrangements) Act 2024 as a consequence of the Council failing to comply with section 22 of that Act (by not giving effect to the undertaking for future delivery of the Transferring Water Services set out in its water services delivery plan)

8. APPORTIONMENT

8.1 **Apportionment statement** The Council must give the Company within two months of the Calculation Time a written statement ("**Apportionment Statement**") setting out

- (a) the aggregate amount of all Accrued Employee Benefits at the Completion Date ("**Accrued Employee Benefits Amount**"), and
- (b) the aggregate of all amounts payable to the Council pursuant to any of the Assumed Contracts or in relation to the Assets (including water rates/charges), which are yet to be received by the Council at the Completion Date in relation to the period up to and including the Completion Date ("**Outstanding Revenue**"),
- (c) the aggregate of all amounts received by the Council pursuant to any of the Assumed Contracts or in relation to the Assets (including water rates/charges), which have been received by the Council at the Completion Date in relation to the period after the Completion Date ("**Advance Revenue**"),
- (d) the amount of all Apportionable Outgoings
 - (i) unpaid by the Council at the Completion Date in respect of the period up to and including the Completion Date ("**Accruals**"), and
 - (ii) paid by the Council at the Completion Date in respect of the period after the Completion Date (and to the extent not already included in the Council Water Infrastructure Debt) ("**Prepayments**")

8.2 **Dispute resolution regarding Apportionment Statement** The Company shall, within five Business Days after receipt of the Apportionment Statement from the Council, give notice to the Council that the Company either

- (a) approves the Apportionment Statement, or
- (b) does not approve the Apportionment Statement, such notice ("**Dispute Notice**") to specify the matters that the Company disputes or disagrees with ("**Matters in Dispute**"), in which case the Company and the Council must meet within five Business Days of the date of the Dispute Note and attempt to resolve the Matters in Dispute. If the Matters in Dispute are not resolved by the Company and the Council within five Business Days of such meeting then either the Company or the Council may give notice ("**Referral Notice**") to the other referring the Matters in Dispute to a single expert ("**Expert**") for determination in accordance with the following
 - (i) the Expert will be an accountant with relevant experience appointed by the Council and the Company by mutual agreement, provided that if agreement as to the Expert is not reached within five Business Days after the date of giving the Referral Notice, the Expert will be appointed at the request of a party by the New Zealand Dispute Resolution Centre,
 - (ii) the Council and the Company will together provide to the Expert copies of this agreement, the Dispute Notice and a copy of the Apportionment Statement, and

- (iii) the Expert will be instructed to
 - (aa) resolve the Matters in Dispute, in accordance with the accounting treatment used by the Council in their most recent financial statements ("**Accounting Treatment**"), and then, only to the extent necessary, in accordance with NZ GAAP (to the extent not inconsistent with the Accounting Treatment) as at the date of this agreement,
 - (bb) resolve the Matters in Dispute within 20 Business Days of the date of the Referral Notice and issue a decision to each of the Council and the Company, and
 - (cc) if required, adjust the Apportionment Statement and provide a copy to each of the Council and the Company,
- (iv) the decision will be final and binding on the parties,
- (v) referral of the Matter to the Expert will not be an arbitration agreement for the purposes of the Arbitration Act 1996 and the provisions of that Act will not apply to or govern that referral, and
- (vi) the parties will bear their own costs (including legal costs) and an equal share of the costs and expenses of the Expert

8.3 **Difference between Accruals and Prepayments** If

- (a) the Outstanding Revenue plus the Prepayments exceed the aggregate of the Accruals and the Advance Revenue and the Accrued Employee Benefits Amount, the Company must pay an amount equal to the difference to the Council, and
- (b) the aggregate of the Accruals, the Advance Revenue and the Accrued Employee Benefits Amount exceed the Outstanding Revenue plus the Prepayments, the Council must pay an amount equal to the difference to the Company,

as an adjustment of the Settlement Amount within five Business Days of

- (c) the date on which the Council receives notice from the Company under clause 8.2(a) of Schedule 2, or
- (d) receipt by the party required to make payment under clause 8.3(a) or 8.3(b) of Schedule 2 (as applicable) of the adjusted Apportionment Statement from the Expert pursuant to clause 8.2(b)(iii) of Schedule 2

Any such payment will be paid by electronic bank transfer of immediately available funds into the bank account nominated in writing by the party that is due to receive the payment, or in such other form as the parties may agree

9. **ASSUMED CONTRACTS**

9.1 **Assignment and Novation**

- (a) Subject to clause 6.5 of Schedule 2 and Completion, and on and with effect from the Completion Date, the Council assigns and the Company accepts an

assignment of all of the Council's rights under, benefits of and interests in ("**Benefits**"), and assumes the burden of, the Assumed Contracts ("**Relevant Contract**"), in accordance with this clause 9 of Schedule 2.

- (b) Subject to the provisions of the LG(VS) Act providing otherwise, this agreement does not constitute an assignment or an attempted assignment, or novation or attempted novation as the case may be, of a Relevant Contract if an assignment or attempted assignment requires the consent of the counterparty to the Relevant Contract and would constitute a breach of that Relevant Contract if an assignment were made without that consent.

9.2 **Consent to transfer of Relevant Contracts:**

- (a) If the consent of a third party is to be requested for the assignment as marked in Appendix 1 of Schedule 2 (as applicable), and has not been obtained prior to Completion, the Council must continue to use all reasonable endeavours to obtain that consent by or as soon as reasonably practicable after Completion, on terms that are acceptable to both the Council and the Company.
- (b) Pending the transfer of any Relevant Contract to the Company under clause 9.1 of Schedule 2, the Council must:
 - (i) hold the Benefits of the Relevant Contract on trust for the Company and account to the Company promptly after receipt by it for the value of any Benefit of the Relevant Contract that arises (or relates to the period) after the Completion Date; and
 - (ii) not agree to any termination, amendment or variation of, or waiver of any of the Council's rights under, the Relevant Contract without the prior written approval of the Company.

9.3 **Performance of Relevant Contracts:**

- (a) The Council must perform and observe all obligations (other than any obligation to make any payment, where such payment is reflected in the Apportionment Statement) of the Council under any Relevant Contract which are due to be performed (or relate to the period) on or before the Completion Date.
- (b) The Company must, to the extent it lawfully can, assume, perform and observe all obligations of the Council under any Relevant Contract which are due to be performed (or relate to the period) after Completion Date, as well as any obligation to make any payment in respect of the Relevant Contracts where such payment is reflected in the Apportionment Statement, whether arising before, on or after Completion.

- 9.4 **Transfer of Relevant Contracts Unavailable:** If, despite their reasonable endeavours, the Council and the Company are unable to (including because any third party consent required cannot be obtained) transfer a Relevant Contract under clause 9.2(a) of Schedule 2 within six months from Completion, the Council must, if requested in writing by the Company, as soon as reasonably possible, procure that the Relevant Contract is terminated with no Liability or cost to the Company. To avoid doubt, there will be no adjustment to the Settlement Amount, and the Council will have no Liability to the Company, as a result of any such termination.

10. DEFERRED CONTRACTS

- (a) The Parties have agreed that it is in the best interests of both Parties for the transfer of the contracts identified in Appendix 2 (each a "**Deferred Contract**") to be deferred until the relevant contract works have been completed On Practical Completion (i.e., where the contract works are complete, and the defects notification period has commenced) the Parties will engage to ensure a Deferred Contract transfers from the Council to the Company, and
 - (i) all assets, liabilities and other matters under a Deferred Contract vest in the Company (and clause 8 will apply to the transfer of such Deferred Contract, with such amendments as necessary in the context of the transfer of the Deferred Contract), and
 - (ii) shall enter into such documents as are reasonably required to give effect to the matters contemplated above
- (b) On this basis, the Assumed Contracts do not include the Deferred Contracts
- (c) The Council acknowledges that the Company has an interest in the completion of the contract works under the Deferred Contracts and agrees to
 - (i) maintain ongoing and transparent communications with the Company in relation to the Deferred Contract,
 - (ii) keep the Company reasonably informed on the progress of the completion of the contract works under the Deferred Contract, and
 - (iii) promptly comply with any reasonable request by the Company
 - (aa) for information or documentation, and/or
 - (bb) to take any action (including to enforce the rights of the Council),
 in relation to the Deferred Contract or contract works
- (d) In relation to each Deferred Contract, the Council shall obtain the Company's prior written approval (which may be given or withheld in its absolute discretion) to any suspension, termination, amendment, variation, assignment, transfer, novation, or any other disposal or exercise of rights that is not a Permitted Variation

For the purposes of this sub-clause (d), a Permitted Variation means a change (including any change in nature, quality or quantity of work or services to be provided) under a Deferred Contract that

 - (i) will not cause an extension of time for performance by the contractor under the relevant Deferred Contract which results, or is likely to result, in a material delay to the contract works,
 - (ii) will not result in, and is not likely to result in, a material increase in the Deferred Contract price, and

- (iii) will not adversely affect contractor's ability to complete the contract works, or the Council's (and, once the Deferred Contract is transferred, the Company's) ability to fulfil its obligations under the Deferred Contract
- (e) In relation to any approval sought by the Council in respect a Deferred Contract under sub-clause (d), the Council must provide the Company with
 - (i) details of the reason why the approval is required,
 - (ii) in the case of an amendment or variation, details of the proposed change including the impact on the relevant contract budget and programme, and
 - (iii) any other information required by the Company
- (f) The Council shall provide the information specified in sub-clause (e) to the Company in a timely manner to ensure that the Company is given sufficient time to consider the information
- (g) The Council shall:
 - (i) promptly advise the Company of any event that may give rise to a right of termination by any party to a Deferred Contract, including details of the reasons which may give rise to such right of termination, and
 - (ii) take any reasonable steps as required by the Company, including allowing the Company to carry out any reasonable action, to mitigate the effects of an event that may give rise to a right of termination

11. POST-COMPLETION PROVISIONS

- 11.1 **Trust for non-assigned Assets** If any of the Assets are not able to be assigned or otherwise transferred to the Company at Completion, the Council shall as from Completion and until such time as those Assets are assigned or otherwise transferred to the Company (which must occur within five Business Days of those Assets becoming able to be assigned or otherwise transferred to the Company), hold such Assets on trust for the Company and the Company is entitled to enforce its rights in respect of such Assets in the name of the Council
- 11.2 **Additional assets and liabilities** Subject to clause 10, after Completion, the Council and the Company will use all reasonable endeavours to identify any asset or contract held by the Council that
- (a) is necessary for the Company to carry on the Business after Completion in a manner consistent with how the Business was carried on during the 12 months prior to Completion, and/or
 - (b) primarily relates to the provision of the Transferring Water Services,
- other than an Excluded Asset ("**Further Item**"), by 1 July 2030 ("**Target Date**") If the Council or the Company identifies such a Further Item (whether before or after the Target Date), then the parties may agree to transfer the Further Item (subject to obtaining any applicable counterparty consent on terms satisfactory to both the Council and Company), for consideration determined by the parties consistent with how the consideration was

determined for the Assets and Obligations (and clause 8 will apply to the transfer of such Further Item, with such amendments as necessary in the context of the transfer of the Further Item) If the parties cannot agree on such value, the expert determination process in clause 8 2(b) of Schedule 2 will apply, with appropriate changes to reflect the determination required by this clause

- 11.3 **Receipt of post-Completion amounts** On and from Completion, the Company shall be entitled to receive and retain all amounts payable in respect of the Assets and Assumed Contracts. The Council shall make such payments to the Company as are necessary to give effect to the preceding sentence and until such payments are made shall hold the relevant amounts on trust for the Company. The Council shall promptly provide to the Company such information as is necessary to enable the Company to calculate amounts payable under this clause. The Council shall use all reasonable endeavours to ensure that the amount of each payment to be made under this clause is determined, and paid, as quickly as possible.
- 11.4 **Post-Completion wash-up**
- (a) The parties acknowledge that
 - (i) the Settlement Amount is calculated on the basis of the Council's best estimate of its Council Water Infrastructure Debt, and
 - (ii) each of the Council's share of Establishment Costs, the Council's Establishment Funding Share and any Transitional Activity Costs is calculated on the basis of the Council's best estimate of those amounts, as at the date of the Council Debt Notice
 - (b) Within six months of the Completion Date, the Council will give a further notice ("**Final Debt Notice**") to the Company setting out the actual amount of its Council Water Infrastructure Debt, the Council's share of Establishment Costs, the Council's Establishment Funding Share (including interest incurred by the Council on the Council's Establishment Funding Share) and any Transitional Activity Costs (together, the "**Final Debt Amount**") as at the Completion Date, including sufficient detail for the Company to be able to verify the Final Debt Amount payable by the Company, including at such dates agreed under clause 1 1(b)(i) of Schedule 2A.
 - (c) The Final Debt Notice will also include the amount of the difference between the Settlement Amount and the Final Debt Amount ("**Difference**"), which, if the Settlement Amount is greater than the Final Debt Amount, will be repayable by the Council to the Company, and if the Settlement Amount is less than the Final Debt Amount, will be payable by the Company to the Council, in accordance with subclause (e) below
 - (d) As soon as practicable after receipt of the Final Debt Notice
 - (i) the Company shall notify the Council about whether the Company agrees with the Final Debt Notice or whether it wishes to verify the amount(s) set out in the Final Debt Notice, and if yes, the reasonable time period required by the Company to do so the Council will promptly provide all reasonable assistance to the Company in respect of any further information requested or any verification or audit which the Company wishes to undertake

- (ii) if the Company notifies the Council that it wishes to verify the amount(s) set out in the Final Debt Notice, the Company will complete its verification within the reasonable time period notified to Council under subclause (d)(i) (or such other period agreed in writing with the Council), and notify the Council of such completion and whether it agrees with the Final Debt Notice following verification or request for additional information.
 - (iii) if, following verification under subclause (d)(ii), the Company notifies Council that it does not agree with the amount of the Final Debt Notice, the Company will provide notice in writing to the Council, after which the parties will discuss and endeavour to agree the amount of the Council Water Infrastructure Debt within 10 Business Days after receipt of that notice (or such longer period as is agreed between the parties in writing). If the parties cannot agree the amount of the Council Water Infrastructure Debt in that period, the Company may, by notice in writing to the Council, refer the matter for expert determination in accordance with clauses 8.2(b)(i) to (vi) of Schedule 2 (applied with the necessary amendments to make those clauses applicable to the determination of the Council Water Infrastructure Debt).
- (e) Within 10 Business Days of the later of:
- (i) Notice that the Company agrees with the Final Debt Notice under subclause d(i),
 - (ii) Notice that the Company agrees with the Final Debt Notice following verification under subclause (d)(ii) above, and
 - (iii) if applicable, the Final Debt Amount being agreed or determined in accordance with subclause (d)(iii),
- the relevant party with the payment obligation under subclause (d) above will pay the Difference to the other.

- 11.5 **Company to provide information** Following Completion, the Company shall permit the Council such access to its records as shall be reasonably necessary to enable the Council to complete tax returns and to comply with other statutory obligations of the Council relating to the Business and/or the provision of the Transferring Water Services.
- 11.6 **Council to provide information** Following Completion, the Council shall permit the Company to have access to its records, and to take copies thereof, for the purpose of conducting the Business or complying with other statutory obligations of the Company relating to the Business, the Responsibilities and/or the provision of the Transferring Water Services.
- 11.7 **Transition support** Without limiting either party's other rights and obligations under this agreement, if, following Completion, the Company identifies any issues relating to any of the Assets that have been assigned or transferred to the Company, then the Company may seek the Council's assistance in resolving such issues. The parties will promptly discuss the issues identified by the Company and measures to resolve those issues, including the Council's role in such resolution (for example, without limitation, by way of the Council providing additional information or other assistance to the Company under the Post-

Completion Services Agreement). The Council shall use its reasonable endeavours to assist the Company to resolve such issues (as agreed).

12. WARRANTIES AND INDEMNITIES

12.1 **Warranties:** In consideration of the Company entering into this agreement, the Council warrants to the Company, as at the Completion Date, that:

- (a) the Assets:
 - (i) are the absolute property of, and under the control of, the Council; and
 - (ii) are not subject to any Encumbrance;
- (b) the Assumed Contracts and Deferred Contracts are valid, binding and enforceable in accordance with their terms, and the Council is not, nor will it be at Completion (or, in respect of the Deferred Contracts the date on which the relevant Deferred Contract is transferred to the Company), in breach, in any material respect, of any such contracts; and
- (c) the Council is not in breach, in any material respect, of any of the Responsibilities.

12.2 **Qualifications:** The Warranties are given subject to:

- (a) any exception or qualification fairly disclosed in any formal disclosure letter given by or on behalf of the Council to the Company before execution of this agreement by the Company (disclosure will be considered to have been made if the matter is included in the approved Council water services delivery plan); and
- (b) any matter or thing done or omitted to be done in accordance with any provision of this agreement or at the request, or with the prior approval, of the Company.

12.3 **Company Acknowledgement:** The Company acknowledges and agrees that:

- (a) the Assets are sold on a strictly "as is where is" basis; and
- (b) the Council has not made any statement, representation or warranty (express or implied) as to, and the Company has no claim against the Council in respect of, the fitness, quality, condition or state of repair of any of the Assets.

APPENDIX 1 – MATTERS TO BE TRANSFERRED
(NOTING THAT LAND ASSETS ARE ADDRESSED IN SCHEDULE 2B)

Introduction This Appendix must be read in conjunction with Schedule 2B and clause 1.2 of Schedule 2. The overarching transfer principle is that all assets that primarily relate to the Transferring Water Services will transfer to the Company, this includes all underground pipes and fittings, plant or equipment owned by Council (including those fixtures, plant or equipment recorded in Council's fixed asset register as at 2 Business Days before Completion)

FLEET

Description	Year	Registration
Kea Model K85ST - Tipper Trailer (Water Services)	2014	1D130
Mazda BT-50 GLX 3.0TD Auto 4x4 Double Cab + Canopy + Towbar	2021	NLD334
Mitsubishi Triton GLX 2.4TD Auto 4x4 Double Cab + Canopy + Towbar	2022	PFN108
Mitsubishi Triton GLX 2.4TD Auto 4x4 Double Cab + Canopy + Towbar	2022	PFN109
Toyota Hilux SR 2.8D Hybrid Auto 4x4 Double Cab + Canopy + Towbar	2024	QTU437
Toyota Hilux SR 2.8D Hybrid Auto 4x4 Double Cab + Canopy + Drawers + Towbar	2024	QTU438
Toyota Hilux SR 2.8D Hybrid Auto 4x4 Double Cab + Canopy + Drawers + Towbar	2024	QUZ722
Toyota Hilux SR 2.8D Hybrid Auto 4x4 Double Cab + Canopy + Drawers + Towbar	2024	QUZ721
Toyota Hilux SR 2.8D Hybrid Auto 4x4 Double Cab + Canopy + Drawers + Towbar	2024	QTU440
Toyota Hilux SR 2.8D Hybrid Auto 4x4 Double Cab + Canopy + Drawers + Towbar	2024	QTU439

OBLIGATIONS

A ASSUMED CONTRACTS

In accordance with clause 6.6 of Schedule 2, the parties are agreed that further work is required to identify all Assumed Contracts. The below will be reviewed and amended, if necessary, prior to Completion¹.

	Contract name/description		
	Contract Number	Contract Name	Contract Type
1	500/21/068	Reticulation Contract	Operations
2.	500/21/068A	Renewal Agreement for Reticulation Contract	Operations
3.	500/23/029	Te Kuiti Wastewater Treatment Plant Sludge Disposal	Operations
4	500/24/082	3 Waters Renewal 2024/27	Capital
5	500/23/001	Te Kuiti Water Supply - Principal Requirement (WSP)	Capital
6	500/23/001	Te Kuiti Water Supply – NZS3916 (HEB)	Capital
7	500/23/001	Te Kuiti Water Supply – Professional Services (WSP)	Capital
8.	500/24/031	Te Kuiti Water Supply - Programme Deliver Management (MOSHCON)	Capital
9.	287009	Piopio Wastewater – Piopio College	Bespoke
10	807451	Piopio Wastewater – Piopio Primary	Bespoke
11	314854	Benneydale Water Supply – [Reinhardt] ²	Bespoke
12	-	[Runciman] Grazing License ³	Bespoke
	500/23/010	Te Kuiti West Catchment Improvement (in so far as it relates to wastewater services only) (see Excluded obligations below)	Capital
	500/21/003	Reticulation Renewals (see *Note re 500/22/26 and 500/21/003 in Excluded Obligations below)	Capital

¹ At the time of entry into this agreement (February 2026), the following matters remain under review and will be addressed in accordance with clause 6.6 of Schedule 2: contracts relating to operational technology, multi-party contracts with Co-Lab and trade waste. Further due diligence is also to be completed on the Sludge Removal contract and related negotiations. These matters will be addressed as part of the pre-completion activity, with the transfer principles guiding decision making.

² Confidential - to be redacted in any version released to the public.

³ As above.

RESPONSIBILITIES

A) STATUTORY RESPONSIBILITIES

	Statutory Responsibilities	Reference
1.	Responsibility for the provision, operation and management of drinking water and wastewater services in the district of the Council to the extent permitted by law.	Section 9, LG(WS) Act
2.	Compliance with provider level drinking water obligations – including reporting to regulator.	Water Services Act 2021
3.	Compliance with environmental obligations for wastewater – including reporting to regulator.	Resource Management Act
4.	Compliance with the requirements that apply to a water services provider (of drinking water and wastewater)	LG(WS) Act, Commerce Act

B) OPERATIONAL RESPONSIBILITIES

Operational Responsibilities	Reference
All operational aspects of drinking-water and wastewater services, including running and maintaining assets, ensuring regulatory compliance, managing customer connections, and responding to faults and emergencies.	LG(WS) Act, Water Services Act 2021

C) MANAGEMENT RESPONSIBILITIES

Management Responsibilities	Reference
Managing the delivery of drinking-water and wastewater services, including oversight of service performance, asset and contractor management, workforce management, operational compliance, and risk and incident management.	LG(WS) Act

D) RESOURCE CONSENTS

	Site Name	IRIS ID	Activity Type	Activity Subtype	Description
1	Benneydale WWTP	AUTH118813 01 01	Discharge Permit	Water - sewage	Discharge up to 85 cubic metres per day of treated municipal wastewater onto land on a seasonal basis and when land application is not possible, discharge to the Mangapehi Stream
2	Mokau WS	AUTH113544 01 01	Water Permit	Surface water take	Take up to 1,000 cubic metres per day of water from an unnamed tributary for public water supply purposes in Mokau
3	Mokau WS	AUTH113545 01 01	Discharge Permit	Water - other	Discharge up to 10 cubic metres of filter backwash water to an unnamed tributary of the Coastal Marine Area in association with a municipal water treatment plant in Mokau
4	Piopio WWTP	AUTH117290 01 01	Discharge Permit	Water - sewage	Discharge up to 135.4 cubic metres of treated municipal sewage in any 24-hour period from the Piopio Wastewater Treatment System to the Mokau River
5	Benneydale WS	AUTH143938 01 01	Water Permit	Ground water take	Take up to 180 cubic metres per day of groundwater for Benneydale municipal supply purposes Replacement for AUTH116274 01 01
6	Benneydale WS	AUTH117945 01 01	Discharge Permit	Water - other	Discharge up to 5 cubic metres per day of filter backwash into an unnamed tributary of the Mangapehi Stream
7	Benneydale WS	AUTH116844 01 02	Water Permit	Surface water take	Take up to 180 cubic metres per day of water from an unnamed tributary of the Mangapehi Stream for water supply purposes
8	Te Kuiti WS	AUTH103577 01 01	Land Use Consent	Bed - disturbance	Works in a river associated with water take and supply
9	Te Kuiti WWTP	AUTH112641 01 01	Land Use Consent	Bed - disturbance	Construct an outfall structure in the Mangaokewa Stream
10	Te Kuiti WWTP	AUTH112639 01 01	Discharge Permit	Discharge to water	To discharge treated municipal wastewater to the Mangaokewa Stream from the Te Kuiti Wastewater Treatment Plant

	Site Name	IRIS ID	Activity Type	Activity Subtype	Description
11.	Te Kuiti WWTP	AUTH120048.01.01	Discharge Permit	Discharge to land	To discharge treated wastewater (via seepage) to land and groundwater from activities associated with the Te Kuiti wastewater treatment plant.
12.	Te Kuiti WWTP	AUTH120051.01.01	Discharge Permit	Discharge to air	To discharge contaminants to air, including odour from activities associated with the Te Kuiti Wastewater Treatment Plant.
13.	Te Kuiti WS	AUTH133317.01.01	Water Permit	Surface water take	To take water from the Mangaokewa stream.
14.	Benneydale WS	AUTH116843.01.01	Water Permit	Dam	Use and maintain an existing dam structure in the bed of an unnamed tributary of the Mangapehi Stream, and dam water for water supply purposes.
15.	Mokau WS	AUTH130356.01.01	Water Permit	Dam	To dam and divert an unnamed tributary for public water supply purposes at Mokau.
16.	Te Kuiti WS	AUTH136029.01.01	Land Use Consent	Bed - structure	To place a water intake structure in the bed of the Mangaokewa Stream, Te Kuiti.
17.	Te Kuiti WS	AUTH137948.01.01	Land Use Consent	Bed - disturbance	To divert water, undertake bed disturbance and erect a coffer dam - Te Kuiti water treatment plant.
18.	Te Kuiti WS	AUTH143574.01.01	Land Use Consent	Land - well	to construct, use and maintain a well for municipal water supply.
19.	Piopio WS	AUTH107477.01.02	Water Permit	Surface water take	Take up to 165,929 cubic metre per year of water from Kuratahi Stream for municipal water supply purposes.
20.	Piopio WS	AUTH107478.01.02	Discharge Permit	Discharge to Water	Discharge up to 8 cubic metres of filter backwash water and waste over a 4 minute period, twice a week to the Kuratahi Stream in association with the operation of a municipal water supply.
21.	Piopio WS	AUTH108776.01.01	Land Use Consent	Bed - structure	To occupy the bed of the Kuratahi Stream with a water intake structure and a discharge outlet structure, in association with the operation of a municipal water supply.

	Site Name	IRIS ID	Activity Type	Activity Subtype	Description
22.	Te Waitere WWTP	AUTH138063.01.01	Discharge Permit	Land - sewage	Discharge up to 5.2 cubic metres per day of septic tank effluent from residential and public toilet sources, into land.

E) IWI AND HAPŪ RESPONSIBILITIES

The parties acknowledge that there are very important relations in place between Council and iwi/hapū as well as significant Treaty settlements that have been entered into that are relevant to how water services will be delivered by the Company. There are also related agreements, arrangements and mechanisms such as, for example, joint management agreements, relationship agreements and specific arrangements with iwi/hapū in relation to particular areas or water services projects.

Although not required in a transfer agreement, the Company acknowledges:

- a) the significance of these relationships, Treaty settlements and arrangements. The detail of these is not addressed in this transfer agreement as the matters are not "transferring" but are of relevance to the Company in the context of its water services activities;
- b) it is obliged to act in a manner consistent with Treaty settlement obligations as set out in the LG(Ws) Act and is committed to working with iwi/hapū and the Council to develop a shared understanding of what this requires in practical terms. This includes understanding how these obligations apply to the Company's work, and to ensure the Company respects and upholds the relevant commitments.

This above will form part of the enduring relationship between the Company, iwi/hapū and the Council. Further work is underway to provide detail on the practical aspects of this. For present purposes, the following is noted:

	Iwi and hapū Responsibilities	Reference
1.	It is recognised that Council is a party to the Joint Management Agreement with Maniapoto Māori Trust Board, Ōtorohanga DC, Waikato DC, Waikato Regional Council and Waipā DC. The JMA relates to the RMA functions of Council. The Company is not a party to the JMA nor is it intended that the Company will be added as a party as part of the transfer agreement. The Company will work with council to ensure its operations are consistent with the JMA, Iwi expectations and applicable Treaty Settlements.	A238107 A404017
2.	Council is not subject to the Waikato-Tainui Joint Management Agreement, but does have obligations under the Vision and Strategy for the Waikato River insofar as it relates to the Waipā River.	A238107

APPENDIX 2

MATTERS TO NOT BE TRANSFERRED

EXCLUDED ASSETS

	Excluded Assets
	Nil

EXCLUDED CONTRACTS

	Excluded Obligations
1	Capital contract 500/22/026 <i>This contract is being transferred to the Company only in so far as it relates to wastewater. No stormwater obligations are assumed by the Company</i>
2	
3	

EXCLUDED RESPONSIBILITIES

	Excluded Responsibilities	Reference
1	Delivery of Stormwater Services	
2	N/A	
3	N/A	

EXCLUDED RESOURCE CONSENTS

	Excluded resource consents	Reference
	Nil	

SCHEDULE 2A

SETTLEMENT AMOUNT

1. PRINCIPLES FOR ESTABLISHING THE NET DEBT CALCULATION

1.1 The intent is that the Company either:

- (a) pays the Council an amount equal to:
 - (i) the Council Water Infrastructure Debt;
 - (ii) the Council's share of the Establishment Costs;
 - (iii) the Council's Establishment Funding Share, including interest incurred by the Council on the Council's Establishment Funding Share; and
 - (iv) any Transitional Activity Costs;

in each case to the extent actually paid to the Company or a third party by the Council, and not previously repaid to the Council); or
- (b) agrees with the Council in writing that:
 - (i) the Council will retain some or all of its Council Water Infrastructure Debt until future date(s) agreed with the Company, on which the Company will pay the Council the amount of that retained Council Water Infrastructure Debt;
 - (ii) the Company will pay the Council an amount equal to the Council's Council Water Infrastructure Debt (less the amount that will be retained by the Council under subclause 1.1(b)(i) above), the Council's share of the Establishment Costs, and the Council's Establishment Funding Share (to the extent actually paid to the Company and not previously repaid to the Council); and
 - (iii) the Company will meet such costs of the Council in retaining the Council Water Infrastructure Debt under subclause 1.1(b)(i) above, as agreed and specified in writing between the parties.
- (c) The Council will be responsible for paying its creditors and collecting its receivables balances at the Completion Date.
- (d) The Council will remain responsible for the provision of the Transferring Water Services until the Completion Date, but will not incur debt amounts greater than those projected in the Council's long-term plan in place on the date of the Shareholders' Agreement (notwithstanding any subsequent amendments to such long-term plan after that date).

2. COUNCIL WATER INFRASTRUCTURE DEBT DETERMINATION

- 2.1 The Company will be given the opportunity to engage with the Council in advance of the Council Debt Notice being provided pursuant to clause 6.1(f) of Schedule 2.

- 2.2 The Parties accept that should any issue arise in relation to that Council Debt Notice, there may be insufficient time to resolve this. Any unresolved matters arising in relation to the Council Debt Notice will be documented and considered as part of the Final Debt Notice, as provided for in Schedule 2.

3. SETTLEMENT AMOUNT CALCULATION

- 3.1 The amount payable by the Company to the Council for the purpose of clause 7.2(a) of Schedule 2, will be calculated by the following statement being completed in advance of the Calculation Time.

	Item	Information source	Amount
A.	Water Infrastructure Debt	Amount of Water Infrastructure Debt set out in the Debt Notice provided by the Council pursuant to clause 6.1(f), Schedule 2. The Debt Notice will include a list of any debt instruments transferring to the Company as Water Infrastructure Debt, together with any agreed accounting for working capital adjustments.	\$(to be included]
A.1	(Less any debt retained by Council in accordance with clause 1(a)(ii) of this Schedule 2A)	As per clause 1(a)(ii) above, any agreement between the Company and Council in relation to the Council retaining Water Infrastructure Debt will be agreed in writing and the Water Infrastructure Debt reduced accordingly.	[Drafting note: TBC]
B.	Share of Establishment Costs	Specific amount paid by Council to be included	\$Amount per Council as agreed in advance to be included
C.	Establishment Funding Share	Specific amount to be included per SHA	\$Amount per Council as agreed in advance to be included
D.	Transitional Activity Costs	Agreed methodology for calculating this category of cost is set out in clause 4 below of this Schedule 2A.	\$Amount per Council as agreed in advance to be included
	Total		\$(X]

4. TRANSITIONAL ACTIVITY COSTS

4.1 The Transitional Activity Costs will be calculated in accordance with this clause 4

4.2 The Company will repay Council for transitional activity costs incurred from the date of the Company being incorporated until the Completion Date where the costs are directly incurred for the purpose of readying the Council to transition its water services to the Company. These costs include incremental costs incurred by the Council relating to

- (a) Providing input and support for the establishment activity carried on by the Company in accordance with the Establishment Strategy and the underlying establishment plan (being the establishment plan approved by the parties in and around July 2025) (including the supply of information, staff attendance at workshops, executive input to cross organisational programmes of work, preparation of legal agreements between Council and the Company)
- (b) Organisational change management within Council to plan and prepare for changes to Council role and functions in preparation for the transfer of Waters Services to the Company
- (c) Management of redundant resources and costs as a result of organisational changes (employee redundancy cost, stranded overheads) subject
 - (i) such costs not already being included in Council Water Infrastructure Debt
 - (ii) Council making reasonable efforts to redeploy or eliminate redundancy costs
 - (iii) Council only including redundancy costs that relate to resources used by the waters business (on a business-as-usual basis) and on a proportional basis (i.e. only to the extent they relate to water services). Excludes redundancy payments for employees no longer required by Council where less than 20% of the role of the employee is attributable to Water Services

SCHEDULE 2B

TRANSFER TERMS AND CONDITIONS

1. PURPOSE

1.1 **Purpose of Schedule 2B** This Schedule 2B provides for the terms of the transfer from the Council to the Company of the Assets comprising land, plant and equipment identified in

- (a) Appendix 1 to this Schedule ("**Land Assets**"),
- (b) Appendix 2 to this Schedule ("**Reserve Land Assets**"),
- (c) Appendix 4 to this Schedule ("**Access Terms Assets**"), and
- (d) Appendix 5 to this Schedule ("**Road Reserve Assets**"),

together the "**Property Assets**".

2. LAND ASSETS TO BE TRANSFERRED

2.1 **Schedule 2 to apply** The provisions of this Schedule 2B apply in relation to Property Assets. To the extent applicable, the general provisions of Schedule 2 apply also to the Property Assets and to the transfer of those Property Assets from the Council to the Company under this Schedule 2B.

2.2 **Land Assets** The parties enter into this agreement and the Council agrees to transfer the Land Assets to the Company under section 50 of the Public Works Act 1981 ("**PWA**"), on the basis that

- (a) the Council is a local authority for the purposes of section 2 of the PWA,
- (b) the Council currently holds the Land Assets for an existing public work (water and wastewater services purposes),
- (c) the Company will become a local authority under the PWA on the Completion Date,
- (d) the Company requires the Land Assets for a public work (the Transferring Water Services) for which the Company will hold Statutory Responsibilities,
- (e) as the Land Assets are required by the Company for a public work (Transferring Water Services), pursuant to section 40(1)(b) of the PWA, the Council is not required to offer back the Land Assets to the previous owner of the Land Assets under sections 40 and 42 of the PWA (those obligations now transferring to the Company),
- (f) any rights to have the Land Assets offered back pursuant to sections 40 and 42 of the PWA remain with the persons from whom the Land Assets were originally acquired for a public work and not the Council, and
- (g) any future obligation to offer all or any part of the Land Assets back to a former owner pursuant to section 40 of the PWA will rest with the Company and not the Council.

The Council shall transfer the Land Assets to the Company, and the Company shall receive the Land Assets free of any Encumbrances from the Council, in accordance with this agreement.

- 2.3 **Reserve Land Assets** In respect of the Reserve Land Assets, the parties enter into this agreement and the Council and the Company agree to arrange for the Reserve Land Assets to be set apart for applicable Transferring Water Services purposes under section 52 of the PWA and vested in the Company under sections 50 and 20(1) of the PWA on the basis that
- (a) the Council holds the Reserve Land Assets as a public reserve, and
 - (b) those matters referred to in subclauses 2.2(c) to 2.2(g) above apply also in respect of the Reserve Land Assets.
- 2.4 **Condition subsequent** The parties acknowledge that the Company will become a local authority for the purposes of the PWA when the Statutory Responsibilities are transferred to the Company under this agreement and therefore, that the matters in clause 2.2 above are conditional (as a condition subsequent) on the transfer of the Statutory Responsibilities to the Company on the Completion Date.
- 2.5 **Interim obligations** Between the date of this agreement and the later of Completion or registration of the declaration or transfer instrument, the Council shall (in addition to complying with its obligations in clause 6 of Schedule 2)
- (a) maintain all Property Assets in good repair and condition, and
 - (b) not acquire any new Property Assets or dispose of, vary or otherwise in any way deal with any of the Property Assets, unless otherwise agreed between the Council and the Company
- 2.6 **Additional Land Assets** The parties acknowledge that clause 6.6 of Schedule 2 also applies to any additional interests in land held by the Council
- 2.7 **Completion** On Completion under this agreement and in consideration for the Settlement Amount, title to, risk to, and possession of, the Land Assets and the Reserves Land Assets shall be given by the Council and accepted by the Company
- 2.8 **Legalisation** The transfer of the Land Assets will, at the Company's election, be legalised either by
- (a) declaration under sections 20(1) and 50 of the PWA, or
 - (b) the appropriate transfer instrument (or other instrument, all referred to in this Schedule as a "transfer instrument") under the Land Transfer Act 2017.
- 2.9 **Compensation certificate** Where legalisation of the transfer will not occur on Completion, the Company may elect to lodge a compensation certificate pursuant to section 19 of the PWA against one or more of the Land Assets. The Company will
- (a) notify the Council following registration of the compensation certificate, and
 - (b) promptly following the acquisition by the Company of the applicable Land Asset, withdraw the compensation certificate.
- 2.10 **Survey plans** Where required to give effect to the transfer contemplated by this Schedule 2B (including any setting apart), unless otherwise agreed in writing, the Council (at its cost) will arrange for a surveyor to prepare any required survey office or land transfer plans and provide the

same to the Company for review and comment. The Company will not unreasonably withhold or delay its approval to any such survey plan

- 2.11 **Declaration** Where the transfer of all or part of the Land Assets or Reserve Land Assets is to occur by declaration under sections 20(1) and 50 of the PWA, the Company will prepare a declaration pursuant to sections 20 and 50 of the PWA with respect to those Land Assets and arrange for the Crown (through Land Information New Zealand ("LINZ")) to sign such declaration. The Company will publish and register the declaration following execution by the Crown (through LINZ)
- 2.12 **Transfer** Where the transfer of all or part of the Land Assets is to occur by transfer instrument under the Land Transfer Act 2017, the following provisions will apply
- (a) the Company shall procure its solicitors to
 - (i) within a reasonable time prior to the Completion Date, create a Landonline workspace for the transaction, notify the Council's solicitors of the dealing number allocated by LINZ, and prepare in that workspace a transfer instrument in respect of the applicable Land Asset,
 - (ii) prior to Completion
 - (aa) (where applicable) lodge in that workspace the tax information contained in the Company's tax statement, and
 - (bb) certify and sign the transfer instrument, and
 - (iii) provide the Council's solicitors with a written undertaking and do all things as may be required to effect Completion in the manner contemplated by the most recent edition of the Property Transactions and E-Dealing Practice Guidelines prepared by the Property Law Section of the New Zealand Law Society (insofar as the same relates to the conduct of the Company's solicitors), and
 - (b) the Council's solicitors shall
 - (i) within a reasonable time prior to the Completion Date, prepare in that workspace all other electronic instruments required to confer title in the applicable Land Assets on the Company free from Encumbrances, and
 - (ii) prior to Completion
 - (aa) (where applicable) lodge in that workspace the tax information contained in the Council's tax statement, and
 - (bb) have those instruments and the transfer instrument certified, signed and, where possible, pre-validated,
 - (cc) provide the Company's solicitors with a written undertaking that
 - (1) the Council's solicitors (or where applicable, the solicitors for the party to which the relevant discharge or withdrawal relates)
 - (A) have prepared, pre-validated, certified and signed the discharges or withdrawal as electronic

Instruments in the workspace created by the Council's solicitors (quoting the eDealing number); and

- (B) will not attempt to withdraw the release of the instruments (once released (as contemplated in clause 2.12(b)(ii)(cc)(2)) or attempt any alteration of the instrument or do anything to prevent registration of the relevant discharge or withdrawal following Completion or release; and

- (2) the Council's solicitors (or where applicable, the solicitors for the party to which the relevant discharge or withdrawal relates) will release the relevant instrument for the discharges or withdrawals and the transfer(s) into the workspace immediately following Completion occurring for registration as electronic instruments, in accordance with the protocol for remote settlement set out in the most recent edition of the Property Transactions and E-Dealing Practice Guidelines prepared by the Property Law Section of the New Zealand Law Society.

2.13 **Alternative transfer mechanism:** Notwithstanding clause 2.2, if any of the Land Assets or Reserve Land Assets cannot be transferred pursuant to s 50 of the PWA, the Company will advise the Council of an alternative transfer mechanism in writing.

2.14 **Gazette:** In respect of the Reserve Land Assets, the Company will instruct a LINZ accredited supplier to:

- (a) prepare a declaration to:
 - (i) set the Reserve Land Assets apart for Transferring Water Services purposes under section 52 of the PWA;
 - (ii) vest the Reserve Land Assets in the Company under sections 50 and 20(1) of the PWA; and
 - (iii) provide such declaration to LINZ for signing pursuant to section 52 of the PWA;
- (b) seek any necessary consent (including under delegated authority, if applicable) of the Minister of Conservation under section 52(2) of the PWA;
- (c) arrange publication of the declaration pursuant to the PWA in the New Zealand Gazette; and
- (d) lodge the declaration pursuant to the PWA (in the form of a Gazette notice) for registration against the records of title for the Reserve Land Assets,

with the intention that that declaration be published promptly following (but not prior to) Completion, and the Council will provide all such consents and undertake such actions in support of and as may be reasonably required by the Company to assist in giving effect to the setting apart and vesting of the Reserve Land Assets.

- 2.15 **Access Terms Assets** In respect of the Access Terms Assets, the parties agree that, from the Completion Date, the Council will grant a licence to the Company for the Access Terms Assets on the Access Terms set out in Appendix 3 of this Schedule 2B. To avoid doubt, the Access Terms are intended to operate as a written standing consent for the Company to enter the Access Terms Assets for the purposes of section 161 of the LG(WS) Act unless and until terminated by either party, in which case the access process set out in the LG(WS) Act will apply.
- 2.16 **Road Reserve Assets** The Council transfers to the Company all Assets located in road reserve, including the Road Reserve Assets, in accordance with this agreement. The Company acknowledges and agrees that it has the right to enter land on which the Road Reserve Assets are located pursuant to sections 172 and 177 of the LG(WS) Act.
- 2.17 **Trust for non-assigned Assets** If any of the Property Assets are not able to be transferred to the Company at Completion, the Council shall as from Completion and until such time as those Property Assets are transferred to the Company, hold such Property Assets on trust for the Company and the Company is entitled to enforce its rights in respect of such Property Assets in the name of the Council.
- 2.18 **Further assurances** The Council shall take such actions, and sign and deliver to the Company (together with all relevant documents of or evidencing ownership) such documents and other things necessary, to transfer to the Company full and unencumbered legal and beneficial title to, and possession of, the Land Assets and Reserve Land Assets as the Company may reasonably require.
- 2.19 **Incomings and outgoings** Clause 8 of Schedule 2 applies to the apportionment of incomings and outgoings applying to the Property Assets.
- 2.20 **Costs** Except as otherwise expressly provided in this Schedule 2B, the costs of implementing Schedule 2B of this agreement will be shared between the parties as follows:
- (a) the cost of engaging a "LINZ Accredited Supplier" and arranging the signing and publication of the declarations in relation to the transfers will be shared equally between the Council and the Company,
 - (b) the cost of obtaining any surveys required to give effect to the transfer of Land Assets and Reserves Land Assets will be met by the Council, and
 - (c) the cost of any conveyancing necessary to facilitate the transfers anticipated by this agreement will be met by each party in respect of their respective conveyancing costs.

3. POST-COMPLETION PROPERTY TRANSFERS

- 3.1 **Specific post-Completion obligations and transfers** Without derogating from the obligations of the Council to ensure that the Property Assets are transferred to the Company on the Completion Date, to otherwise perfect the transfers intended by this agreement or to hold Property Assets which are not transferred on Completion on trust in accordance with clause 2.17, the Council will, at its own cost (including meeting any third party costs), carry out and complete the actions set out in this clause 3 as soon as practicable and no later than the applicable timeframe stipulated below:

Easement Acquisition – Hospital Reservoir

- (a) The Council is in the process of upgrading the hospital reservoir in Te Kuiti. This includes upgrade works to the pipe situated in the easement areas described in easement instruments H572821, H572823, and H795116 ("**Existing Easements**"). Because the Existing Easements are not wide enough for the new pipework, the Council will acquire a wider easement in the location shown (for indicative purposes only) on the aerial plan included as Appendix 5 to this Schedule 2B ("**New Easement**"). The Council will (in consultation and cooperation with the Company), within 12 months from Completion, obtain all regulatory consents and approvals (if any), and otherwise do all acts, matters and things required to:
- (i) to the extent not already completed, procure survey plans to identify the New Easement;
 - (ii) undertake all necessary negotiations with the landowners (and any other applicable party with interests in the affected land) and enter into all relevant agreements to grant the New Easement;
 - (iii) do all acts, matters and things required to register the New Easement and surrender the Existing Easements at its cost; and
 - (iv) (to the extent not registered in the name of the Company) transfer the New Easement to the Company no later than 10 Business Days from its registration.

Land swap- Te Kuiti Primary School

- (b) The Asset named Pump Station Main (Terminal Wastewater Pump Station) is located at the property situated at 1 Rora Street, Te Kuiti, legally described as Section 27-28 Block III Otake Survey District and comprised in record of title 1116967 owned by His Majesty the King for a Public School Site. Within 12 months from Completion, the Council will (in consultation and cooperation with the Company), obtain all regulatory consents and approvals (if any) and otherwise do all acts, matters and things required to:
- (i) exchange the land required for the pump station with parts of the adjacent road and recreation reserve as shown (for indicative purposes only) on the plan included as Appendix 6 ("**Land Exchange Plan**") pursuant to section 15 of the Reserves Act 1977; and
 - (ii) transfer the title to the land described as 'Required Land A – 342sqm' on the Land Exchange Plan to the Company no later than 10 Business Days from the completion of the land swap and the issue of the new titles on the terms of this agreement.

- 3.2 **Co-operation in respect of statutory powers regarding Transferring Water Services:** To the extent that any of the Council's obligations in this clause 3 cannot (as a matter of law), following transfer of the responsibility for the Transferring Water Services to the Company, be carried out by the Council and must be carried out by the Company, then the Company and the Council will work together, each acting reasonably, to give effect to the outcomes intended to be achieved by this clause 3 (including cost allocation).
- 3.3 **Updates and notification:** The Council will keep the Company regularly (no less than once a month) updated on its actions and progress in complying with its obligations under this clause 3, notify the Company when an obligation has been completed and provide the Company with

relevant documents (such as updated records of title evidencing registration) and such other information as the Company may reasonably require as requested by the Company from time to time

4. REVERSE LICENCE

4.1 **Grazing Licence** The parties acknowledge that part of the land comprised in records of titles 548718 and 548719 is subject to a grazing licence between the Council and Ben and Tania Runciman dated 30 April 2024 ("**Grazing Licence**") ("**Reverse Licence Land**")

4.2 **Reverse Licence** From the Completion Date until the Company is no longer the registered owner of the Reverse Licence Land, the Company grants a licence to the Council and the Council accepts this licence, for the non-exclusive use of the Reverse Licence Land for the purposes of

- (a) continuing to act as the Licensor in all respects under the Grazing Licence and
- (b) with the Company's prior written approval, entering into further grazing licences on substantially the same terms once the Grazing Licence is terminated or has finally expired

4.3 **Licence Fee and Outgoings** Without limiting clause 4.2, the Council shall be entitled to collect any licence fees and outgoings under the Grazing Licence or any other licence that the Council may enter into in respect of the Reverse Licence Land. The Council must provide all outgoings collected under the Grazing Licence to the Company within one Business Day of receipt.

4.4 **Maintenance** The Council will keep and maintain the Reverse Licence Land in the same state of order, repair and condition (including effecting reinstatement or replacement (whether whole or in part) as necessary) as they were at the Completion Date, fair wear and tear accepted.

4.5 **Indemnity** The Council indemnifies the Company against any costs, claims, damages, expenses, action and proceedings arising from a breach of covenant or otherwise under the Grazing Licence or any further grazing licence granted by the Council.

APPENDIX 1

LAND ASSETS TO BE TRANSFERRED

LAND ASSETS – FEE SIMPLE

Address	Record of Title	Legal Description	Area (more or less)	Above Ground Assets
5241 State Highway 3, Awakino	713961	Section 1 SO 482206	1.0315 hectares	Lower Dam - Reservoir OBS
5241 State Highway 3, Awakino	SA24B/678	Lot 1-2 DPS 21285	2.5529 hectares	Mokau Water Reservoir/Plant Office Building/Control Room
98 Hetet Street, Te Kuiti	SA1D/1160	Pukenui A23B Block	2481 sqm	Hetet St Reservoir
99B Awakino Road, Te Kuiti	529198	Lot 2 DP 325769 Lot 1 DP 434066	7985 sqm	Reservoir Awakino Timber Tank
80C Mangaotaki Road, Piopio	SA30A/710	Lot 1 DPS 32577	2250 sqm	Reservoir
3 Waitete Road, Te Kuiti	1232991	Lot 2 Deposited Plan 616156	3532 sqm	Reservoir / Treatment Plant Plant Building
31 Tui Street, Piopio	SA11A/747	Lot 1 DPS 12822	1012 sqm	Piopio Sewerage Plant Control Room
48 Te Kumi Station Road, Te Kuiti	SA39A/282	Te Kumi A22 Block	3.9183 hectares	Te Kuiti Treatment Plant Main Building, Oxidation Ponds, Office Building
48 Te Kumi Station Road, Te Kuiti	SA22D/243	Part Te Kumi A21 Block	1360 sqm	Te Kuiti Oxidation Ponds
0 Te Kumi Station Road, Te Kuiti	SA22D/244	Part Te Kumi A29 Block	4980 sqm	Te Kuiti Oxidation Ponds
0 Te Kumi Station Road, Te Kuiti	SA19C/34	Pt Lot 1 DP10413 Pt Te Kumi 12B2B3B2A1 Block Pt Te Kumi A28 Block	4.0520 hectares	Te Kuiti Oxidation Ponds
0 Te Kumi Station Road, Te Kuiti	SA24A/676	Section 52 Block XV Orahiri Survey District	10 sqm	Te Kuiti Oxidation Ponds
50 Kuratahi Street, Piopio	SA56D/479	Lot 1 DPS Auckland 37857 and Lot 1 DPS Auckland 65565	3866 sqm	Piopio Raw Water Supply - Watermains & Water Treatment Plant

LAND ASSETS – EASEMENTS IN GROSS

Address	Instrument	Burdened Land	Purpose/Area/Survey Plan	Asset Type
2 Mine Road, Maniaiti / Benneydale	9678029.3	TNC1/668 Part Section 11 Block X Mapara SD	Right to Convey Water A C E F G Right to Convey Electricity B C D Right of Way A C E F G DP 429706	Benneydale Treatment Plant Building
30 Ailsa Street, Te Kuiti	T440585	SA925/265 Lot 1 Deposited Plan 36120	water right over part in favour of the Te Kuiti Borough Council	Reservoir Hospital
		SA56B/947	water right over part in favour of the Te Kuiti Borough Council	
	9202131.1	SA56B/947	right of way over part Lot 1 DPS 75279 marked B and over part Lot 1 DPS 8442 marked C on DP 444549	Reservoir Hospital Access Route
		SA1064/234	right of way over part marked A on DP 444549	
	H572821	SA10B/899	water supply right over part marked B on DPS 34450	Reservoir Hospital
	H572823	SA18B/375	water supply right over part marked A on Plan S34450	
	H795116	SA24C/357	water supply right to over part marked C on DPS 34450	
	S169417	SA24C/357	water right over part marked B on DPS 24940	
		SA24C/356	water right over part marked A on DPS 24940	
71 Mangarino Street, Te Kuiti	T439412	SA184/62	Water Rights over part created by Transfer 439412	Reservoir Mangarino
1057 Te Waitere Road, Taharoa	H403667.5	986631 Lot 7 DP 559817	Rights to Convey Sewage Z on DP 559817	Treatment Plant and Soakage Trenches
		257585 Lot 3 Deposited Plan 363248	C on DP 363248 B DP 363248	
		257586	D on DPS 27769	

Address	Instrument	Burdened Land	Purpose/Area/Survey Plan	Asset Type
		Lot 4 Deposited Plan 363248	E on DPS 27769	
		SA27D/1229 Lot 8 DPS 27769		
		SA27D/1230 Lot 9 DPS 27769		
7 Hospital Road, Te Kuiti	12773105 1	204006	right to drain sewage over part marked G on DP 586587	Pumpstation Hospital Road
		SA15D/399	right to drain sewage over part marked F on DP 586587	
		SA15D/400	right to drain sewage over part marked C, D, E on DP 586587	
		SA16C/587	right to drain sewage over part marked A,B,H on DP 586587	

APPENDIX 2

RESERVE LAND ASSETS

Address	Record of Title	Legal Description	Area (more or less)	Asset Type
2 Mine Road, Maniaiti / Benneydale	TNB1/962	Lot 1 DP 7741	5906 sqm	Mapara Watere Supply Reservoir
0 Maniaiti Road, Maniaiti / Benneydale	654065	Lot 1 DP 8361	7.3273 hectares	Dam & Part 150mm Watermain on Lot
20 Georgetti Street, Maniaiti / Benneydale	548718	Lot 1 DP 6040	1.6620 hectares	Soakage Field Wet Well Pump Station BD
N/A	1274916	Lot 1 DP 10165	9.8743 Ha	Dam & Part 150mm Watermain on Lot
N/A	587201	Section 1 SO 452967	527 sqm	Piopio Discharge Field Huia Street

APPENDIX 3

ACCESS TERMS

INTRODUCTION

- A The Council is the owner of the Land and has transferred the Assets on the Land to the Company in accordance with this agreement
- B The Company has certain rights under the LG(WS) Act to enter the Land and carry out work subject to consent and conditions
- C The Council and the Company have entered into these Access Terms to record the consent and conditions for the Company's entry to and works on the Land in accordance with the LG(WS) Act

1. ACCESS TERMS

- 1.1 Terms in capitals in these Access Terms which are not defined, have the same meaning as set out in of Schedule 5 of this agreement This Access Agreement shall be interpreted in accordance with clause 1.3 of Schedule 5 of this agreement

- 1.2 **Definitions** In these Access Terms, unless the context otherwise requires

"Access Terms Assets" means the assets listed in Appendix 4 of this Schedule 2B.

"Land" means the land owned or administered by, or vested in, the Council during the Term on which Access Terms Assets or any other Assets are located, or any Water Services assets that are located or constructed by the Company during the Term, including the Access Terms Assets listed in Appendix 4 of this Schedule 2B.

"Licensed Area" means that part of the Land on which any improvements owned by the Company are situated as approximately shown in the aerial plans in Appendix , together with such other parts of the Land which the parties may agree in writing from time to time, which the Company requires for Water Services, and

"Term" means the period from the Completion Date until the Company is no longer a water services provider for the Council's district under the LG(WS) Act

2. GRANT OF LICENCE

- 2.1 The Council grants a licence to the Company and the Company accepts this licence, for the duration of the Term for the non-exclusive use of the Licensed Area for the purposes of section 161(1) of the LG(WS) Act
- 2.2 In exercising the rights under these Access Terms, the Company will use reasonable endeavours to minimise disruption to other users of the Land and will not impede public access to, or the free use and enjoyment of, any part of the Land or any other public area in proximity to the Licensed Area without the Council's prior written approval
- 2.3 The Company will not be held responsible to the Council for any loss, injury or damage sustained by the Council or to any occupants of or invitees to the Land

- 2.4 To avoid doubt, these Access Terms do not relate to notice and entry requirements for road under section 172 of the LG(WS) Act

3. NOTIFICATION AND CONSENT

- 3.1 Provided that the Company complies at all times with the health and safety provisions set out in clause 4 of these Access Terms, the Council waives the notification requirement under section 162 of the LG(WS) Act and grants its consent without conditions under section 163 of the LG(WS) Act for the Company's activities on the Land
- 3.2 The Company will notify the Council promptly of any damage or breakage on the Land around the Licensed Area and any circumstances likely to cause damage or injury to property or persons.
- 3.3 The Council will notify the Company promptly
- (a) if the Council needs to undertake works on the Land that may impact on the Company's ability to access the Access Terms Assets, and
 - (b) of any damage or breakage of the Access Terms Assets or the Land around the Licensed Area and any circumstances likely to cause damage or injury to property or persons.

4. HEALTH AND SAFETY

- 4.1 Without limiting any other obligations under these Access Terms, the parties must comply with their respective obligations under the Health and Safety at Work Act 2015. In particular, the parties must
- (a) so far as reasonably practicable consult, co-operate and co-ordinate their respective uses and activities in relation to the Land,
 - (b) upon request, provide each other with such information about any health and safety matters affecting the Land as may be required, and
 - (c) ensure that any feedback, agreed changes or improvements to health and safety processes and procedures are implemented without undue delay
- 4.2 Without limiting clause 4.1, the Council will provide to the Company any health and safety plan established by the Council for the Land or in relation to any activities conducted on the Land.

5. VARIATIONS TO ACCESS TERMS ASSETS

- 5.1 The parties may agree in writing to add properties to Appendix 4 at any time during the Term.
- 5.2 If at any time any Access Terms Asset is removed or relocated from a Licensed Area, these Access Terms shall automatically terminate in respect of that Licensed Area and, in the event of relocation, commence in respect of the new Licensed Area to which the asset was located to

6. DEALINGS WITH LAND

- 6.1 If the Council intends to dispose of the whole or any part of the Land
- (a) the Council must advise any prospective purchaser of the existence of these Access Terms, and provide details of the same in any agreement for the disposal, and
 - (b) before the completion of any disposal, the Council must at its cost obtain from the purchaser a deed of covenant in favour of the Company (in a form acceptable to the Company) agreeing to be bound by the provisions of these Access Terms

7. STATUTORY OR REGULATORY FUNCTIONS

- 7.1 The parties acknowledge and agree that both parties have a range of statutory and regulatory powers and functions which they may exercise or must fulfil and nothing in these Access Terms will be construed as
- (a) limiting either party, or fettering their discretion, in the exercise of their statutory and regulatory powers and functions, or
 - (b) requiring either party to exercise its statutory and regulatory powers and functions in a particular way

8. DISPUTE RESOLUTION

- 8.1 In a spirit of mutual goodwill and co-operation the parties will from time to time meet with each other to discuss in good faith any differences or difficulties which may arise in relation to these Access Terms and both parties will use their best endeavours to resolve any matter before recourse to the dispute resolutions provisions in clause 3 of Schedule 4 of this agreement

9. GENERAL

- 9.1 **Compliance with laws** The Company will comply with all statutes, bylaws and regulations which relate to the Land
- 9.2 **Severance** If any provision of this agreement is, or becomes unenforceable, illegal or invalid for any reason it shall be deemed to be severed from these Access Terms without affecting the validity of the remainder of these Access Terms and shall not affect the enforceability, legality, validity or application of any other provision of these access terms
- 9.3 **Further assurance** Each party shall make all applications, execute all documents and do or procure all other acts and things reasonably required to implement and to carry out its obligations under, and the intention of, these Access Terms
- 9.4 **Variation** These Access Terms may only be varied by written agreement between the parties
- 9.5 **Assignments and transfer** Neither party may assign or transfer any of its rights or obligations under these Access Terms without the prior written consent the other party

APPENDIX 4

ACCESS TERMS ASSETS

Address	Asset	Record of title	Legal description	Aerial Plan
133 Esplanade, Te Kuiti	Pump Station	SA1017/25	Te Kuiti A33A Block	<i>[Drafting note: TBC]</i>
20 Georgetti Street, Maniaiti / Benneydale	Access Way to Soakage Field Wet Well Pump Station and Wastewater Treatment Plant	548719	Section 29 Block X Mapara Survey District	<i>[Drafting note: TBC]</i>
Waitete Road, Te Kuiti	Te Kuiti Water Treatment plant – Pump/Water Draw	853266	Lot 2 DP 528242	<i>[Drafting note: TBC]</i>

APPENDIX 5

ROAD RESERVE ASSETS

Address	Location/NZTM Titles	Asset Type
Outside 56-58 Awakino Road	1789441.34,5753488.75	Pump Station
Outside 31 Rata Street, Te Kuiti	1789472.3,5755506.5	Pump Station
Outside 10 Tonga Street, Te Kuiti	1789346.20,5754043.18	Pump Station
Outside 5001 State Highway 3, Awakino	1741650.0,5720272.4	Storage Tank 5
Outside 5001 State Highway 3, Awakino	1741650.5,5720276.3	Storage Tank Concrete
Outside 5 Tawhana Street, Te Kuiti	1789087.92,5754733.20	Pump Station
Outside 1230 Te Waitere Road (Boat Club)	1759790.4,5777677.1	Wastewater Pump Station
Outside 9 Whiteley Place	1759734.7,5777626.7	Wastewater Pump Station

APPENDIX 6

AERIAL PLAN FOR EASEMENT ACQUISITION

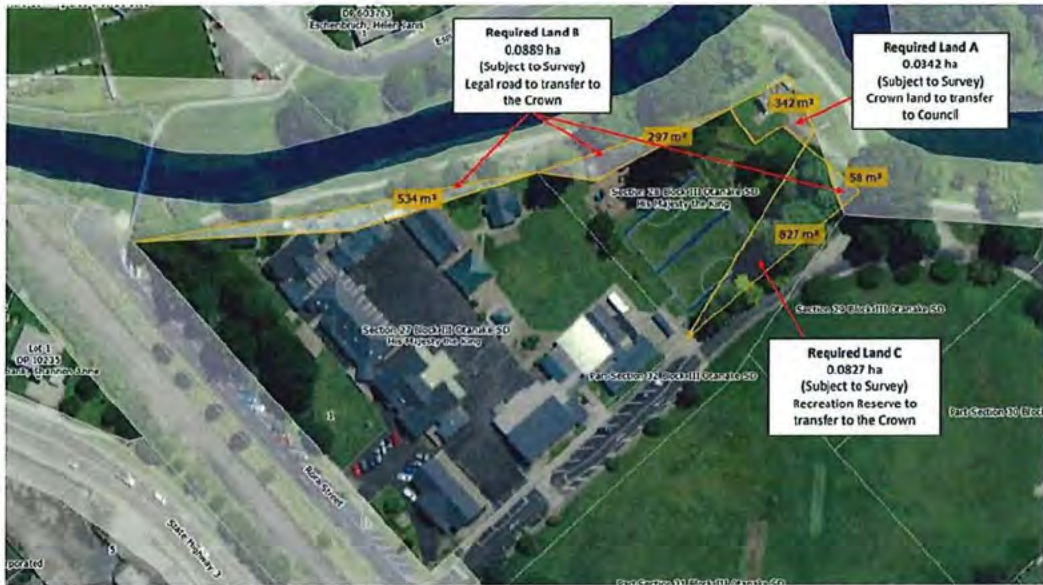


APPENDIX 7

AERIAL PLAN FOR LAND SWAP



Schedule A
Land Exchange Plan



SCHEDULE 3

POST-COMPLETION SERVICES, SHARED INTEREST AND CHARGING ARRANGEMENTS TERMS AND CONDITIONS

Purpose of Schedule 3 This Schedule 3 provides for how the parties will work together in relation to

- (a) transitional services that will be provided by Council to the Company in the period following the Agreed Transfer Date,
- (b) ensuring that Shared Interests are managed effectively and efficiently, and
- (c) the arrangements for Water Revenues for the Water Services to be performed by the Company

1. RELATIONSHIP MANAGEMENT

1.1 Relationship principles The parties will engage and work with each other under this agreement, the Shared Services Agreement and the Post-Completion Services Agreement in accordance with the following relationship principles

- (a) **Partnering approach** The parties wish to build and maintain a strong, enduring, high-trust relationship to enable effective and sustainable delivery of Water Services and Water Services infrastructure to consumers and the community over the long term. The parties will take a relationship-based, strategic partnering approach which incorporates working collaboratively together in good faith, while also acknowledging each other's independence and respective legislative functions and obligations
- (b) **Have regard to consumers and communities** The parties acknowledge that the delivery of safe, reliable, resilient, accessible, affordable and efficient Water Services is of significant importance to the consumers and community within the Service Area. While the delivery of Water Services and Water Services infrastructure remains the statutory responsibility of the Company, the parties will at all times have regard to the needs of the consumers and communities in the Service Area where services are delivered, and to the local cultural or environmental factors of the consumers and communities in that Service Area
- (c) **Engaging with each other** The parties will engage with each other in the spirit of cooperation, respectful and honest behaviour, and take a 'no surprises' approach to preserve and strengthen the integrity of the relationship
- (d) **Cooperation** The parties will act reasonably at all times and consult with each other as early as practicable about anything that may materially affect a party's performance under this agreement, or about any possible or actual breach of the same

2. MATTERS OF SHARED INTEREST

2.1 **General** The parties will interact and work together in respect of the Shared Interests to ensure that

- (a) matters of Shared Interests are managed effectively and efficiently, and
- (b) each party can meet its statutory and contractual obligations

2.2 **Arrangements** Accordingly, in respect of the Shared Interests, the parties will comply with their obligations under the detailed arrangements for each of the Shared Interests as set out below and in the Appendix to this Schedule 3 ("**Shared Interest Arrangements**")

2.3 The Parties agree that they will

- (a) work together in relation to spatial and land use planning,
- (b) engage and work together in relation to the provision of and planning for water services,
- (c) agree how the Council will work with the Company in relation to its planning process under the Resource Management Act, and
- (d) engage with the community in relation to planning for growth

2.4 **Shared Interest Arrangements minimum requirements** The Shared Interest Arrangements must meet the following minimum requirements

- (a) the functions, roles, responsibilities and accountabilities of each party are defined,
- (b) each party can meet their statutory functions, power and duties, and
- (c) the costs for each party to perform their obligations in respect of the arrangements will lie as they fall, unless otherwise agreed under the arrangement

2.5 **Changes to Shared Interest Arrangements** The Shared Interest Arrangements may need to be further developed and amended as the relationship between the parties develops opportunities to deliver enhanced levels of trust and confidence as time progresses. Either party may make a recommendation to the Interface Governance Group to amend the Shared Interest Arrangements, provided that

- (a) any change to the Shared Interest Arrangements must be agreed in writing between the parties, and
- (b) a change to the Shared Interest Arrangements will be effective from the date the amendment to this Schedule 3 and/or its Appendix of the Transfer Agreement becomes effective

3. COUNCIL CONTINUES TO COLLECT CHARGING AND REVENUE COLLECTION ARRANGEMENTS FOR A TRANSITIONAL PERIOD

3.1 Setting Water Revenues The parties agree that

- (a) For the period from the Completion Date until the date on which the Company adopts its first Water Services Strategy (being no later than 1 July 2027)
 - (i) the Council will be responsible for setting the rates, fees and other charges in relation to the Transferring Water Services ("**Water Revenues**"), which may include, to avoid doubt, the Council setting a targeted rate pursuant to sections 19 and 19AA of the Local Government (Rating) Act 2002 for the quantity of water or wastewater services provided,
 - (ii) the Water Revenues will be set by Council in accordance with the Local Government (Rating) Act 2002 as applicable, including the requirement for the Water Revenues to be set in accordance with the relevant requirements of Council's long-term plan and funding impact statement, and
 - (iii) the Company can request changes to the Water Revenues which the Council can elect whether or not to agree to, provided that where the requested changes are not consistent with the Council's long-term plan for the relevant period, any such changes (should they be agreed to be Council) may need to be reflected in amendments to that long-term plan in accordance with the Local Government (Rating) Act 2002 and the Local Government Act 2002
- (b) When the Company's first Water Services Strategy takes effect, the Company will be responsible for setting Water Revenues in accordance with the LG(WS) Act, including the requirement for the Water Revenues to be set by the Company in accordance with its Water Services Strategy

3.2 Collecting Water Revenue The parties agree that

- (a) On a transitional basis as part of the Post-Completion Services Agreement for the period set out in Schedule 1 under the heading "Party to collect Water Revenues" or such shorter period as determined by the Company with 12 months notice to the Council or as otherwise agreed with the Council, and
- (b) in accordance with clause 6 of Schedule 2 of the LG(WS) Act,

the Council will be responsible for collecting the Water Revenues whether set by Council under clause 3.1(a) or set by the Company under clause 3.1(b)

3.3 Water Revenues Arrangements When the Council is responsible for collecting the Water Revenues, the Water Revenues arrangements documented in the Post-Completion Services Agreement will apply. These arrangements include

- (a) how and when the Council will pass revenue collected on to the Company, including details of transitional arrangements and the duration of those arrangements,

- (b) any associated fees and expenses that will be charged and retained by the Council; and
- (c) for the period during which the Council is responsible for setting the Water Revenues and therefore is not acting as agent of the Company in respect of the collection of the Water Revenues, a confirmation that, for the period of time the Council collects the rates, fees and other charges, the Council will provide the Company with sufficient revenue each Financial Year to enable the Company to undertake the capital and operating investment programme in the Company's capital works programme (as informed by each Shareholder's respective capital works programme immediately prior to incorporation of the Company) and, once adopted by the Company, in the Company's Water Services Strategy for a Financial Year.

3.2 **Final decision responsibility:** Subject to clause 3.1(a) above, the:

- (a) Company's capital expenditure and operating expenditure for the Water Services provided by the Company; and
- (b) Company's level of Water Revenues for the Water Services,

will be as set out in the Company's annual water services budget, and the final decision-maker in respect of such matters will be as set out in the Constitution and the Shareholders' Agreement.

4. **TRANSITION TO COMPANY COLLECTION CHARGING AND REVENUE COLLECTION ARRANGEMENTS**

- 4.1 **Collection by Company:** The parties agree that, after the transitional period, Water Revenues will be collected by the Company in accordance with its powers and statutory obligations under the LG(WVS) Act, and the Water Revenues arrangements agreed pursuant to clauses 3.1 – 3.3 above, and the relevant provisions of the Post-Completion Services Agreement, will cease to apply, with the Council no longer entitled to charge any associated fees and expenses previously charged.

5. **GOVERNANCE FOR MANAGING SHARED INTERESTS**

- 5.1 **Purpose of Interface Governance Group:** The parties will establish an Interface Governance Group comprising the parties' Representatives to be the first point of contact in relation to any issues concerning their nominated subject area in respect of the Shared Interest Arrangements or other matter under this Agreement, the Shared Services Agreement or the Post-Completion Services Agreement.

5.2 **Appointment of Representatives:**

- (a) Each party will appoint the respective person(s) in accordance with the process identified in clause 5.2(b) of Schedule 3 to be that party's representative and point of contact who is responsible for management of the relationship between the parties ("Representative"). There may be additional Representatives named by one party for different subject areas.

- (b) Three months prior to the Completion Date, each party will confirm their Representative and the members they wish to appoint as additional Interface Governance Group members
- (c) Each party shall ensure that its Representative and Interface Governance Group members are reasonably available during normal business hours
- (d) Each party may replace a Representative or Interface Governance Group member by giving notice to the other party. Both parties will ensure that any replacement is a person with similar experience and seniority as the representative / member being replaced and will provide the contact details of the replacement to the other party

3.3 Interface Governance Group Members

- (a) The Interface Governance Group members will be those members notified in writing in accordance with clause 5.2(b) above. There shall be no more than 3 Interface Governance Group members per party at any one time (including the Representative)
- (b) Each party shall ensure that its member(s) are committed and reasonably available to carry out their role in relation to the Interface Governance Group, including attending governance meetings
- (c) Each party may nominate another person or member to be its alternate and may remove that alternate appointed by them at anytime
- (d) Each party may replace its member by giving notice to the other party. Both parties will ensure that any replacement is a person with similar experience and seniority as the previous named member and will provide the contact details of the replacement to the other party

3.4 Role of Interface Governance Group The purpose of the Interface Governance Group is to

- (a) consider any Compliance Reports submitted to it and propose any recommendations to address any non-compliance identified,
- (b) consider any information sharing issues as referred to at clause 2 of Schedule 4, or under the Shared Services Agreement or the Post-Completion Services Agreement,
- (c) consider and attempt to resolve any issues or disputes referred to it by a party under clause 3 of Schedule 4, or under the Shared Services Agreement or the Post-Completion Services Agreement,
- (d) carry out the review of the Shared Services Agreement or the Post-Completion Services Agreement where required by such agreements,
- (e) consider and provide a recommendation to each party of any proposed change to this agreement, the Shared Services Agreement or the Post-Completion Services Agreement, and
- (f) consider such other matters as the parties may agree

3.5 **Governance reporting:** The Representatives are to report to the Interface Governance Group on each party's compliance with this agreement, the Shared Services Agreement and the Post-Completion Services Agreement including in respect of the Shared Interest Arrangements, on an annual basis from the Completion Date ("**Compliance Report**").

- (a) The purpose of the Compliance Report is to ensure that there is transparency as to how the parties are meeting their respective obligations under this agreement, the Shared Services Agreement and the Post-Completion Services Agreement. Prior meeting minutes to identify issues can be used to form the basis of the Compliance Report.
- (b) The Representatives must agree on the content of the Compliance Report before delivering to the Interface Governance Group for consideration, however if agreement is not possible, then each Representative may submit its own Compliance Report to the Interface Governance Group.
- (c) The Representatives will determine a process for ensuring that they can meet their obligations under this clause 4.5 of Schedule 3 at least three months before the Compliance Report is due.

3.6 **Meetings of the Interface Governance Group:**

- (a) The first chair of the Interface Governance Group is the member appointed in accordance with the process set out in the Agreement Details and is appointed for the first 2 years after the Completion Date. At the end of the first chair's term, the next chair (who shall hold office for a similar term) shall be a member nominated from the other party and so on, so that the chair rotates between the parties.
- (b) The Interface Governance Group shall meet at least once every 6 months and more frequently if required or agreed.
- (c) At the first Interface Governance Group meeting of each year, the location and dates of each meeting for the following calendar year will be set.
- (d) The Company will be responsible for administrative tasks in relation to the Interface Governance Group, such as issuing reminders and an agenda, distributing any material and taking minutes at the meeting.
- (e) Decisions and recommendations of the Interface Governance Group shall be unanimous but will not bind the parties.
- (f) A quorum of the Interface Governance Group shall be at least one member from each party.
- (g) Where a matter to be discussed by the Interface Governance Group affects the interests of another shareholding council of the Company, the Representatives may agree to meet with the representatives of that shareholding council.

APPENDIX 1

SHARED INTERESTS FRAMEWORK

1. INTRODUCTION

- 1.1 This appendix sets out the detailed arrangements between Council and the Company to ensure that matters of Shared Interest are managed effectively and efficiently, as required by clause 5 of Schedule 2 to the LG(WS) Act and as provided for in Schedule 3 of the Transfer Agreement
- 1.2 This Shared Interests Arrangement defines how Council and the Company will collaborate on matters of Shared Interest, with the focus on core areas: Building Act functions, Planning, Land Use and Growth functions, Emergency Management and Water / Wastewater Bylaws

2. SHARED INTERESTS ARRANGEMENTS JOINT WORKING GROUP

- 2.2 Council and the Company will form a "Joint Working Group" (JWG) to ensure the effective planning and management of the roles and responsibilities of Shared Interests and ensure effective communications between the parties
- 2.3 To avoid doubt, the JWG is separate from the Interface Governance Group under the Transfer Agreement and/or the Post-Completion Services Agreement
- 2.4 For efficiency and consistency, Council and the Company may choose to hold their JWG meetings jointly with any other Shareholding Council's JWG either generally or for specific matters of Shared Interest
- 2.5 The following requirements apply to the JWG
 - a) The JWG will meet quarterly or at such other intervals as agreed by the parties
 - b) Each party must ensure a senior staff member is permanently appointed to the JWG with appropriate delegations to attend JWG meetings to ensure the effective operation of this group
 - c) Each party must also ensure that other relevant staff members attend the JWG meetings as needed depending on the subject matter of each meeting, for example, planning staff and/or building compliance staff
 - d) The JWG will agree protocols for the exercise of their roles and responsibilities under this Appendix, including timeframes for responses and processes for seeking and providing feedback. This includes thresholds or criteria for when any relevant applications are to be provided to the Company for feedback.
 - e) The JWG will agree shared protocols for the sharing of data between the parties for the exercise of their roles and responsibilities under this Appendix, including sharing growth projection analysis, asset conditions, as-built drawings and technical reports (where relevant) and the methodology and frequency for the sharing of data, and issues relating to the charging of applicants
 - f) The JWG may review how to create efficiencies with building consent processes in relation to water, wastewater, and stormwater connections (where applicable). Where possible, over time the parties will aim to enable digital data exchanges to automate approval and inspection workflows between Council and the Company systems
- 2.6 The JWG may agree such other protocols to ensure the efficient exercise of each party's Shared

Interests functions.

- 2.7 Any areas of dispute between Council and the Company under this Appendix will be referred to the JWG in the first instance. If unresolved, the JWG may then refer the matter to the Interface Governance Group for resolution. If still unresolved, the dispute resolution provisions of the Transfer Agreement apply.

3 DATA SHARING

- 3.2 Subject to compliance with a party's obligations of confidentiality and licensing obligations, the Council and the Company will ensure that, in accordance with any protocols agreed by the JWG, they will seek to promptly and efficiently share relevant data, records and reports relevant to assist the other in the exercise of their statutory functions including:
- a) relevant asset and compliance records;
 - b) growth projection reports; and
 - c) network capacity, design standards, and network performance information.
- 3.3 The Company will ensure that Council has access to the Company's current asset information, including asset location and condition information to enable Council to undertake its statutory functions.
- 3.4 The Company will provide the Council with the necessary information for individual properties water and wastewater services so that the Council can meet its legal obligations, including correctly determining property valuations, administer potential rates rebates and other rating-related functions and provide Land Information Memoranda and Property Information Memoranda.

4 BUILDING ACT FUNCTIONS

The Council and the Company agree the following roles and responsibilities apply in respect to functions under the Building Act 2004 while the Council is the Building Consent Authority under that Act:

Council (Building Consent Authority)	Waikato Waters
ROLE	
The Council is a Building Consent Authority (BCA) under the Building Act 2004. A BCA functions including receiving, processing, inspecting and approving building consent applications under the Building Act 2004. Council must coordinate with the Company to ensure design standards have been met before issuing building consent.	The Company defines the design standards for water and wastewater network and has authority to provide approval for any new water or wastewater connections that may affect the building work that is the subject of a building consent application.
RESPONSIBILITIES	
The Council will forward building consent applications which are, in the Council's opinion acting objectively, likely to affect water services to the Company for comment. Where it is unclear or marginal if there is likely to be an effect, the Council will forward the application out of abundance of caution.	The Company will provide feedback on any building consent applications provided by Council. This may include providing no comment, providing comment or seeking further information. Any comments may include advice on or recommendations for water services matters affecting the building

The Council will co-ordinate inspections with the Company relating to parts of the building work that interface with the Company's assets, including point-of-supply and wastewater laterals Council must coordinate with the Company to ensure design standards have been met before issuing building consent If Council does not adopt any advice or recommendations from the Company, the Council will provide a clear explanation of the reasons, ensuring transparency and accountability in decision-making	work, including service availability, pressure zones, meter sizing, backflow requirements, and wastewater capacity The Company acknowledges that Council consent decisions are subject to legislative timeframes so will provide any feedback to ensure Council's compliance with these timeframes The Company will, on request of Council, or at the Company's own discretion, attend pre-application meetings with the applicant and Council. This may include advising the applicant on the water services impacts of the proposed application, including service availability, pressure zones, meter sizing, backflow requirements, and wastewater capacity.
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5 PLANNING, LAND USE AND GROWTH FUNCTIONS

The Council **and** the Company agree the following roles and responsibilities apply in respect to planning, land use and growth functions under the Resource Management Act 1991, Local Government Act 2002 and LG(WS) Act, and such other applicable legislation

Council	Waikato Waters
ROLE	
The Council has a number of functions and powers under the Resource Management Act 1991, including as consent authority and responsibility for the development of the district plan. The Council is responsible for developing a number of statutory and non-statutory plans and strategies under the Local Government Act 2002, and other legislation The Council is responsible for the provision of stormwater and roading infrastructure	The Company is responsible for developing a Waters Services Strategy under the LG(WS) Act The Company is responsible for the provision of water supply and wastewater infrastructure, including such infrastructure required in response to growth
RESPONSIBILITIES	
The Council will ensure early engagement⁴ with the Company on any resource consent applications which, in the opinion of the Council (acting objectively), are likely to affect water services. Where it is unclear or marginal if there is likely to be an effect, the Council will forward the application out of abundance of caution. The Council will encourage applicants to also consult with the Company around any water services	The Company will provide a position and/or recommendations on any engagement by the Council. This may include⁵ providing no comment, providing comment, seeking further information, or recommending consent conditions. Any comments may include advice on or recommendations for water services matters affecting the relevant resource consent application, District Plan changes or other plan or strategies

⁴ 'Engagement' in this context, means Council advising the Company of an application and inviting feedback. While Councils can encourage applicants to consult, a Council does not consult on behalf of an applicant and there is no statutory obligation under the RMA for an applicant to consult with any party

⁵ Subject to the provisions and limitations of the RMA

The Council will ensure early engagement with the Company on any Council changes to the District Plan affecting water services. The Council will ensure early engagement with the Company on the development of any Council plans or strategies affecting water services. If Council does not adopt any advice or recommendations from the Company, the Council will provide a clear explanation of the reasons, ensuring transparency and accountability in decision-making. Where there is a valid service order in place under the terms of the Post-Completion Services agreement, the Council will collect development contributions as agent for the Company. In accordance with the relevant terms and conditions and in return for payments agreed by the parties.	The Company acknowledges that Council consent decisions are subject to legislative and policy parameters and timeframes so will provide any feedback within the parameters and agree on timeframes to ensure Council's compliance with these obligations. The Company is responsible for determining, managing, and applying development contributions for water supply and wastewater infrastructure in accordance with the LG(WS) Act.
SHARED RESPONSIBILITIES	
Growth Planning, Servicing and Shared Interests 5.1 The Council and Company will work together to ensure, as far as possible within legislation, that growth is directed to appropriate locations and stormwater risks (where applicable) are properly managed, taking a holistic, catchment-based approach to planning and infrastructure rather than relying on localised or isolated solutions. 5.2 The Parties will adhere to the following: a) Early joint engagement on growth-related strategies, structure plans, growth cells and zoning changes is mandatory. b) Servicing Capacity Advice: The Company must provide up to date capacity and servicing data to Council at least annually, and as needed for rezoning or major consenting decisions. c) Stormwater Exclusion: All references to "waters" must explicitly exclude stormwater unless covered under a stormwater service agreement. d) Delivery: Wherever possible the parties will ensure that any infrastructure projects will be undertaken by whichever party (Council, developer, or the Company) can deliver it in the most efficient and cost-effective manner with least customer impact. i. Irrespective of the delivery agent, at all times the financial responsibility for the wastewater and water supply infrastructure will ultimately reside with the Company. ii. If Council delivers, the Company reimburses the "water portion" after transfer. e) Forecasts: Unless expressly agreed, the Company and Council will use common baseline assumptions across growth forecasts i. Unit demand (Household Equivalent Units (HEU)) ii. Cost allocation iii. Timing/staging servicing of new networks iv. RITS and the Company technical standards	

- Assumptions will be inputs into both Council's DC model and the Company's future Development Levies model
- f) IFF / Targeted Rates / SPVs Any move by either party to pursue IFF, targeted rates, or alternate financing requires
 - i formal engagement with the other entity
 - ii agreement on SPV structure including shared assumptions for debt, revenue streams, and customer impacts
 - g) Agreements and Development Negotiations new Development Agreements and Infrastructure Works Agreements involving both Council and the Company's infrastructure must be Jointly Managed from 30 June 2026 Should the developer raise an issue, the parties will agree what is most pragmatic in the circumstances
 - i The Company must be involved in all development agreements involving water/wastewater infrastructure
 - ii The Council leads negotiations but the Company provides
 - Technical approvals
 - Costing
 - Long-term OPEX & lifecycle input
 - iii No new development agreement or infrastructure works agreement may be finalised without the Company approval for water and wastewater components, if they are present
 - h) Future State Processes
 - i Future Company owned processes (developer services, technical approvals, inspections) must be reflected progressively in shared workflows)
 - ii Council continues to perform statutory functions, the Company performs infrastructure owner functions
 - i) Future Levies (Post introduction of Development Levies) and Long-Term Alignment Transition to the National Development Levies Framework
 - i Default Parties will work together as legislation changes, including the introduction of development levies Both parties must jointly plan for
 - Methodology transition (including the Transitional stepped charging requirements)
 - System changes
 - Communications
 - Financial model changeover
 - Implications for existing consents and DAs
 - ii Overlap If an overlap between systems arises as the development levies replace development contributions, Councils must administer both systems This will need to be reflected in the resourcing at Council and the commitments under the relevant Service Order will need to be reviewed
 - j) Existing Credits, Overlays, and Expired Rights All existing Council DC features (e.g., credits durations, overlays, HEU methodologies) must be honoured until any new levy regime replaces them

6 EMERGENCY MANAGEMENT

The Council and the Company agree to undertake the following roles and responsibilities in respect to their respective responsibilities and functions in relation to emergency management generally and their respective duties under the Civil Defence Emergency Management Act 2002 (and any applicable replacement legislation)

Council	Waikato Waters
ROLE	
Council has statutory duties under the Civil Defence Emergency Management Act 2002 to exercise functions in relation to emergency management, including to establish a Civil Defence Emergency Management Group.	The Company is a lifeline utility under the Civil Defence Emergency Management Act 2002
SHARED RESPONSIBILITIES	
The Council and the Company will work together to identify and prioritise key network components that require protection, redundancy, or rapid reinstatement. This includes maintaining a Register of Critical Assets, with the Company responsible for coordinating with the CDEM on emergency repair and mobilisation protocols (so far as they relate to Water Services). In accordance with current CIMS structures, Council and the Company will align their response and recovery procedures and plans for events such as water contamination, supply disruption, or network failures, and identify and notify each other of the lead/support roles within their organisations. The Council and the Company will undertake at least one annual joint EOC emergency simulation exercise and debrief. Each party will maintain integrated recovery plans for water infrastructure and ancillary functions. The parties will coordinate proactive and reactive messaging, alerts and technical advice using shared messaging templates and agreed communication protocols for any crisis or publicly declared local or national state of emergency in an EOC environment. The Company will provide designated staff to support the relevant Emergency Management (EM) structure when it is activated (e.g., EOC, ICC, or Lifelines Group). The Company will provide a Water Lifelines Liaison officer available within the EOC. The Company's participation will focus on roles relating to: • water network operations and technical advice • critical asset status reporting • coordination of field crews and contractors both prior to and during an event • infrastructure impact assessments • liaison with the Lifelines Coordinator • sharing of information • communication with stakeholders • liaison with recovery manager and controller The Company will not be expected to fill general Council roles (e.g., logistics, welfare) unless separately agreed. The Company will agree with the Council beforehand on: • which roles it will staff, • standby arrangements, • after-hours escalation, and • points of contact. The Company must work with Council's Recovery Manager, as part of forward Strategic Planning for Recovery post-event.	

7 BYLAWS

The parties agree to develop a Bylaws Framework (or equivalent joint document) in collaboration with the other territorial authorities in the Waikato Waters service area. The purpose of the Bylaws Framework is to coordinate engagement, share technical input, and streamline the development of water and wastewater-related bylaws across the region. It will support consistency where appropriate and promote efficient, sensible bylaw-making, while fully respecting each Council's statutory authority, own strategic priorities and resources to make its own bylaws and reflect local community preferences and circumstances.

SCHEDULE 4

GENERAL TERMS AND CONDITIONS

PURPOSE OF SCHEDULE 4 The general terms and conditions that apply to all parts of this agreement are set out under this Schedule 4

1. TERM

- 1.1 **Term** This agreement commences on the date it is signed by both parties and continues until terminated in accordance with clause 5 of this Schedule 4

2. INFORMATION SHARING, CONFIDENTIALITY AND CO-OPERATION

- 2.1 **Information sharing** The parties agree that, in respect of information shared between the parties under this agreement
- (a) subject at all times to a party's obligations at law, both parties will use all reasonable endeavours to share information with each other where that information assists a party to carry out its statutory functions, powers and duties,
 - (b) where information is shared, the party receiving the information will adhere to any conditions imposed by the other concerning the release and storage of that information,
 - (c) the parties will act in good faith and in accordance with the Relationship Principles when a party reasonably makes a request for information to be shared, and
 - (d) where information is in the public domain (other than as a result of an unpermitted act or omission of a party that obtained that information), then any conditions imposed in relation to the release and storage of that information, no longer apply
- 2.2 **Managing issues** Any concern or dispute in relation to a party not sharing information, conditions imposed in relation to the storage or use of that information or the use by a party of information that has been shared, will be referred to the Interface Governance Group and if not resolved will be dealt with under the dispute resolution process at clause 3 of this Schedule 4
- 2.3 **Confidentiality** Each party shall
- (a) use its reasonable endeavours to identify Confidential Information relating to that party at the time it is supplied to the other party, and
 - (b) deal with all Confidential Information in accordance with clause 4 of this Schedule 4

3. DISPUTE RESOLUTION

3.1 **Notice in writing** If a party claims that a dispute has arisen, that party must give written notice to the other parties. The written notice must specify the nature of the dispute.

3.2 **Negotiation**

- (a) On receipt of a notice delivered in accordance with clause 3.1 of this Schedule 4 and before any party may refer a dispute to mediation, the Representatives must, in good faith and acting reasonably, do their best to resolve the dispute quickly and efficiently through negotiation.
- (b) If any Representative considers that the dispute is not being resolved in a timely manner, such Representative may serve written notice on the other parties' Representatives to escalate the dispute to the Chief Executives or equivalent (where the Representatives are not the Chief Executive or equivalent) of the applicable parties for resolution.
- (c) If the dispute has not been resolved within 20 Business Days (or within such other period as agreed by the parties) of the date of the notice referred to in clause 3.2 of this Schedule 4, any party may submit the dispute to mediation.

3.3 **Mediation**

- (a) If the parties do not resolve the dispute by negotiation, the parties must, in good faith and acting reasonably, do their best to resolve the dispute by participating in mediation with an independent mediator.
- (b) If the parties do not agree on a mediator, then the mediator will be appointed by the New Zealand Dispute Resolution Centre.
- (c) The parties must mediate the dispute in accordance with principles agreed between them or, if no agreement can be reached, the New Zealand Dispute Resolution Centre Mediation Rules.
- (d) Unless the parties agree otherwise, the mediator's fee and any other costs of the mediation itself (such as for venue hire or refreshments) will be shared equally between the parties, but the parties will each pay their own costs of preparing for and participating in the mediation (such as for travel and legal representation).

3.4 **Arbitration**

- (a) If the dispute has not been resolved within 40 Business Days (or within such other period as agreed by the parties) of the dispute being referred to mediation, any party (the "**Initiating Party**") may refer such dispute to binding arbitration by issuing a written notice ("**Arbitration Notice**") to the other Party or Parties (together with the Initiating Party, the "**Disputing Parties**") for final resolution in accordance with the provisions of this clause 3.4 of this Schedule 4 and in accordance with the provisions of the Rules of Arbitration of the New Zealand Dispute Resolution Centre, as amended or modified from time to time ("**NZDRC Rules**").

- (b) The arbitral panel shall consist of one arbitrator. The arbitrator will be appointed by the agreement of the Disputing Parties or, failing agreement within 10 Business Days of the date of the Arbitration Notice, in accordance with the NZDRC Rules.
- (c) The seat of arbitration shall be as set out in Schedule 1 and the arbitration shall be conducted in the English language.
- (d) The award of the arbitration shall be in writing and must include reasons for the decision.
- (e) The award of the arbitration shall be final and binding on the parties. No party may appeal to the High Court under Clause 5 of the Second Schedule of the Arbitration Act 1996 on any question of law arising out of an award.
- (f) The award shall allocate or apportion the costs of the arbitration as the arbitrator deems fair.
- (g) Neither the existence of any dispute nor the fact that any arbitration is pending hereunder shall relieve any of the Parties of their respective obligations under this agreement.
- (h) The parties must do whatever is reasonably necessary to put into effect any negotiated or mediated agreement, arbitral award or other resolution.
- (i) During a dispute, each party must continue to perform its obligations under this agreement.
- (j) This clause does not restrict or limit the right of a party to obtain interlocutory relief.

4. CONFIDENTIAL INFORMATION AND PUBLIC ANNOUNCEMENTS

- 4.1 **Confidentiality** Each party must keep confidential the Confidential Information, and must not disclose or permit the disclosure of such Confidential Information to any other person. If a party becomes aware of a breach of this obligation, that party will immediately notify the other parties.
- 4.2 **Further permitted use and disclosure** This agreement does not prohibit the disclosure of Confidential Information by a party in the following circumstances:
 - (a) the other parties have consented to the disclosure of the relevant Confidential Information,
 - (b) the disclosure is specifically contemplated and permitted by this agreement,
 - (c) the disclosure of Confidential Information is to a shareholder of a party, an elected official of such shareholder, a regulatory authority (including to The Water Services Authority – Taumata Arowai), the Commerce Commission or the Department of Internal Affairs,
 - (d) the disclosure of Confidential Information is to an employee, subcontractor, agent or representative who needs it for the purposes of this agreement,

- (e) the disclosure is to a professional adviser in order for it to provide advice in relation to matters arising under or in connection with this agreement,
- (f) the disclosure is required by a court or governmental or administrative authority, or
- (g) the disclosure is required in accordance with clause 4.4 of this Schedule 4, or
- (h) the disclosure is otherwise required by law

4.3 **Consultation** To the extent disclosure is required to be made in accordance with sub-clauses 4.2(f) to 4.2(h), the disclosing party must, as far as reasonably possible, consult with the other parties as to the content of such disclosure and only disclose such information as is reasonably

4.4 **Public announcements and media releases** Each party agrees that it will not make any public announcements or issue media releases in connection with, or on behalf of, the other parties or the Company in relation to the Company or Water Services, except with the written consent of the other parties. Nothing in this provision shall prohibit or restrict a party from making a public announcements or media releases in connection with the party's own involvement with, or policies in relation to, the Company

4.5 **Official Information Act 1982 and Local Government Official Information and Meetings Act 1987** The parties acknowledge that the use or disclosure of information relating to the other party may be required by law (including under the Official Information Act 1982 and the Local Government Official Information and Meetings Act 1987), Ministers or through parliamentary convention so that a party may be obliged to disclose Confidential Information or other information of the other party

5. TERMINATION

5.1 **Termination** This agreement may only be terminated by mutual agreement between the parties, subject to the parties complying with any applicable obligations under the Shareholders' Agreement, the LG(W/S) Act and / or the LGPA Act

5.2 **Effect of termination** Any termination of this agreement or is without prejudice to and will not affect any rights, powers, remedies or obligations of a party that have and before termination or expiry, or limit either party's rights to recover damages from the other party under this agreement or pursue any additional or alternative remedies provided by law

6. NOTICES

6.1 **Giving notices** Any notice or communication given to a party under this agreement is only given if it is in writing and sent in one of the following ways

- (a) Delivered or posted to that party at its address and marked for the attention of the relevant department or officer (if any) set out in Schedule 1
- (b) Emailed to that party at its email address and marked for the attention of the representative set out in Schedule 1

- 6.2 **Change of details:** If a party gives the other party three Business Days' notice of a change of its postal address or email address, any notice or communication is only given by that other party if it is delivered, posted or emailed to the latest postal address or email address.
- 6.3 **Time notice is given:** Any notice or communication is to be treated as given at the following time:
- (a) If it is delivered, when it is left at the relevant address.
 - (b) If it is sent by post, five Business Days after it is posted.
 - (c) If it is sent by email, when it is received in readable form addressed in the manner specified above.
 - (d) However, if any notice or communication is given, on a day that is not a Business Day or after 5pm on a Business Day, in the place of the party to whom it is sent it is to be treated as having been given at the beginning of the next Business Day.

7. GENERAL

- 7.1 **Consequential loss:** No party will be liable to any other party for any loss of profits, loss of saving, loss of goodwill or any consequential, indirect or special loss or damages arising directly or indirectly from any breach of this agreement or from any negligence or other act or omission.
- 7.2 **No partnership, joint venture:** Nothing in this agreement shall create or evidence any partnership, joint venture, agency, trust or employer/employee relationship between any of the parties, and a party may not make, or allow to be made, any representation that any such relationship exists between any of the parties. A party shall not have authority to act for, or to incur any obligation on behalf of, any other party, except as expressly provided for in this agreement.
- 7.3 **No privity:** Other than as expressly provided for in this agreement, this agreement is not intended to confer a benefit on any person or class of persons who is not a party to it.
- 7.4 **Counterparts:** This agreement is deemed to be signed by a party if that party has signed or attached that party's signatures to any of the following formats of this agreement:
- (a) an original; or
 - (b) a photocopy; or
 - (c) an electronic copy;
- and if every party has signed or attached that party's signatures to any such format and delivered it in any such format to the other parties, the executed formats shall together constitute a binding agreement between the parties.
- 7.5 **Entire agreement:** This agreement, together with the Shared Services Agreement and the Post-Completion Services Agreement, contains everything the parties have agreed in relation

to the subject matter of this agreement. No party can rely on an earlier written agreement or anything said or done by or on behalf of another party before this agreement was executed.

- 7.6 **Severance** If any provision of this agreement is, or becomes unenforceable, illegal or invalid for any reason it shall be deemed to be severed from this agreement without affecting the validity of the remainder of this agreement and shall not affect the enforceability, legality, validity or application of any other provision of this agreement.
- 7.7 **Further assurance** Each party shall make all applications, execute all documents and do or procure all other acts and things reasonably required to implement and to carry out its obligations under, and the intention of, this agreement.
- 7.8 **Variation** No variation of this agreement will be of any force or effect unless it is in writing and signed by the parties to this agreement.
- 7.9 **Assignments and transfer** A party must not assign or transfer any of its rights or obligations under this agreement without the prior written consent of each of the other parties.
- 7.10 **Costs** Except as otherwise set out in this agreement, each party must pay its own costs and expenses, including legal costs and expenses, in relation to preparing, negotiating, executing and completing this agreement and any document related to this agreement.
- 7.11 **No merger** The provisions of this agreement and anything done under, or in connection with this agreement shall not operate as a merger of any of the rights, powers or remedies of either party under or in connection with this agreement or at law, and those rights, powers and remedies shall survive and continue in full force and effect to the extent that they are unfulfilled.
- 7.12 **Survival** Following termination of this agreement, the provisions of clauses 2 of Schedule 4 (Information Sharing, Confidentiality and Co-operation), 3 of Schedule 4 (Dispute Process), 5 of Schedule 4 (Termination), and 7 of Schedule 4 (General), together with any provisions that by their nature are intended to survive, will remain in full force and effect.
- 7.13 **Waivers**
- (a) A waiver of any right, power or remedy under this agreement must be in writing signed by the party granting it. A waiver only affects the particular right, obligation or breach for which it is given. It is not an implied waiver of any other right, obligation or breach or an implied waiver of that right, obligation or breach on any other occasion.
 - (b) The fact that a party fails to do, or delays in doing, something the party is entitled to do under this agreement does not amount to a waiver.
- 7.14 **Governing law** This agreement is governed by the laws of New Zealand and the parties submit to the non-exclusive jurisdiction of the courts of New Zealand in respect of any proceedings arising out of or relating to this agreement.

SCHEDULE 5

INTERPRETATION AND DEFINITIONS

1. INTERPRETATION AND DEFINITIONS

- 1.1 Terms in capitals on this agreement which are not defined, have the same meaning as set out in the Shareholders' Agreement.

- 1.2 **Definitions:** In this agreement, unless the context otherwise requires:

"**Access Terms**" has the meaning set out in Schedule 2B.

"**Accounting Treatment**" has the meaning given to that term in clause 8.2(b)(iii)(aa) of Schedule 2.

"**Accruals**" has the meaning given to that term in clause 8.1(d)(i) of Schedule 2.

"**Accrued Employee Benefits**" means all wages, salary, annual leave, long service leave, incentive payments and other employee related benefits and entitlements (but excluding sick leave entitlements) accrued to and unpaid at the Completion Date in respect of those Employees whose Offer satisfies the requirements of clause 1(3) of Schedule 1 of the LG(WS) Act (and/or who have been offered employment on the basis that it is continuous for the purposes of any entitlements or benefits) and who accept an Offer, including any redundancy compensation, severance payments or other amounts payable to such Employees which are referable to their employment with the Council or the termination of that employment.

"**Accrued Employee Benefits Amount**" has the meaning given to that term in clause 8.1(a) of Schedule 2.

"**Additional Item**" has the meaning given to that term in clause 6.5 of Schedule 2.

"**Advance Revenue**" has the meaning given to that term in clause 8.1(c) of Schedule 2.

"**Agreement Details**" means the details set out in Schedule 1 of this agreement.

"**Agreed Transfer Date**" has the meaning given to it in the Shareholders' Agreement.

"**Apportionable Outgoings**" means the amounts payable by the Council in relation to:

- (a) the Assumed Contracts; and
- (b) agreements with the Contractors.

"**Apportionment Statement**" has the meaning given to that term in clause 8.1 of Schedule 2.

"**Arbitration Notice**" has the meaning given to that term in clause 3.4(a) of Schedule 4.

"**Assets**" means the assets owned by the Council directly and primarily relating to the provision of Water Services and includes those assets set out in Appendix 1 of Schedule 2 and in Schedule 2B, but excluding those assets set out in Appendix 2 of Schedule 2.

"Assumed Contracts" means the agreements described in Appendix 1 of Schedule 2.

"Benefits" has the meaning given to that term in clause 9 1(a) of Schedule 2

"Board" means Directors who number not less than the required quorum, acting together as a board of Directors.

"Business" means the Water Services carried on by the Council at Completion using the Assets, Employees, Contractors, Assumed Contracts and Deferred Contracts.

"Business Day" means any day other than a Saturday, Sunday or statutory public holiday in the Service Area set out in Schedule 1

"Calculation Time" means 5pm on the last Business Day before the Completion Date, or any other time and date that the Council and the Company agree in writing

"Claim" includes a claim, notice, demand, action, proceeding, litigation, investigation, judgment or Liability however arising, whether present, unascertained, immediate, future or contingent, whether based in contract, tort, statute or otherwise and whether involving a third party or a party to this agreement

"Company" means Waikato Waters Limited.

"Completion" means completion of the transfer of the Assets in accordance with clause 7 of Schedule 2.

"Completion Date" means the date specified in Schedule 1, with this intended to be the Agreed Transfer Date as defined in the Shareholders' Agreement

"Compliance Report" has the meaning given to that term in clause 3 5 of Schedule 3

"Confidential Information" means any commercially sensitive provisions of this agreement and all other information of a confidential nature (which, where the confidentiality of the information is not expressly stated, shall be determined by the recipient, acting reasonably) obtained by one party from the other party under or in connection with this agreement

"Constitution" means the constitution of the Company (including the Schedules) and all amendments to it from time to time

"Contractors" means those people identified by the Council under clause 55 2 of Schedule 2, who accept an Offer

"Counterparty consents" has the meaning given to that term in clause 66 5(b)(b) of Schedule 2

"Council Debt Notice" has the meaning given to that term in clause 6 1(f) of Schedule 2

"Council Water Infrastructure Debt" means the aggregate of the debt owed by the Council which was incurred in relation to the infrastructure and related assets/matters which are being transferred to the Company in accordance with this agreement, the value of which is determined in accordance with Schedule 2A.

"Deferred Contract" has the meaning given to that term in clause 10(a) of Schedule 2.

"Director" means a person appointed as a director of the Company in accordance with the Constitution.

"Dispute Notice" has the meaning given to that term in clause 8.2(b) of Schedule 2.

"Employees" means those employees of the Council who receive an Offer.

"Encumbrance" means:

(a) a mortgage, debenture, charge, lien, pledge, hypothecation, security interest (as that term is defined in the Personal Property Securities Act 1999), title retention, preferential right or other similar instrument, device or power; or

(b) an interest by way of security for the payment of a debt or any monetary obligation,

and includes any agreement or arrangement to grant or create any of the above.

"Establishment Strategy" means the agreed strategy informing the transition of a water services business into the Company as set out in the Shareholders' Agreement.

"Excluded Matters" means the excluded assets, excluded obligations and excluded responsibilities that are not transferred by the Council to the Company under this agreement, as set out in Appendix 2 to Schedule 2.

"Expert" has the meaning given to that term in clause 8.2(b) of Schedule 2.

"Financial Year" has the meaning set out in the LG(WS) Act.

"Government Agency" means a government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority (including any authority responsible for the collection of tax), tribunal, agency or entity or other statutory authority having jurisdiction or authority to perform or exercise functions or powers under or pursuant to any statute, regulation, law, by-law or order.

"Interface Governance Group" means the governance group established under this agreement in accordance with clause 5 of Schedule 3.

"Iwi and hapū Responsibilities" means the responsibilities arising in relation to existing relationships and obligations (whether statutory, contractual or otherwise) with Iwi and the Council's Service Area that are acknowledged by the Council and the Company as set out in Appendix 1 of Schedule 2.

"JWG" has the meaning set out in Schedule 3, Appendix 1.

"Land Assets" has the meaning set out in Schedule 2B.

"LGA" means the Local Government Act 2002.

"LGPA" means the Local Government (Water Services Preliminary Arrangements) Act 2024.

"LG(WS) Act" means the Local Government (Water Services) Act 2025.

"Liability" means any loss, liability, obligation, overhead, debt, cost, expense or damage (in each case whether known or unknown, actual, contingent or prospective) of any kind and however arising, including penalties, fines and interest, irrespective of when the acts, events or things which give rise to the liability occurred

"Management Responsibilities" means the responsibilities for the management of the Water Services that are transferred by the Council to the Company as set out in Appendix 1 of Schedule 2, but excluding those management responsibilities set out in Appendix 2 of Schedule 2

"Matters in Dispute" has the meaning given to that term in clause 8 2(b) of Schedule 2

"NZDRC Rules" has the meaning given to that term in clause 3 4(a) of Schedule 4

"Obligations" means

- (a) any Liabilities in respect of the period after Completion which relate to the Employees and Contractors who have accepted an Offer, and
- (b) any Liabilities in respect of the period after Completion under the Assumed Contracts and the Deferred Contracts

"Offer" has the meaning given to that term in clause 5 4 of Schedule 2

"Operational Responsibilities" means the responsibilities for the operation of the Water Services that are transferred by the Council to the Company as set out in Appendix 1 of Schedule 2, but excluding those operational responsibilities set out in Appendix 2 of Schedule 2

"Outstanding Revenue" has the meaning given to that term in clause 8 1(b) of Schedule 2

"Personnel" means, in respect of a party, any employee, independent contractor, subcontractor, agent or representative engaged by that party, who provides any part of a Service

"Post-Completion Transition Services" means the services that the Company engages the council to provide from the Completion Date, as particularised in Schedule 3 and the Post-Completion Services Agreement

"Post-Completion Services Agreement" has the meaning set out at paragraph C(a) of the recitals

"Prepayments" has the meaning given to that term in clause 8 1(d)(ii) of Schedule 2

"Property Assets" has the meaning set out in Schedule 2B

"PWA" has the meaning set out in Schedule 2B

"Reserve Land Assets" has the meaning set out in Schedule 2B

"Road Reserve Assets" has the meaning set out in Schedule 2B

"Referral Notice" has the meaning given to that term in clause 8.2(b) of Schedule 2

"Relationship Principles" has the meaning given to that term in clause 1.1 of Schedule 3.

"Relevant Contract" has the meaning given to that term in clause 9.1(a) of Schedule 2.

"Representative" has the meaning given to that term in clause 4.2(a) of Schedule 3.

"Responsibilities" means the Statutory Responsibilities, Management Responsibilities, Operational Responsibilities, Resource Consent Responsibilities and Iwi and hapū Responsibilities.

"Resource Consents" means any resource consents issued by a Government Agency under the Resource Management Act 1991 (including any applications for any resource consents that are currently being processed) that are relevant to the Water Services that are transferred by the Council to the Company as set out in Appendix 1 of Schedule 2, but excluding those resource consents set out in Appendix 2 of Schedule 2

"Resource Consents Responsibilities" means the responsibilities for complying with the Resource Consents, and for exercising the associated rights and functions.

"Service Area" has the meaning set out in the LG(WS) Act where such service area is within the boundary of the Council (as that boundary is constituted at any time in Part 2, Schedule 2, LGA).

"Settlement Amount" means the amount calculated in accordance with Schedule 2A.

"Shared Interests" means the shared interests set out in Schedule 1, which are further described under any Shared Interest Arrangement.

"Shared Interest Arrangement" has the meaning given to that term in clause 2.2 of Schedule 3.

"Shared Services Agreement" has the meaning set out at paragraph C(b) of the recitals.

"Shareholders' Agreement" means the shareholders' agreement entered into between the Company and each of its shareholders and dated 23 July 2025.

"Shareholding Councils" means each of the councils that are party to the Shareholders' Agreement.

"Stage 1 Shares" has the same meaning as set out in the Shareholders' Agreement

"Stage 2 Shares" has the same meaning as set out in the Shareholders' Agreement.

"Statutory Responsibilities" means the statutory responsibilities, functions, duties, and powers concerning the provision of Water Services that are transferred by the Council to the Company, as set out in Appendix 1 of Schedule 2, but excluding those statutory responsibilities set out in Appendix 2 of Schedule 2.

"Total Water Connections" has the meaning set out in the Shareholders' Agreement.

"Transferring Water Services" means the drinking water services and wastewater services the Council is transferring Statutory Responsibility for to the Company under the terms of this agreement

"Transaction" means the transaction recorded in this agreement

"Transitional Activity Costs" means those costs incurred by the Council in undertaking a transition activity agreed by the Board and set out in Schedule 2A

"Warranties" means the warranties and undertakings in clause 12 1(a) of Schedule 2

"Water Revenues" has the meaning given to that term in clause 3 1 of Schedule 3

"Water Services" has the meaning set out in the LG(WS) Act, which shall be the water services transferred by the Shareholders to the Company in accordance with the Transfer Agreement between each Shareholder and the Company

"Water Services Strategy" has the meaning set out in the LG(WS) Act

13 Interpretation In this agreement, unless the context otherwise requires

- (a) headings are for convenience only and do not affect interpretation,
- (b) the singular includes the plural and vice versa, and a gender includes other genders,
- (c) another grammatical form of a defined word or expression has a corresponding meaning,
- (d) words in this agreement have the same meaning as in the Companies Act 1993 unless inconsistent with the context,
- (e) a reference to a party, person or entity includes
 - (i) an individual, firm, company, trust, partnership, joint venture, association, corporation, body corporate, estate, state, government or any agency thereof, municipal or local authority and any other entity, whether incorporated or not (in each case whether or not having a separate legal personality), and
 - (ii) an employee, agent, successor, permitted assign, executor, administrator and other representative of such party, person, entity,
- (f) a reference to dollars or \$ is to New Zealand currency and excludes every tax and duty,
- (g) a reference to a clause, schedule, appendix or attachment is to a clause, schedule, appendix or attachment of this agreement,
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them,

- (i) references to the word 'include' or 'including' are to be construed without limitation;
- (j) references to any form of law is to New Zealand law, including as amended or re-enacted;
- (k) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (l) an obligation not to do something includes an obligation not to allow or cause that thing to be done;
- (m) "written" and "in writing" include any means of reproducing words, figures or symbols in a tangible and visible form;
- (n) any obligation falling due for performance on or by a day other than a Business Day shall be performed on or by the Business Day immediately following that day; and
- (o) an obligation not to do something includes an obligation not to allow or cause that thing to be done.