Treasury Management Policy 2024

Kāpiti Coast
DISTRICT COUNCIL
Me Huri Whakamuri, Ka Titiro Whakamua

Contents

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Policy Owner:	Corporate Services

Introduction

1. The Kāpiti Coast District Council's (KCDC) Treasury Management Policy comprises a Liability Management Policy and an Investment Policy, as required by the Local Government Act 2002 (the Act).

2. Part 6, section 104 of the Act states that the Liability Policy must state the local authority's policies in respect of the management of both borrowing and other liabilities, including interest rate exposure, liquidity, credit exposure and debt repayment.

3. Part 6, section 105 of the Act states that the Investment Policy must state the local authority's policies in respect of investments, including the mix of investments, the acquisition of new investments, procedures for managing and reporting investments, and the assessment and management of risks.

Purpose

4. The Treasury Management Policy provides the framework for all of the Council's treasury management activities and defines key responsibilities and the operating parameters within which treasury activity is to be carried out.

General Policy Objectives

5. This document identifies the Policy of the Council in respect of investment and liability management activities. The Policy has not been prepared to cover other aspects of the Council's operations, particularly transactional banking management, systems of internal control and financial management. Other policies and procedures cover these matters.

6. The objective of the Policy is to control and manage borrowing costs, investment returns, liquidity requirements, and risks associated with treasury management activity.

7. The Council is governed by the following relevant legislation:

   - The Local Government Act 2002, in particular Part 6 including sections 101,102, 104 and 105;
   - The Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4; and
   - The Trustee Act 1956.

8. The Council is a risk averse entity and wishes to minimise risk from its treasury management activities. Interest rate risk, liquidity risk, funding risk and credit risk are risks the Council seeks to manage, not capitalise on. Accordingly, any activity that may be construed as speculative in nature is expressly forbidden.

Governance

9. The Council has ultimate responsibility for ensuring that there is an effective policy for the management of its treasury risks. In this respect the Council decides the level and nature of risks that are acceptable. The Council is responsible for approving this Treasury Management Policy and any changes to it required from time to time.

10. The Council may delegate its responsibilities under this Policy to its committees, subcommittees and officers in accordance with its governance structure and delegations.

11. The full list of delegated authorities as they relate to the Treasury Management Policy is attached as Appendix 1.

12. Treasury risk is minimised for the treasury activities by ensuring that there is adequate segregation of duties among the core functions of deal execution, confirmation, settling and accounting / reporting.

Liability Management Policy

Objectives

13. The Council's liability management objectives in relation to borrowings are to:

- minimise borrowing costs within approved risk parameters;
- prudently manage the Council's exposure to interest rate changes;
- ensure sufficient levels of liquidity to meet planned and unforeseen cash requirements;
- ensure that funding risks are managed by maintaining an appropriate spread of maturities;
- prudently manage the Council's credit exposures;
- monitor and report on the risk and the performance of debt portfolios against predetermined limits and benchmarks.

14. Maintain a credit rating of at least A- from S&P Global Ratings (S&P) or the Moody's Investors Service (Moody's) or Fitch Ratings (Fitch) equivalents. The Council's liabilities comprise borrowings (internal / external) and various other liabilities. The Council raises borrowings for the following primary purposes:

- General debt to fund the Council's balance sheet, including working capital requirements;
- Specific debt associated with 'one-off' projects and capital expenditure;
- To fund assets where their useful lives extend over several generations of ratepayers.

15. Any new borrowings or roll-over of existing borrowing needs to be budgeted for as part of the Council's approved Long-term Plan or Annual Plan or be subject to Council approval. Debt will be repaid as it falls due in accordance with the applicable loan agreement.

Specific Borrowing Limits

16. In managing debt, the Council will adhere to the following targets and limits:

Item	Borrowing Target	Borrowing Limit
Net interest expense over total operating income	< 10%	< 20%
Net external debt over total operating income	< 285% for FY 2025 and 280% thereafter	*see para 25*
Liquidity	> 110%	> 110%

Security

17. The Council's external borrowings and interest rate risk management instruments will generally be secured by way of a charge over rates and rates revenue offered through a Debenture Trust Deed. Under a Debenture Trust Deed, the Council's borrowing is secured by a floating charge over all Council rates levied under the Local Government Rating Act. The security offered by the Council ranks all secured lenders equally on a pari-passu basis.

18. From time to time and with Council approval, security may be offered by providing a charge over one or more of the Council's assets.

Borrowing Mechanisms

19. The Council is able to borrow through a variety of market mechanisms including issuing stock/debentures and commercial paper, direct bank borrowing, the Local Government Funding Agency (LGFA), or accessing the short and long-term debt capital markets directly or indirectly. In evaluating strategies for new borrowing, consideration should be given to the following:

- available rates and terms from lenders;
- the Council's overall debt maturity profile;
- the outlook on future interest rate movements.

20. The Council's ability to readily attract cost-effective borrowing is largely driven by its ability to rate, maintain a strong financial standing and manage its relationships with its investors, the LGFA and financial institutions / brokers.

Debt Repayment

21. The Council repays borrowings from refinancing or surplus general funds. Borrowings may be refinanced by further borrowings with a 30-year maximum term.

22. Debt will be repaid as it falls due in accordance with the applicable borrowing arrangement. Subject to the appropriate approval and debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

The Local Government Funding Agency

23. The Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) in accordance with its shareholding agreement with them. In connection with that borrowing, the Council may enter into the following related transactions to the extent that it considers necessary or desirable:

- contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA, for example Borrower Notes;
- provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
- commit to contributing additional equity (or subordinated debt) to the LGFA if required;
- secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue; and
- subscribe for shares and uncalled capital in the LGFA.

24. In 2020, the LGFA made a number of changes to its borrowing documents. These include:

a) As a local authority, the Council may now apply to the LGFA to be tested at the group level rather than at the parent level for compliance with LGFA covenants.

b) Council-controlled organisations (CCOs) can borrow directly through the LGFA borrowing programme (on the basis of a guarantee from and / or sufficient uncalled share capital issued to the parent local authority).

c) In response to the uncertainty arising from the Covid-19 pandemic, the LGFA shareholders approved changes to increase the foundation policy financial covenant net debt / total revenue from the current 250% to 280% for local authorities with a long-term credit rating of 'A' equivalent or higher.

d) Until 2025/26, local authorities with a long-term credit rating of 'A' equivalent or higher must comply with the "Alternative Net Debt / Total Revenue Covenant" as below.

Alternative Net Debt / Total Revenue Covenant	
Financial Year (Test Date)	**Net Debt / Total Revenue**
30 June 2021	<300%
30 June 2022	<300%
30 June 2023	<295%
30 June 2024	<290%
30 June 2025	<285%

25. The increased foundation policy financial covenant net debt / total revenue of 285% will apply in the 2025 financial year and 280% annually thereafter.

Internal Borrowing

26. The internal borrowing relates to the Council borrowing from its reserves, special funds and equity that the Council would otherwise have in cash. The Council has borrowed these funds to fund capital works which would otherwise be funded from external borrowers.

27. Any internal borrowing of reserve and special funds used must be reimbursed for interest revenue lost. Except where a specific rate has been approved for particular circumstances, interest is charged annually in arrears on all internal loans using the Council's current cost of borrowings.

Guarantees / contingent liabilities and other financial arrangements

28. The Council, from time to time, provides financial guarantees to local organisations, groups or bodies for recreational and community purposes. The Council is not allowed to guarantee loans to Council Controlled Trading Organisations under Section 62 of the Local Government Act.

29. The total value of guarantees at any one time, excluding LGFA guarantees, will not exceed 3% of the total annual rates levied during that year. Total loan guarantees held at any time shall be taken into account when calculating the Council's maximum borrowing limit.

30. The Council will ensure that sufficient funds or lines of credit exist to meet amounts guaranteed.

Investment Policy

General Policy

31. The Council may hold financial, property and equity investments if these are strategic, economic or there are other valid reasons for doing so, for example, where it is the most appropriate way to administer a Council function.

32. With the exception of financial investments, the acquisition of a new investment or disposal of an existing investment needs to be budgeted for as part of the Council's approved Long-term Plan or Annual Plan or be approved through a Council resolution.

33. The authority to acquire and dispose of financial investments is delegated to the Group Manager Corporate Services in consultation with the Chief Executive.

Investment Mix

Equity Investments

34. The Council currently maintains equity investments in Civic Financial Services Limited (formerly the New Zealand Local Government Insurance Corporation Limited). These shares were acquired by virtue of the Council insuring its past activities through these companies. They are held as they are not readily transferable, and the amount involved is immaterial relative to the Council's total investment holdings.

35. New equity investments may be acquired if an opportunity arises and approval is given by the Council, based on advice and recommendations from Council officers. Before approving any new investment, the Council gives due consideration to the contribution the investment will make in fulfilling the Council's strategic objectives and the financial risks of owning the investment.

Property Investments

36. Strategic Land Purchase - the Council has adopted a process of purchasing land when the opportunity arises, where this has been identified as progressing the community's and the Council's vision for the future.

37. Each individual property purchase is subject to consideration and / or approval by the Council or a delegated Committee.

Loan Advances

38. The Council will only advance loans to external organisations in exceptional circumstances. Where loan advances are secured against the assets of the borrower, those assets would revert to the Council in the event of loan default. New loan advances are by Council resolution only.

39. All loan advances are monitored to ensure that interest and principal repayments comply with the terms of the loan agreement. All loans in excess of $25,000 are reported on a quarterly basis to the Council or a delegated Committee.

Development and Financial Contributions

40. In order to make it easier for developers to finance large-scale developments, the Council may allow payment of development and financial contributions on some residential developments to be deferred for a period. Payment arrangements, for example, bank bonds can be used as security against the assets of the developer so that those assets would revert to the Council in the event of default of the payment of development / financial contributions.

LGFA

41. The Council may invest in shares and other financial instruments of the LGFA and may borrow to fund that investment. The Council's objective in making any such investment will be to:

    - Obtain a return on the investment; and
    - Ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of debt funding for the Council.

42. Because of these dual objectives, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

43. If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA.

Treasury Risk Management

44. Borrowing exposes the Council to three principal risks:

Liquidity / Funding Risk

45. Liquidity risk is the risk that an unforeseen event or miscalculation in the required liquidity level may lead to the Council being unable to meet its day-to-day obligations. Liquidity risk management has the objective of ensuring that adequate liquid assets and funding sources are available at all times to meet both the short- and long-term commitments of Council as and when they arise, in an orderly manner.

    Funding risk centres on the ability to re-finance or raise new debt at acceptable pricing and maturity terms.

Interest Rate Risk

46. Interest rate risk is the risk that the Council will be exposed to changes in market conditions, particularly wholesale interest rates, prevailing at any time. It is important to consider this on a forward-looking basis when issuing new debt and refinancing existing debt on an on-going basis. It may impact on the maturity profile of issued debt and the process of re-financing.

Credit Risk

47. Credit risk is the risk that a party to a transaction, such as a counterparty or a financial intermediary / institution, may not settle or provide committed funding as and when required. This risk is applicable where the Council is both a borrower and an investor, with the more significant risk arising when the Council is an investor.

48. Other risks include legal risk, operational risk, foreign exchange risk, concentration risk, volatility risk and carbon credit risk.

Liquidity / Funding Risk

49. A key factor in the management of funding risk is to spread and control the risk to reduce the concentration of risk at any point so that the overall borrowing cost is not increased unnecessarily and / or the desired maturity profile compromised due to market conditions.

50. The following control limits apply to the Council's management of liquidity risk:

    a. The Council will ensure that it has sufficient funds available to:

        - fund all new and roll-over debt, and
        - pay all financing costs.

    b. To manage liquidity risk the Council will ensure that external debt plus committed loan facilities together with available liquid investments will be maintained at an amount of 110% of projected external debt over the ensuing 12 month period.

    c. The Council has the ability to pre-fund debt requirements including re-financing.

    d. The Chief Executive has delegated to the Group Manager Corporate Services the discretionary authority to re-package existing debt on more favourable terms. Such action is to be ratified and approved by Council or delegated Committee.

    e. The Council can borrow for a maximum term of 30 years. Any debt issued for longer than 10 years will be reported to Council or delegated Committee.

    f. The maturity profile of the total committed funding with respect to all external loans / debt and committed facilities, calculated monthly on a rolling basis is to be within the following funding control limits.

Funding control limits

51. No more than 40% of debt shall be subject to refinancing in any rolling 12-month period.

52. A maturity schedule that is outside the above limits but self-corrects within 90 days is not in breach of this Policy. However, maintaining a maturity profile outside the above limits for a period beyond 90 days requires specific approval by Council or delegated Committee at its next meeting.

Interest Rate Risk

53. Interest rate risk is the risk that funding costs (due to movements in market interest rates) will materially exceed adopted Annual Plan and Long-term Plan interest cost projections, so as to adversely impact cost control, and capital investment decisions, returns and feasibility.

54. The primary objective of interest rate risk management is to reduce uncertainty of interest rate movements through fixing of wholesale market interest costs. Certainty around interest costs is to be achieved through the active management of underlying interest rate exposures.

55. Dealing in interest rate products must be limited to financial instruments approved by the Council as per an internally updated schedule. Credit exposure on these financial instruments is restricted by specified counterparty credit limits.

56. A list of the current approved interest rate instruments is attached as Appendix 2.

57. All unsecured investment securities must be senior in ranking. The following types of investment instruments are expressly excluded:

- structured debt where issuing entities are not a primary borrower / issuer;
- subordinated debt, junior debt, perpetual notes and debt / equity hybrid notes such as convertibles.

58. Any other financial instrument not on the approved list must be specifically approved by the Council on a case-by-case basis and only applied to each transaction being approved.

Interest Rate Risk Control Limits

59. Major control limit – at any point in time the amount of all current interest rate risk management instruments must not exceed the total amount of gross debt.

60. Hedging of the Council's external debt / borrowings must be within the following fixed /floating interest rate risk control limit:

Risk control limits – exposure to interest rate risk is managed and mitigated through the risk control limits below. **Fixed/Floating Interest Rate Risk Control Limits**		
	Minimum Fixed Rate	**Maximum Fixed Rate**
0 – 2 years	40%	100%
2 – 4 years	20%	80%
4 – 10 years	0%	60%

a. External debt is the total amount of gross debt. This allows for pre-hedging in advance of projected physical drawdowns of new debt. When approved forecasts are changed, the amount of fixed rate cover in place may have to be adjusted to comply with the Treasury Management Policy minimums and maximums.

b. A fixed rate maturity profile that is outside the above limits but self-corrects within 90 days is not in breach of this Policy. However, maintaining a maturity profile outside the above limits beyond 90 days requires specific approval by the Council or delegated Committee at the next available meeting.

Authorised Risk Management Instruments

61. The Council is able to use the following financial market instruments to manage interest rate risk:

    a. Interest rate swaps.

    b. Interest rate options including collar option structures but in a ratio which does not exceed 1:1. The outright selling of interest rate options is not permitted. Options on hedging floating rate debt with an exercise rate greater than 2.00% above the equivalent period interest rate at the time of inception cannot be counted as part of the fixed rate cover percentage calculation.

    c. Borrower swaptions.

    d. Fixed rate bonds.

    e. Fixed rate term loans

Credit Risk

Counterparty Credit Risk for Derivatives

62. Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party. The credit risk to the Council in a default event will be weighted differently depending on the type of instrument entered into.

63. Counterparties and limits can only be approved on the basis of a minimum long term credit rating (S&P Global Ratings or the Moody's of Fitch equivalents of A+ and a minimum short-term rating of A-1).

64. Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure. The approval process to allow the use of individual financial instruments must take into account the liquidity of the market the instrument is traded in and repriced from.

65. The maximum exposure for any one counterparty is $10 million. Exposures are calculated as follows:

    a. Interest rate swaps/swaptions and interest option caps = MTM + 1% of FV per annum calculated on the average duration of the derivatives portfolio. For example, if the derivatives portfolio that KCDC had with a particular bank totalled $40 million, with had an average duration of 3 years and was $3.5 million in the money, the total exposure that KCDC would have to the bank would be $4.7 million.

    b. MTM is defined as positive if the position is 'in the money' for KCDC and nil if it is 'out of the money' for Council.

66. The following table shows the gross counterparty limit for borrowing:

Counterparty/ Issuer	Borrowing maximum per counterparty
NZ Government	Unlimited
LGFA	Unlimited
NZ Registered Bank minimum credit rating of A+	$50 million

67. A counterparty profile that is outside the above limits but self-corrects within 90-days is not in breach of this Policy. Any departures from the above limits will be reported to the Council or delegated Committee at its next meeting.

Legal Risk

68. Legal and regulatory risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction, usually because of prohibitions contained in legislation.

69. This risk is minimised by standing dealing and settlement instructions being sent to counterparties, matching of third-party confirmations, and the immediate follow-up of anomalies.

70. Derivative financial instruments can only be entered into with banks that have in place an executed International Swaps and Derivatives Association (ISDA) Master Agreement with the Council.

Operational Risk

71. This is the risk of loss as a result of human error (or fraud), system failures and inadequate procedures and controls. Operational risk, particularly relevant to dealing with financial instruments, is minimised through appropriate segregation of duties, recording and reporting procedures and system controls.

Foreign Exchange Risk

72. The Council has limited foreign exchange risk through the occasional purchase of foreign exchange denominated plant and equipment. All foreign exchange exposures greater than NZD100,000 must be hedged using forward exchange contracts. The Council does not borrow or enter into incidental arrangements within or outside New Zealand in any foreign currency other than New Zealand dollars.

Concentration Risk

73. This is the risk of a loss arising as a result of a heavily lopsided exposure to one or more counterparties. The risk is managed through adherence to the gross counterparty limits.

Volatility Risk

74. This is the risk of a change of price of a portfolio as a result of changes in the volatility of a risk factor. The risk is managed through ensuring that the asset allocation is continuously reviewed to ensure that it stays diversified over the long term.

Carbon Credit Risk

75. The Council needs to minimise the financial impact of movements in the carbon credit prices by balancing the need for price stability with the benefit of realising market opportunities to reduce costs as they arise.

Treasury Performance

76. In order to assess the effectiveness of the Council's treasury management activities, benchmarks and performance measures have been prescribed to assess operational performance and the management of debt and interest rate risk. The Council undertakes regular reporting which includes the following four major information/ reporting objectives:

    a. Cash / Debt Position.

    b. Risk Exposure Position.

    c. Treasury management Policy Compliance

    d. Interest Rate Risk Management Performance.

77. The Finance Team has Council discretion to manage debt and interest rate risk within policy control limits. Thus, the actual funding rate achieved must be compared against an appropriate external benchmark interest rate that assumes a risk neutral position within the current fixed to floating policy parameters. In this respect, a risk neutral position is always precisely at the mid-point of the minimum and maximum control limits specified in the policy.

78. Given the fixed/floating interest rate risk control limits in paragraph 60 of this Policy, the market benchmark (composite) indicator rate will be calculated as follows:

    a. 30% Average 90-day bill rate for reporting month.

    b. 15% 2-year swap rate at end of reporting month.

    c. 15% 2-year swap rate, 2 years ago.

    d. 10% 4-year swap rate at end of reporting month.

    e. 10% 4-year swap rate, 4 years ago.

    f. 10% 8-year swap rate at end of reporting month.

    g. 10% 8-year swap rate, 8 years ago.

79. The actual reporting benchmark is the 12-month rolling average of the monthly calculated benchmarks using the above parameters. This is compared to actual cost of funds, excluding all credit margins and fees.

80. The table below summarises the key reporting outputs in relation to treasury management:

Report type	Audience	Frequency	Format
Management	Senior Leadership Team	Quarterly	Report compliance with all limits and thresholds
Governance	Council or delegated Committee	Quarterly	Overview of quarterly performance
Annual Report	Council or delegated Committee	Annually	Review of annual performance and of the Policy and policy limits to ensure they are fit for purpose

Policy Review

81. The Policy is to be formally reviewed on at least a triennial basis by Council or delegated Committee.

Appendix 1: Delegated Authorities

	Activity	Delegated Authority	*Limit
1	Approving and changing the Treasury Management Policy	Council	Unlimited
2	New annual borrowing as set out in the Annual Plan/Long Term Plan	Council	Within the prescribed limits set out in the Financial Strategy
3	Approval for charging assets as security over borrowing	Council	Subject to the requirements of Debenture Trust Deed
4	Acquisition and disposal of investments other than financial investments	Council	Unlimited
5	Approving transactions outside the Treasury Management Policy	Council	Unlimited
6	Re-financing existing debt	Chief Executive	Subject to Policy
7	Negotiate bank facilities	Chief Executive (or) Group Manager Corporate Services	Subject to Policy
8	Manage cash / liquidity requirements	Chief Executive (or) Group Manager Corporate Services	Per risk control limits
9	Approving counterparty credit limits	Chief Executive	Within the prescribed limits set out in the Treasury Management Policy
10	Adjust interest rate risk profile	Chief Executive delegated to the Group Manager Corporate Services; each adjustment individually signed off by the Chief Executive	Fixed rate debt ratio as per risk control limits Fixed rate maturity profile limit as per risk control limits
11	Managing funding and investment maturities in accordance with the Council's approved facilities	Chief Executive Group Manager Corporate Services	Per risk control limits
12	Maximum daily transaction amount (borrowing, investing and interest rate risk management) excludes roll-	Council Chief Executive Group Manager Corporate Services	Unlimited $30 million $15 million

	Activity	Delegated Authority	*Limit
	overs on existing debt and interest rate swaps	CFO (delegated)	$5 million
13	Authorising lists of signatories	Chief Executive Group Manager Corporate Services	Unlimited
14	Opening/closing bank accounts	Chief Executive Group Manager Corporate Services	Unlimited
15	At least triennial review of Treasury Management Policy	Group Manager Corporate Services	N/A
16	Ensuring compliance with Treasury Management Policy	Group Manager Corporate Services	N/A

**All activity limits in the above table are subject to the limits contained in the Council approved Long-term Plan / Annual Plan. The Council can approve changes to the limits.*

Appendix 2: Current approved interest rate instruments

Category	Instrument
Cash management and borrowing	1. Bank overdraft 2. Committed cash advance and bank accepted bill facilities (short-term and long-term loan facilities) 3. Uncommitted money market facilities 4. Retail and Wholesale Bond and Floating Rate Note (FRN) issuance 5. Commercial paper (CP) / Promissory Notes 6. NZD denominated Private Placements
Foreign exchange management	1. Spot foreign exchange 2. Forward exchange contracts

Appendix 3: Authorised Financial Market Investment Parameters

Authorised Asset Classes	Maximum limit as a Percentage of the Total Portfolio	Approved Financial Market Investment Instruments (must be denominated in NZ dollars)	Credit Rating Criteria – S&P (or Moody's or Fitch equivalents)	Limit for each issuer subject to overall portfolio limit for issuer class
New Zealand Government or Government Guaranteed	100%	Government Bonds Treasury Bills	Not Applicable	Unlimited
Rated Local Authorities	50%	Commercial Paper Bonds/MTNs/FRNs	S&P ST rating of 'A-1' or LT 'A'- or A S&P ST rating of 'A-1+' or LT 'A+ or better	$4 million $8 million
Unrated local authorities where rates are used as security	25%	Bonds/MTNs/FRNs	Not applicable	$4 million
New Zealand Registered Banks	100%	Call/Term Deposits Bonds/MTNs/FRNs	S&P ST rating of 'A-1' or LT 'A-' or 'A' S&P ST rating of 'A-1+' or LT 'A+' or better	$12 million $60 million
State Owned Enterprises	33%	Commercial Paper Bonds/MTNs/FRNs	S&P ST rating of 'A-1' or LT 'A-' or 'A' S&P ST rating of 'A-1+' or LT 'A+' or better	$4 million $8 million
Corporates	25%	Commercial Paper Bonds/MTNs/FRNs	S&P ST rating of 'A-1' or LT 'A-' or 'A' S&P ST rating of 'A-1+' or LT 'A+' or better	$2 million $4 million
Financials	25%	Commercial Paper Bonds/MTNs/FRNs	S&P ST rating of 'A-1' or LT 'A-' or 'A' S&P ST rating of 'A-1+' or LT 'A+' or better	$2 million $4 million