Quarterly Report

Quarter 1: 2018 - 2019
Period ended: 30 September 2018

NEW ZEALAND
LOCAL GOVERNMENT
FUNDING AGENCY

Contents		Page

Quarterly Report

Quarter 1: 2018 - 2019
Period ended: 30 September 2018

NEW ZEALAND
LOCAL GOVERNMENT
FUNDING AGENCY

A. September quarter issuance and highlights summary

Quarter	**Total**	Bespoke Maturity	2019	2020	2021	2022	2023	2025	2027	2033
Bonds issued $m	**385**	N/A		-	-	80	-	90	50	165
Term Loans to councils $m	**508.5**	284.5	-	41	1.5	85.5	37.5	47	11.5	-
Term Loans to councils #.	**64**	31	-	5	1	10	5	9	3	-

Year to date	**Total**	Bespoke Maturity	2019	2020	2021	2022	2023	2025	2027	2033
Bonds issued $m	**385**	N/A		-	-	80	-	90	50	165
Term Loans to councils $m	**508.5**	284.5	-	41	1.5	85.5	37.5	47	11.5	-
Term Loans to councils #	**64**	31	-	5	1	10	5	9	3	-

Key points and highlights for the September quarter:

- The LGFA bond curve fell over the quarter with yields declining between 7 bps (2019s) and 26 bps (2023s) while the 2033 bond yield fell 18 bps (0.18%).
- LGFA issued $385 million of bonds during the quarter across two tenders. The September quarter has historically been a good quarter for issuance, averaging $344 million of issuance over the past seven years. The average term of issuance during the quarter of 9.45 years was above the average term for the prior year of 8.87 years. LGFA bonds outstanding as at 30 June 2018 were a record $8.504 billion (including $400 million of treasury stock).
- LGFA margins to swap contracted for all LGFA bond maturities by between 1 bps (2020s) and 14 bps (2025s). Domestic banks were large buyers of LGFA bonds over the quarter, increasing their holdings by $453 million while offshore investors reduced their holdings for the first time over a quarter by $75 million. LGFA Spreads to NZGB were mixed with a 7 bps widening in the 2033s compared to a 10 bps narrowing in the 2023 spread to NZGB.
- Long dated on-lending to council borrowers was a healthy $508.5 million including $284.5 million of bespoke maturity loans (56% of total lending) during the quarter. The average term of on-lending during the quarter was 6.22 years which was significantly longer than the average loan term of 4.5 years for the prior year.
- LGFA market share of 73.5% of total council borrowing for the rolling 12-month period to September 2018 was up 3.5% from the same measure as at the end of June 2018. We estimate that we provided 100% of council borrowing during the September 2018 quarter.
- Short-term lending to councils remains well supported by councils with loans outstanding of a record $414 million as at 30 September 2018. This was an increase of $170 million over the quarter and the number of councils using this product increased by four to twenty-three.
- LGFA Net Operating Gain (unaudited) for the three-month period was $3.74 million or $0.496 million above budget with Net Interest Income $431k above budget and expenses $65k under budget.
- Ruapehu District and Waikato Regional Councils joined as guarantors and Wairoa District Council joined as a non-guarantor during the quarter, bringing total membership to fifty-nine council members. Gore District Council also became a guarantor. We would expect another four councils to join in the coming year.

B. LGFA bond tenders during quarter

LGFA held two bond tenders during the quarter.

Tender 57: 18 July 2018 $175 million

Tender 57 Tender date: 22 August 2018	Apr-22	Apr-25	Apr-27	Apr-33
Total amount offered $m	30	40	30	75
Total amount allocated $m	30	40	30	75
Total number bids received	13	21	17	24
Total amount of bids received $m	80	141	83.2	209
Total number of successful bids	8	6	7	4
Highest accepted yield %	2.67	3.27	3.50	4.08
Lowest yield accepted %	2.65	3.255	3.465	4.07
Highest yield rejected %	2.745	3.34	3.60	4.18
Lowest yield rejected %	2.67	3.27	3.50	4.08
Weighted average accepted yield %	2.655	3.269	3.485	4.075
Weighted average rejected yield %	2.684	3.287	3.545	4.109
Coverage ratio	2.67	3.53	2.77	2.79
NZGB spread at issue bps	60	80	83	105
Swap spread at issue bps	26	50.5	53.8	78.75
Swap spread: AA council bps	37 ½	60 ¼	68 ¾	87
Swap spread: AA- council bps	42 ½	65 ¼	73 ¾	92
Swap spread: A+ council bps	47 ½	70 ¼	78 ¾	97
Swap spread: unrated council bps	49 ¼	67 ¼	79 ½	98 ¼

The tender result was pleasing with strong bidding support for the three long dated maturities offered and moderate support for the 2022s. The tender size of $175 million was above average ($139 million) and the second largest for the past twelve months.

Price support was positive with successful yields 2 bps lower on the 2033s relative to prevailing mid rates at the time of the tender while the 2025 and 2027s were issued at mid-rates.

Bidding was strong given the larger amount tendered, longer duration of bonds tendered and a good bid coverage ratio of 2.9x. The successful bid ranges were also tight at between 2 and 3.5 bps wide but centred around prevailing mid rates.

The average maturity of the LGFA bonds issued set a historic record at a very long 10 years compared to the annual average of 7.64 years.

While we issued $175 million of LGFA bonds we on-lent $152 million to fourteen councils (the equal largest number for almost 4 years). We are experiencing again the early refinancing of the March 2019 loans by councils.

The average term of lending at 84 months was the longest for the past five months and above the long-term average of 55 months.

Quarterly Report

Quarter 1: 2018 - 2019
Period ended: 30 September 2018

Tender 58: 22 August 2018 $210 million

Tender 58 Tender date: 22 August 2018	**Apr-22**	**Apr-25**	**Apr-27**	**Apr-33**
Total amount offered $m	50	50	40	70
Total amount allocated $m	50	50	20	90
Total number bids received	16	18	8	27
Total amount of bids received $m	157	165	20	140
Total number of successful bids	5	8	8	16
Highest accepted yield %	2.42	2.985	3.27	3.84
Lowest yield accepted %	2.41	2.955	3.23	3.785
Highest yield rejected %	2.48	3.03	n/a	3.89
Lowest yield rejected %	2.42	2.985	n/a	3.84
Weighted average accepted yield %	2.413	2.977	3.249	3.827
Weighted average rejected yield %	2.432	2.998	n/a	3.85
Coverage ratio	3.14	3.30	0.50	2.00
NZGB spread at issue bps	56	74	84	108
Swap spread at issue bps	22	41	49	72
Swap spread: AA council bps	34 ¼	52 ¼	64 ½	83 ¼
Swap spread: AA- council bps	39 ¼	57 ¼	69 ½	88 ¼
Swap spread: A+ council bps	44 ¼	62 ¼	74 ½	93 ¼
Swap spread: unrated council bps	49 ¼	67 ¼	79 ½	98 ¼

The tender result was unusual as bidding support was strong in terms of price tension and volume bid, but we only received $20 million of bids for the $40 million of 2027s available. Support was so strong for the 2033s that we were able to over accept the 2033s without any pricing impact. This was the largest amount of 2033s issued in a single tender. The underbidding for the 2027s was due to bidders being focussed on the other three maturities and recent offshore selling of the 2027s.

The tender size of $210 million was above average and the largest for four years.

Bidding volume was average in terms of the overall bid coverage ratio of 2.3x but this reflected the larger amount and longer tenor of bonds. The successful bid ranges were wider than usual at between 1 bps and 5.5 bps wide due to several bids staggered below market.

The spread to NZGB compared to the prior tender were between 6 bps tighter on the 2025s, and 3 bps wider on the 2033s. Importantly for our council borrowers, the spread to swap was between 3 bps tighter (2022s) and 8 bps tighter (2025s) over the past five weeks. The absence of other high grade corporate bonds and strong bidding support for NZGBs has led to these shifts.

The average maturity of the LGFA bonds issued was very long at 9.45 years for the second consecutive tender (in July it was 10 years) compared to the annual average of 7.64 years.

Council borrowing was higher than normal as we lent $231 million to thirteen councils (the largest amount lent in a tender since September 2014).

C. Key performance indicators

We have met three KPIs and partially met the fourth KPI as at the end of the September quarter.

We have maintained issuance and operating expenses below budget by approximately $60k although this is only as at the end of the first quarter.

We have changed our base lending margin for long dated lending to a standard 10 bps margin regardless of the borrowing term. This will ensure that we meet the average base margin target of 10 bps when we combine it with our short-dated lending e.g. in the September quarter the average margin was 9.5 bps which was helped by the record $414 million of short term loans outstanding as at 30 September 2018.

We have improved our estimated interest cost savings for council borrowing through LGFA compared to councils borrowing in their own name for mid to longer dated terms (three to five years). We have not improved our borrowing savings for very short terms (less than one year) but this is expected given that the spread between what councils borrow at over LGFA borrowing cost will narrow as the borrowing term approaches maturity.

Our volume of council lending is currently well above the SOI forecast but this is due to both the larger amount of short term lending and councils prefunding their March 2019 loans ahead of maturity. This provided a temporary boost to LGFA loans to councils outstanding, but our loan book will reduce by $1.2 billion in March 2019.

Measure		**Prior full year to June 2018**	**Q1 30 Sept 2018**	**Q2 31 Dec 2018**	**Q3 31 Mar 2019**	**Q4 30 June 2019**
Average base margin over cost of funds for short term and long-term lending	Target %		< 0.10%			
	Average actual %	0.105%	0.095% (0.10% for long term and 0.09% for short term) ✓			
Estimated interest cost savings	Target Improvement on prior year as at each quarter		**Q1 30 Sept 2018**	**Q2 31 Dec 2018**	**Q3 31 Mar 2019**	**Q4 30 June 2019**
	2019 maturity At quarter end	11 bps	8 bps ✗			
	2021 maturity At quarter end	19 bps	20 bps ✓			

	2025 maturity At quarter end	10 bps	20 bps ✓			
Issuance and operating expenses (excluding AIL) YTD	Target ($)		**$1.42 m (YTD as at Q1)**	**$2.84 m (YTD as at Q2)**	**$4.26 m (YTD as at Q3)**	**$5.67 m (FULL YEAR)**
	Actual ($)	$5.16 m	$1.36 m ✓			
Lending (short and long term) to participating councils	Target ($)		**$8.378 b (YTD as at Q1)**	**$8.818 b (YTD as at Q2)**	**$7.898 b (YTD as at Q3)**	**$8.105 b (FULL YEAR)**
	Actual ($)	$7.927 b	$8.641 b ✓			

D. Summary financial information (provisional and unaudited)

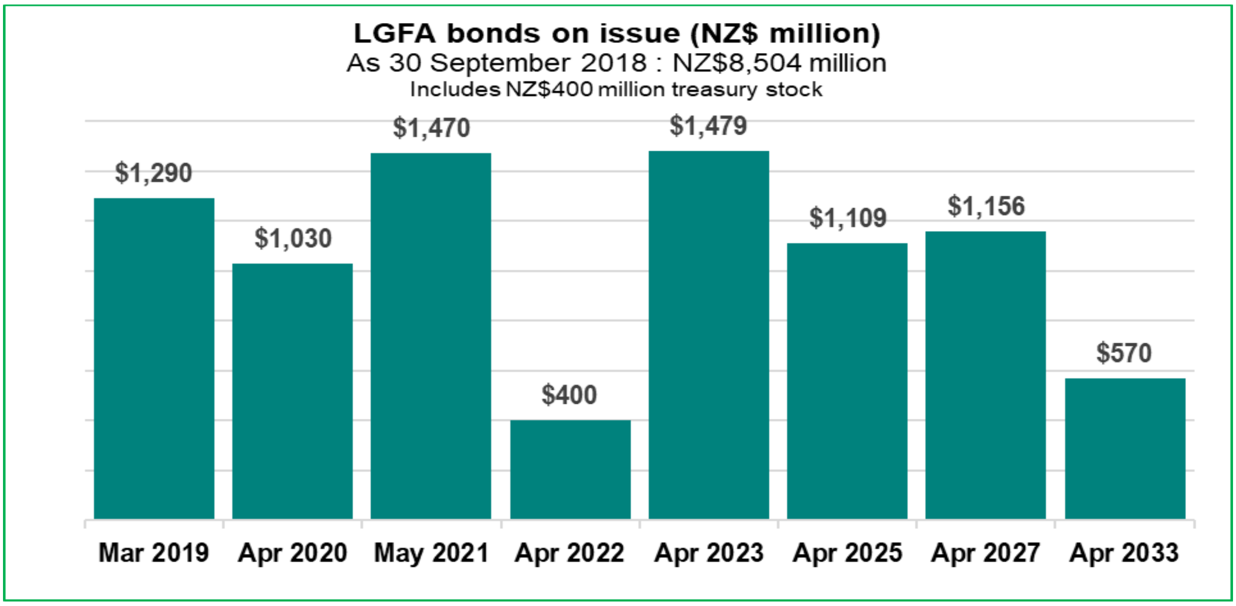
Financial Year ($m)	**YTD as at Q1**	**YTD as at Q2**	**YTD as at Q3**	**YTD as at Q4**
Comprehensive income	**30-Sep-18**	**31-Dec-18**	**31-Mar-19**	**30-June-19**
Interest income	88.71			
Interest expense	83.43			
Net interest revenue	**5.29**			
Issuance and On-lending costs	0.57			
Approved issuer levy	0.19			
Operating expenses	0.79			
Issuance and operating expenses	**1.55**			
Net Profit	**3.74**			

Financial position ($m)	**30-Sep-18**	**31-Dec-18**	**31-Mar-19**	**30-Jun-19**
Retained earnings + comprehensive income	41.74			
Total assets (nominal)	8,857.01			
Total LG loans (nominal)	8,631.65			
Total LGFA bills (nominal)	470.00			
Total LGFA bonds (nominal)	8,104.00			
Total borrower notes (nominal)	131.20			
Total equity	66.74			

Quarterly Report

Quarter 1: 2018 - 2019
Period ended: 30 September 2018

NEW ZEALAND
LOCAL GOVERNMENT
FUNDING AGENCY



E. Quarterly compliance summary

Policy	Limit	Policy page ref	Continuous Compliance
One-month Liquidity Monitor	>120%	S1-1.1	Yes
Three Month Liquidity Monitor	>110%	S1-1.2	Yes
Twelve Month Liquidity Monitor	>110%	S1-1.3	Yes
Council Exposure (any 12-month period)	<10% of Balance Sheet	S1-1.5	Yes
Liquidity Buffer	>110%	S1-1.4	Yes
Partial Differential Hedge (PDH Interest Rate Gap Report	$40,000	S3-4.1	Yes
Value at Risk (VaR)	$250,000	S3-4.2	Yes
Council Maturity (any 12-month period)	$100m or 33% of LGFA borrowing	S1-1.6	Yes
Funding Largest Council Exposure	>100%	S1-1.7	Yes
Foreign Exchange Exposure	Nil	S7-3.1	Yes
NZDMO Facility Utilisation	Report monthly	S8-8.5	Yes
Counterparty Credit Limits	80% of Portfolio $125m Counterparty (category 3)	S4	Yes
Auckland Council Exposure (proportion of total Council exposure)	<40%	S1-1.8	Yes
Balance Sheet Maturity Mismatch	<15% of Balance Sheet	S2-2.1	Yes
Financial Covenants	Various (as set out on p13)	S9	Yes
Authorising Treasury transactions	Two approvers, one signature	S8-8.4	Yes

Details for compliance breaches over quarter.
There were no breaches over the quarter.

F. Performance against SOI objectives and performance targets

Primary objectives

1. Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing

The LGFA on-lending base margins are 10 bps for all terms between March 2019 and April 2033. We changed to a flat margin structure in June 2018. Previously the pricing methodology was a staggered margin schedule between 9 bps and 11 bps depending upon the term of borrowing. The base margin charge covers our operating costs and provides for our capital to grow in line with the growth in our balance sheet to maintain a capital buffer.

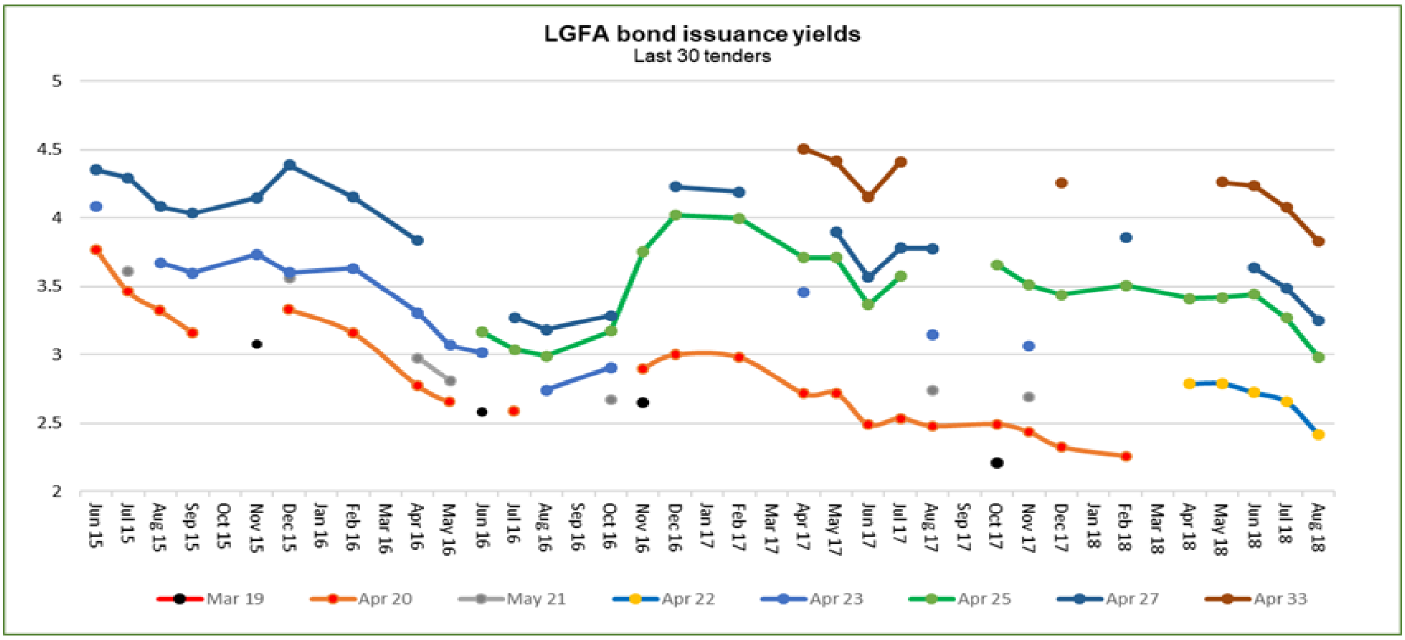
Our estimated annual savings to councils based upon the secondary market levels at 30 September 2018 of LGFA bonds compared to bonds issued by Auckland and Dunedin councils is between 8 bps and 21 bps depending upon the term of borrowing. The amount of savings has increased over the past quarter and rolling 12-month period for all maturities except the 2019s. The 2019s savings reduce quickly as we approach the maturity date of the LGFA bonds and council loans. LGFA borrowing spreads have tightened slightly more than the tightening in Auckland and Dunedin borrowing margins over the quarter There was no bond issuance by either Auckland Council or Dunedin City Treasury over the quarter whereas LGFA issued $385 million of bonds.

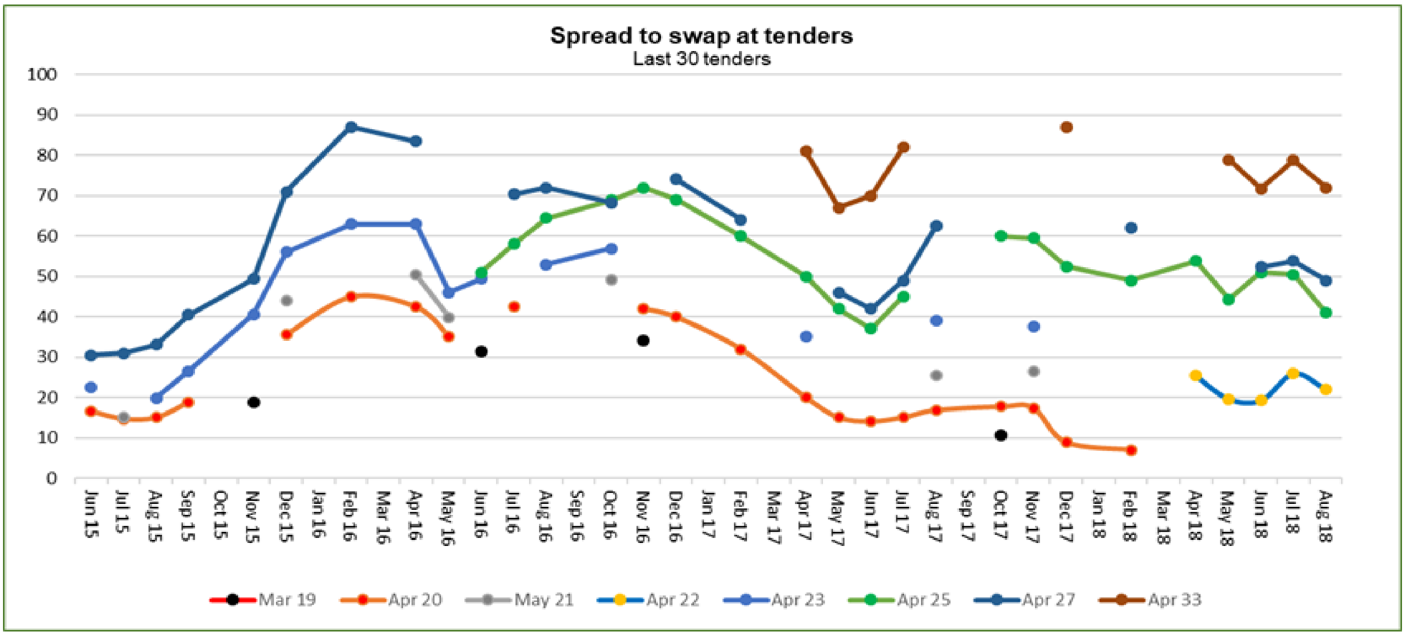
30-Sep-18	**Savings to AA rated councils (bps)**				
	Auckland 2019	Dunedin 2020	Dunedin 2021	Auckland 2022	Auckland 2025
AA rated councils margin to swap	24	35	41	45	69
Less LGFA margin to swap	-6	-4	-11	-20	-39
LGFA Gross Funding Advantage	18	31	30	25	30
Less LGFA Base Margin	-10	-10	-10	-10	-10
Total Saving	8	21	20	15	20

Note that from 30 June 2017 we removed the implied "LGFA effect" of 10 bps of additional savings in borrowing costs from the above analysis. The LGFA effect was the assessment of immediate savings to councils when LGFA first commenced lending to councils in February 2012.

We held two bond tenders during the September quarter with total issuance of $385 million. This was above the historic quarterly average of $344 million and was the third largest September quarterly issuance volume since we first started issuing in 2012. The rolling annual issuance of $1.363 billion is in line with previous year issuance amounts ($1.325 billion in 2016/17) but above the $1.015 billion in the 12-month period to September 2016. Credit market sentiment remained positive over the quarter with long dated spreads narrowing and yields declining to near historic lows as risk sentiment improved and the outlook for future interest rate hikes by the RBNZ were pushed further out into 2020. The interest rate curve flattened with yields on short dated LGFA bond yields (2020s) declining 14 bps over the quarter while long dated LGFA bond yields (2033s) declined 18 bps. The September quarter was a strong period for Kauri bond issuance ($1.575 billion), following a record March quarter ($3.525 billion) but no issuance in the June quarter. The Kauri market is issuance by AAA rated Supranational issuers such as the World Bank, Nordic Investment Bank and the Asian Development Bank. These issuers are our peer issuers in the NZD market.

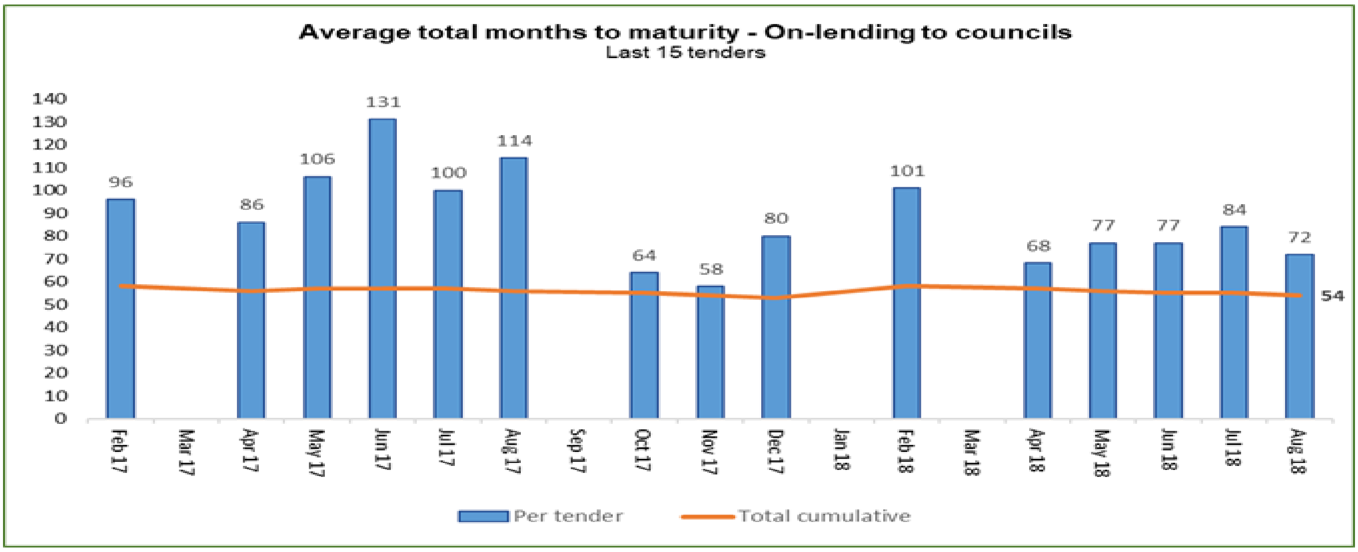
In general, secondary market credit spreads tightened to swap and NZGBs over the quarter. Over the past year spreads to swap and NZGB have tightened for all LGFA maturities by between 4 bps (0.04%) and 20 bps (0.20%).





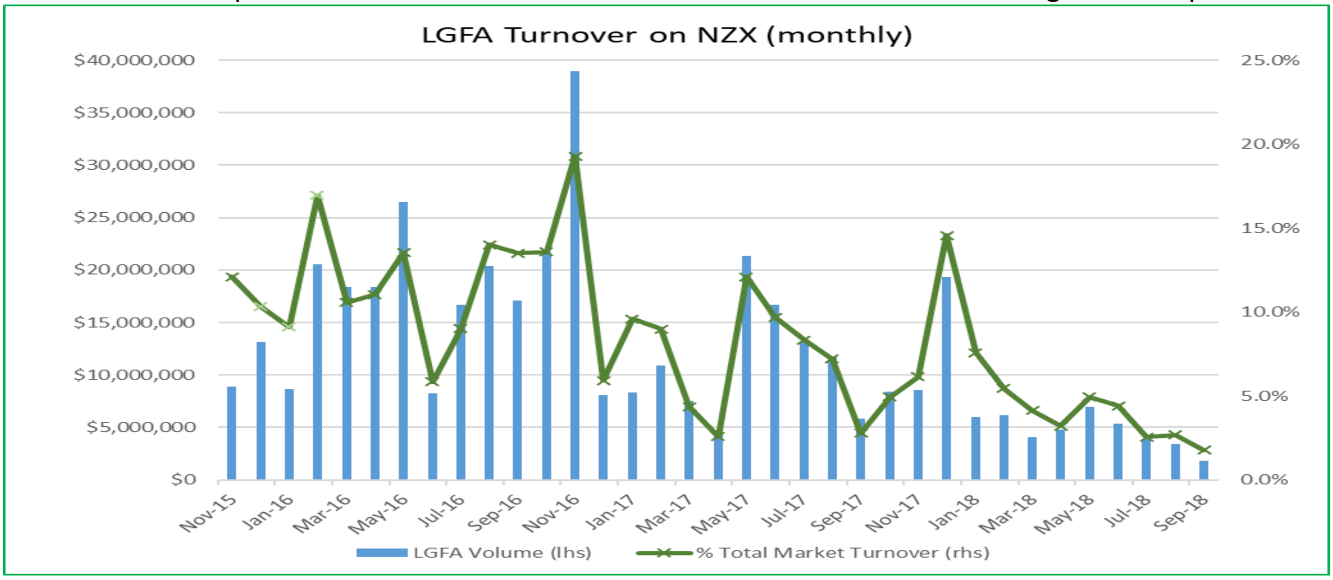
2. Making longer-term borrowings available to Participating Local Authorities

The average borrowing term (excluding short dated borrowing but including bespoke borrowing) for the September 2018 quarter by council members was 6.22 years and this was longer than the 4.5 years average term for the 2017-18 year but shorter than the 8.1 years for the 2016-17 year. The lengthening in borrowing term compared to the prior year was due to councils responding to the recent fall in interest rates and tighter spreads as well as a reversion back to normal borrowing behaviour.



3. Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice

LGFA bonds were listed on the NZX Debt Market in November 2015 and average turnover on the NZX Debt market has been $12 million per month or 8.5% of the total turnover of the NZX Debt Market. Turnover has reduced over the past twelve months as retail investors are more attracted to high term deposit rates.



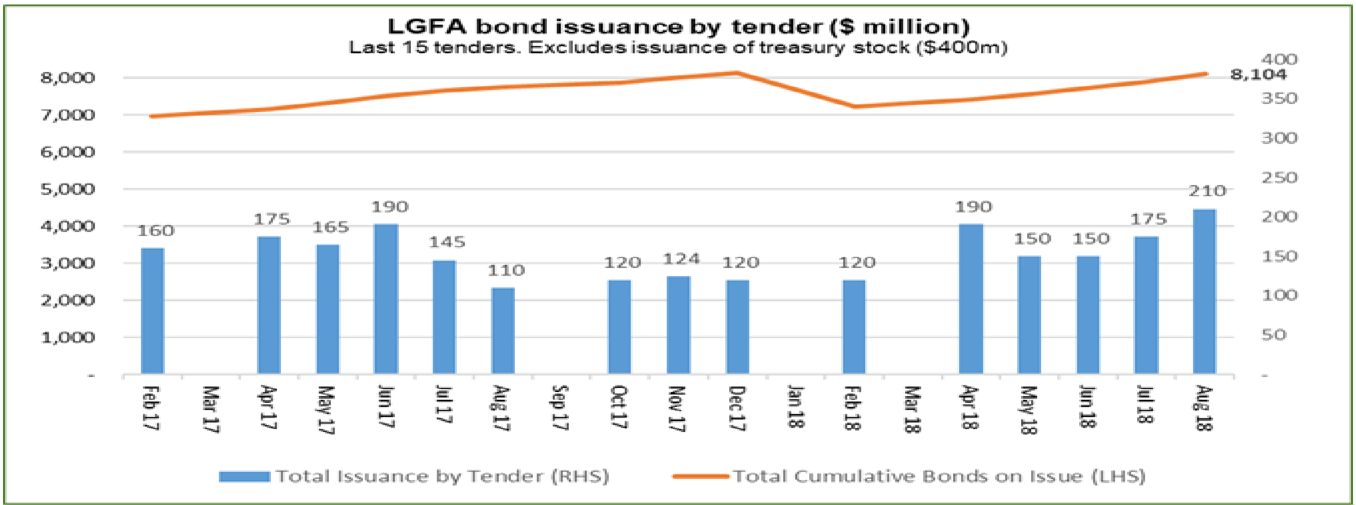
Quarterly Report

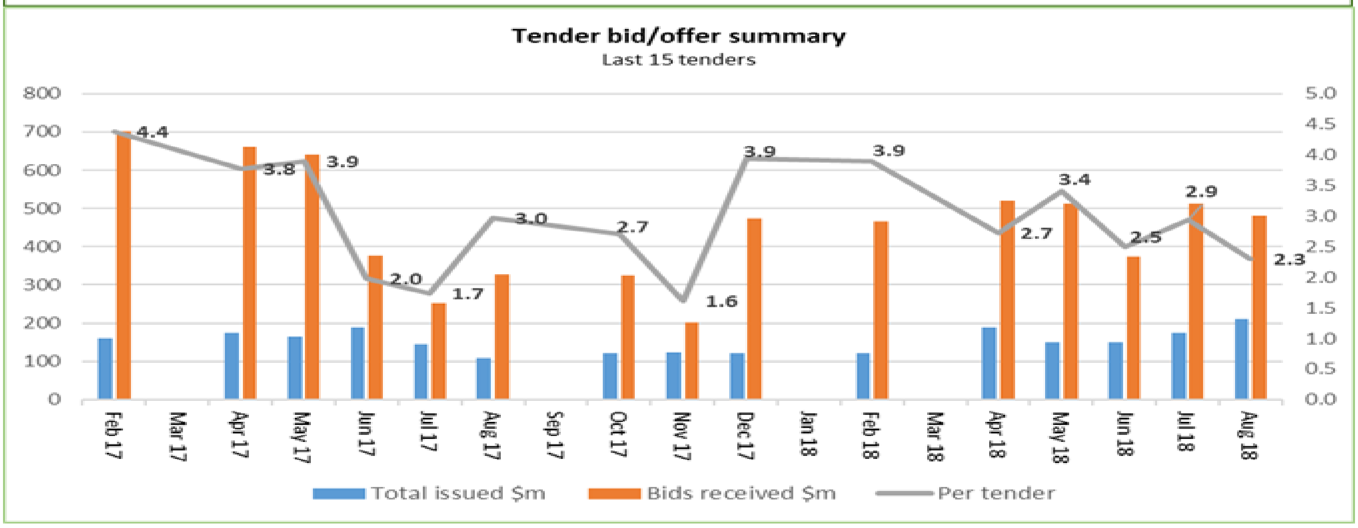
Quarter 1: 2018 - 2019
Period ended: 30 September 2018

LGFA began issuing 3-month and 6-month LGFA Bills and commenced short dated (less than 1 year) lending to councils in late 2015. LGFA has a record amount of short term loans to twenty-four councils of $441 million outstanding as at 30 September 2018.

LGFA documented an Australian Medium-Term Notes Programme in November 2017 to provide the ability to issue in currencies other than NZD. It is not our intention to use this programme but to have it established to provide some flexibility in case of the unlikely scenario of a significant market disrupting event in the future.

The two LGFA bond tenders during the quarter were well supported by the market with a coverage ratio of between 2.3 times and 2.9 times and tight bidding ranges relative to secondary market levels at the time of each tender. While the coverage ratio is lower than normal, we did offer larger amounts of bonds in each tender and the successful bids achieved were very close to prevailing secondary market mid-rates at the time of each tender.





4. Offering more flexible lending terms to Participating Local Authorities

Bespoke lending continues to be a popular borrowing option for council members. During the quarter we lent $308.5 million on a bespoke basis to eighteen councils comprising $284.5 million into bespoke maturity dates and $24 million into LGFA bond maturity dates but in between the normal tender dates. Bespoke lending comprised 61% of total term lending by LGFA to its members during the quarter.

Short term borrowing by councils has been well received with loan terms to date of between one month and 12 months on $414 million of loans outstanding as at 30 September 2018. This is a historic record in terms of number of councils and amount lent.

5. LGFA will monitor the quality of the asset book so that it remains of a high standard by ensuring it understands each Participating Local Authority's financial position and the general issues confronting the Local Government sector.

LGFA had meetings with thirteen councils during the September quarter to discuss their financial performance and any developments with the underlying council operations. LGFA reviews council agendas and management reports on an ongoing basis for those councils on the LGFA borrower watch-list.

LGFA has commenced work on credit default assessment analysis of its member councils in preparation for adopting IFRS9 for accounting purposes.

LGFA management met representatives from Treasury, NZDMO, Infrastructure New Zealand, Trustees Executors, S&P and Fitch to discuss the local government sector. We attended the Infrastructure New Zealand annual conference and NZX Issuer Forum.

LGFA held its annual Shareholder- Borrower Day in July 2018 with 55 attendees from 38 councils participating alongside 22 other stakeholders.

Additional objectives

6. Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy

LGFA’s Net Operating Gain on an unaudited management account basis of $3.74 million for the three-month period to 30 September 2018 exceeded the SOI forecast of $3.243 million by $497k. The average cost of funds for the 2018-19 financial year to date is 3.26%. This is slightly higher than the 3.14% for the prior 2017-18 financial year due to the longer tenor of council borrowing (and hence LGFA bond issuance) offset by lower interest rates. The LGFA Board has the sole discretion to set the dividend.

7. Provide at least 50% of aggregate long-term debt funding for Participating Local Authorities

LGFA estimates market share from the PwC Local Government Quarterly Debt Report and the most recent draft report is for the September 2018 quarter. LGFA market share of total sector borrowing for the September 2018 quarter was 100% and for the year to September 2018 was 73.5%. Our market share remains strong compared to our global peers.

There are fifty-nine participating local authority members of LGFA which is an increase of three over the quarter with Ruapehu District Council and Waikato Regional Council both joining as guarantors while Wairoa District Council joined as non-guarantor.

Gore District Council moved from being a non-guarantor to a guarantor.

8. Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses

Expenses for the three-month period on an unaudited, management basis are $1.549 million which is $65k below budget. This variance is the consequence of:

- Issuance and on-lending costs (excluding AIL) at $567k were $3k over budget. There were lower fees than budgeted relating to the NZDMO facility offset by higher NZX costs and legal costs than forecast. The larger amount of bond issuance and short-term lending has increased legal costs compared to budget.

- Operating costs at $787k were $17k below budget due to lower personnel and travel costs than forecast but offset by additional legal costs relating to considering whether LGFA should lend to CCOs and to also test financial covenant compliance of councils at the group or parent level.

- Approved Issuer Levy payments of $194k were less than our forecast of $245k by $51 due to a lower level of March 2019 LGFA bonds holdings by offshore investors.

9. Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015

LGFA has a Health and Safety staff committee and reporting on Health and Safety issues are made to the LGFA board on a regular basis by the Risk and Compliance Manager. There were no Health and Safety incidents during the quarter.

10. Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency

LGFA has an annual review process regarding our credit ratings from Standard and Poor's ("S&P") and Fitch Ratings ("Fitch") and meets with both agencies at least annually. Meetings were held in July 2018 with S&P and in September 2018 with Fitch.

On 13 July 2018, S&P reaffirmed our long-term credit rating at AA+ under the new methodology for rating Public-Sector Funding Agency (PSFA) group. LGFA was also removed from "Under Criteria Observation" (or "UCO") that we were previously placed on in May 2018, pending the outcome of the new methodology.

Fitch have yet to publish their rating outcome and thus at the time of this report we remain at AA+ (stable outlook) which was affirmed on 10 November 2017.

11. Achieve the financial forecasts

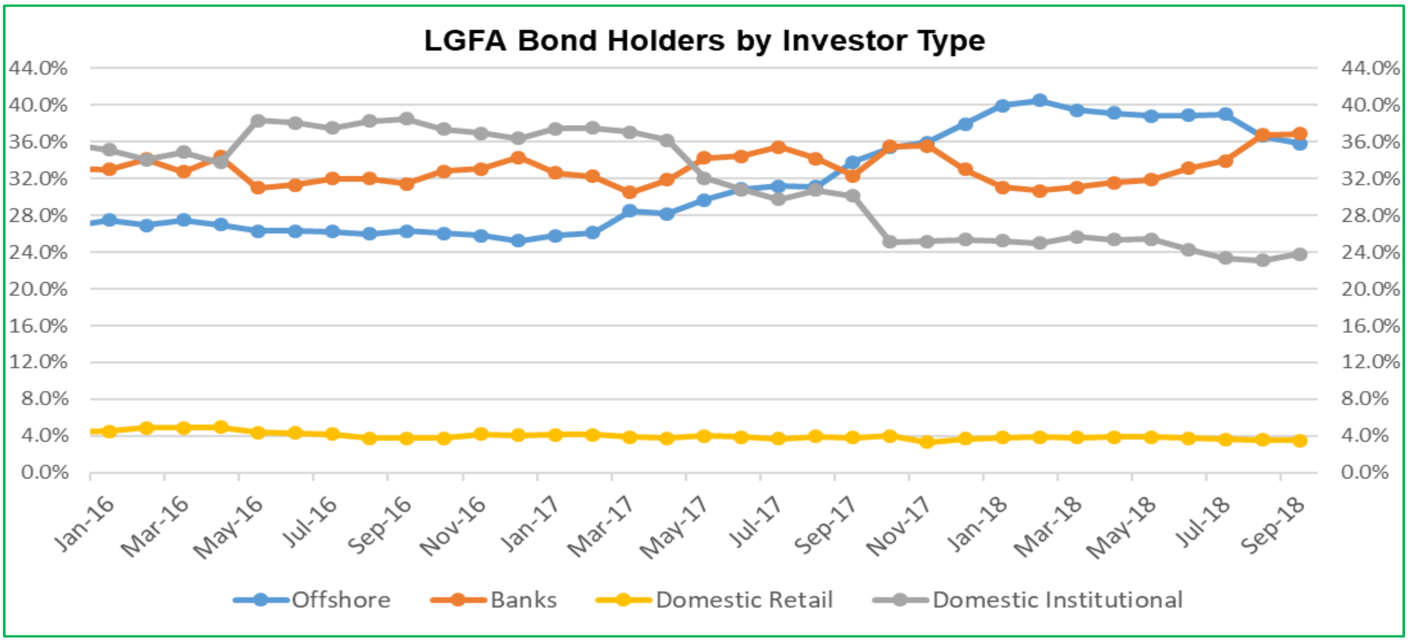
As at the end of the first quarter, Net Interest Income was estimated by management on an unaudited basis to be $431k above budget while expenses are $65k below budget. Net Operating Gain of $3.74 million was $496k above budget and 11.9% above the Net Operating Gain for the equivalent prior period.

G. Investor relations / outlook

Managing relations with our investor base is very important as the amount of LGFA bonds on issue has yet to peak and we require investors and banks to support our tender issuance. Our focus is on growing and diversifying the offshore investor group as these investors have the most growth potential given that we already receive strong support from the domestic banks and institutional investors.

There were some changes amongst the different investor groups during the September quarter.

- Offshore investors reduced their holdings of LGFA bonds by $75 million over the quarter and this was the first quarterly decline in holdings. The falling NZD and relative unattractiveness of NZ bonds to other global markets has led to a decline in holdings of NZ Government Bonds (NZGB), NZD bonds issued by Supranational issuers (e.g. World Bank) and LGFA. LGFA bond yields out to 2027 are below the yield on the comparable US Treasury Bond. While positive for our council borrowers, it is more difficult to encourage offshore investors to buy LGFA bonds. They are estimated to hold $2.93 billion (36% of outstandings) compared to $2.6 billion (34% of outstandings) a year ago.
- Domestic institutional and retail investors increased their holdings by $63 million over the quarter and were estimated to hold $2.2 billion (27.3% of outstandings) compared to $2.6 billion (33.9% of outstandings) a year ago. The decline over the past year has been due to the maturing of December 2017 LGFA bonds held in money market funds and a small number of domestic investors have reduced their holdings as they are less optimistic on the credit market outlook.
- Domestic banks increased their holdings by a significant $453 million over the quarter, following an increase of $311 million in the prior quarter. This increased demand is in response to an outlook for reduced NZGB supply due to the strong fiscal position, reduced NZ Treasury Bill supply and a slowdown in bank lending. Bank holdings of $3.01 billion (36.9% of outstandings) are at a record high and compare to $2.51 billion (32.3% of outstandings) a year ago. Banks do hold $540 million of our March 2019 bond so their holdings will reduce when this bond matures early next year.

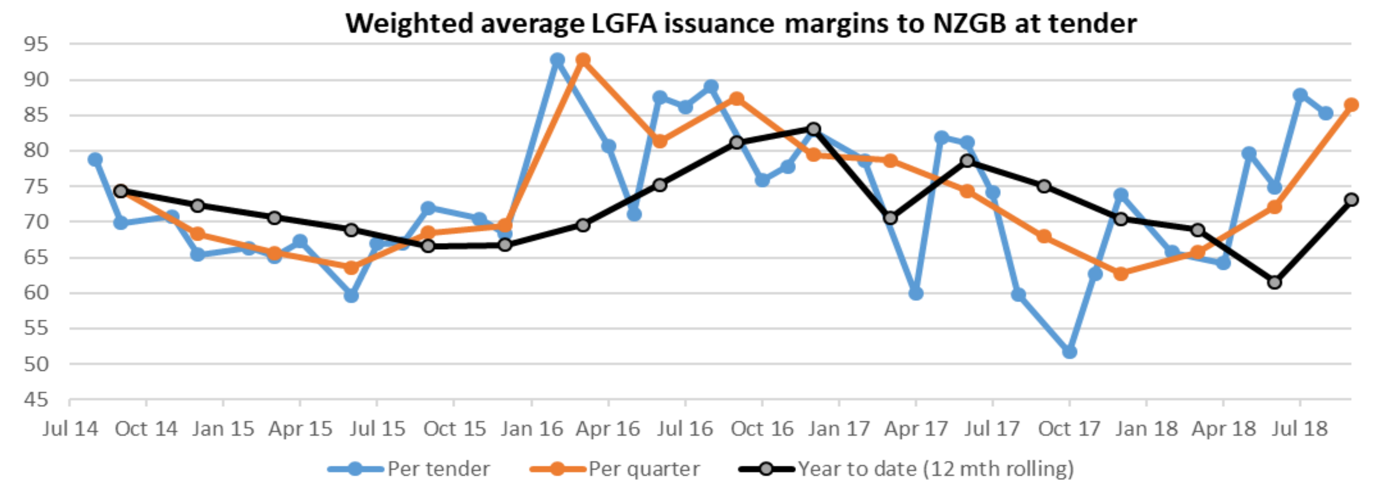


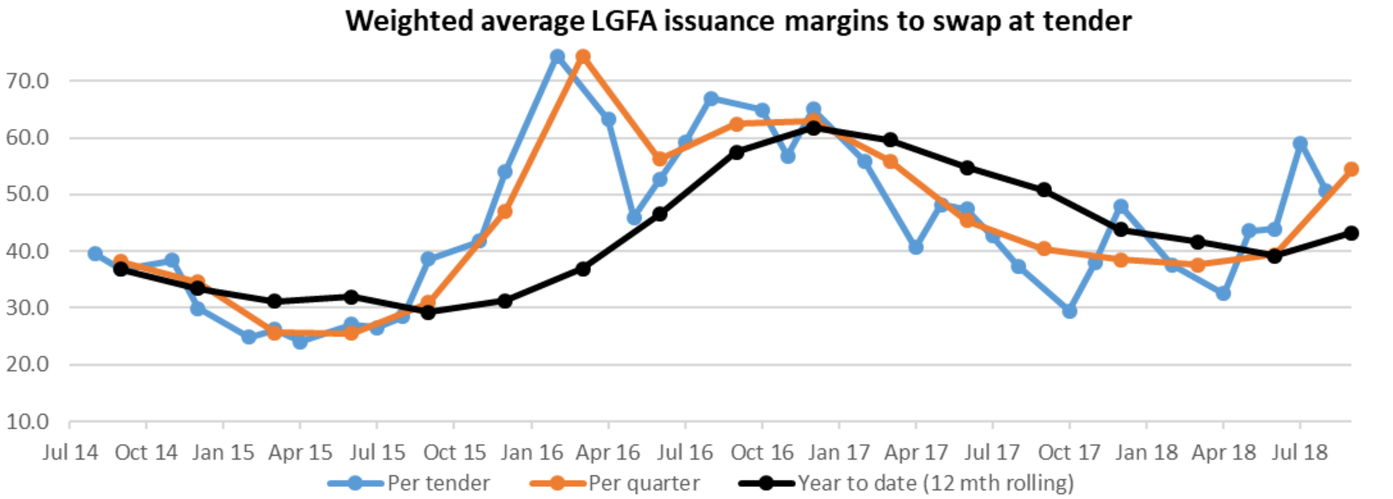
Quarterly Report

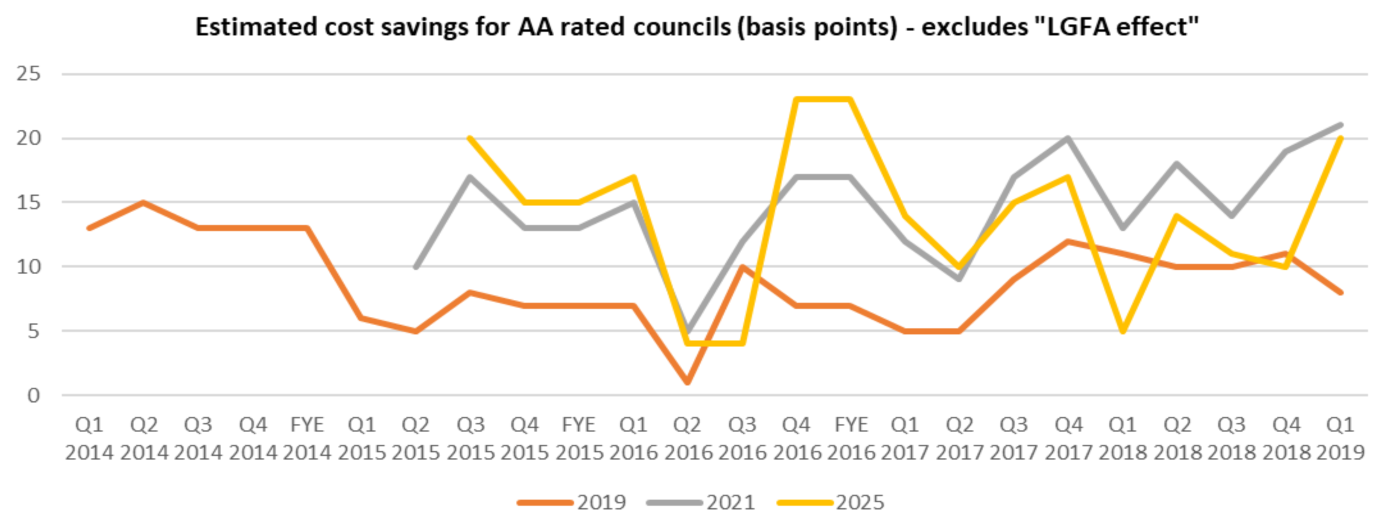
Quarter 1: 2018 - 2019
Period ended: 30 September 2018

NEW ZEALAND
LOCAL GOVERNMENT
FUNDING AGENCY

H. Key trends







Note: Weighted average margins are a function of the term of issuance at each tender.