

Financing municipal infrastructure in the province of British Columbia since 1970 Default Free

CLIENTS

Regional Districts, Hospital Districts, Municipalities

STRUCTURE

- 28 Regional Districts appoint 39 Members to the Authority
- 10 Trustees are elected from the Members
- 12 Professional employees managing a Balance Sheet of \$8.5 billion

CREDIT STRENGTH

Debt Reserve Fund \$108 million in liquid investments for long-term debenture obligations

- 1.0% cash withheld from all loan requests
- ***Never been drawn against***

Taxation Authority Taxable land & improvements to restore Debt Reserve Fund

- Senior-level government approval not required
- Property values \$1.16 trillion
- ***Never been used***

Joint Liability Municipal long-term debt with MFABC is a Regional District liability

- Municipalities guarantee each other's debt in event of default
- ***Guarantees never been applied***

Investments Sinking Fund Methodology

- Semi-annual billing of interest to match debenture coupons
- Annual billing of principal for debt retirement
- \$3.4 billion in investment & cash (45% of gross debt)

APPROVALS

Taxpayer All long-term municipal debt in BC requires a public approval process

Regional District Long-term debt is approved by the Regional District

MFABC Due diligence and statutory reviews

- Management credit review
- Trustees and Members review loan requests
- Members authorize the sale of securities

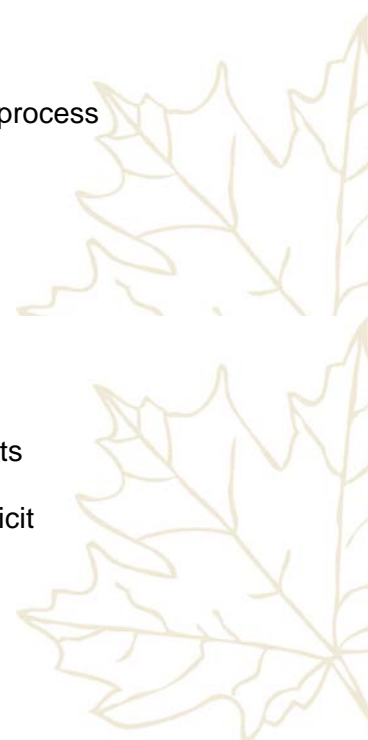
COMPLIANCE

Debt Limits Only 25% of sustainable revenues eligible to service debt costs

Balanced Budgets Municipalities may not budget for a deficit or accumulated deficit

Province of BC Legislation requires the Provincial Inspector to verify

- Borrowings are legal and within debt limits
- Municipalities have the financial ability to service debt



LIQUIDITY – SECURITY FOR INVESTORS

Assets and credit facilities available for annual interest coverage

THOUSANDS OF DOLLARS			
Annual Interest Obligation to Bondholders			\$ 269,000
Debt Reserve Fund – cash		\$ 24,000	
– investments	available in 3 days	84,000	
Retained Capital Surplus		55,000	
Sinking Fund Surplus		67,000	
Bank Credit Facility available		100,000	330,000
Excess			\$ 61,000

FINANCIAL POSITION – BC MUNICIPAL SECTOR

BILLIONS OF DOLLARS				
	2016	2015	2014	2013
Sinking & Debt Reserve Funds	3.408	3.271	2.851	2.353
Municipal Reserves & Surpluses in BC	<u>9.200</u>	8.147	7.193	6.388
Total Assets	12.608	11.418	10.044	8.741
Long-term Debt	7.373	7.020	6.732	6.526

BORROWING STRATEGY

- 5 and 10-year Canadian bullet debentures
- \$300 to \$600 million typical issue
- Re-open issues for benchmark status
- Issuances two to three times a year

COMMERCIAL PAPER PROGRAM

- \$700 million authorized
- \$595 million minimum issued/outstanding
- Weekly issuance, terms 30 –180 days
- Backstopped by two Canadian Chartered Banks – dedicated revolving credit lines
- Moody's P-1
- Standard & Poor's A-1+

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