



MFA BC

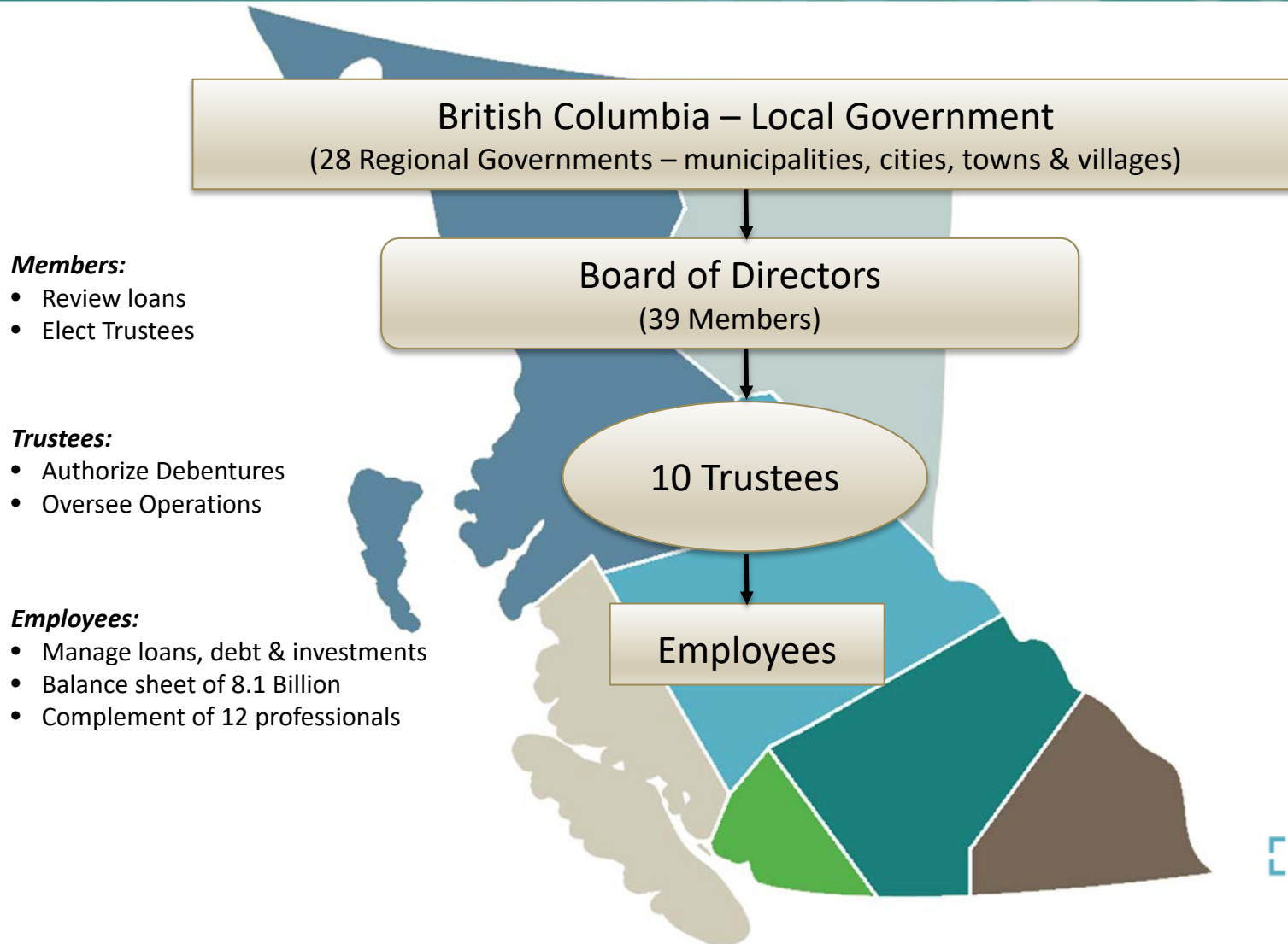
Municipal Finance Authority of BC

**Financing municipal infrastructure in the Province of British Columbia since 1970
Default-Free**

INTRODUCTION

- Formed in 1970 under the ***Municipal Finance Authority of British Columbia Act***
- Independent of the Province of British Columbia
- Infrastructure financing to local government in the Province of British Columbia
 - Access to stable/low cost funding for sewer, water, roads, public works, parks, etc.
- Also provide competitive investment alternatives and quality financial education
- Profitable from operations
- Long term debt ratings of AAA/Aaa/AAA by S&P/Moody's/Fitch

GOVERNANCE



STRATEGIC INITIATIVES 2017 – 2018

Our Mission is to provide clients with:

- Access to stable and low cost funding
- Competitive investment alternatives
- High quality financial education

2017 Priorities

Organizational Capacity

- 2016 focused on team and office expansion
- 2017/18 to focus on integration of new team members, training, and technology solutions

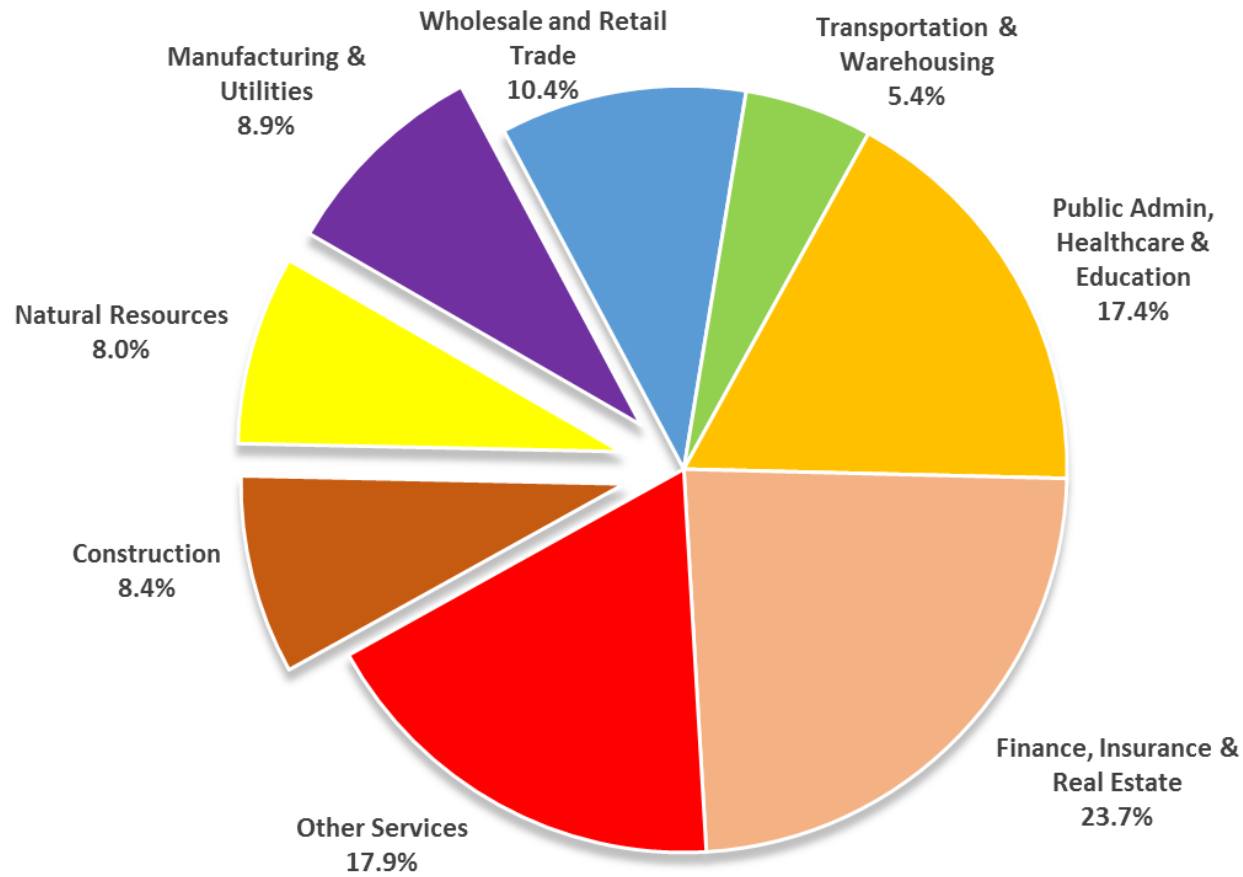
Operational Excellence

- Program enhancements and possible new products
- Expansion of educational opportunities
- Increased client communication and collaboration with related entities

Financial Management

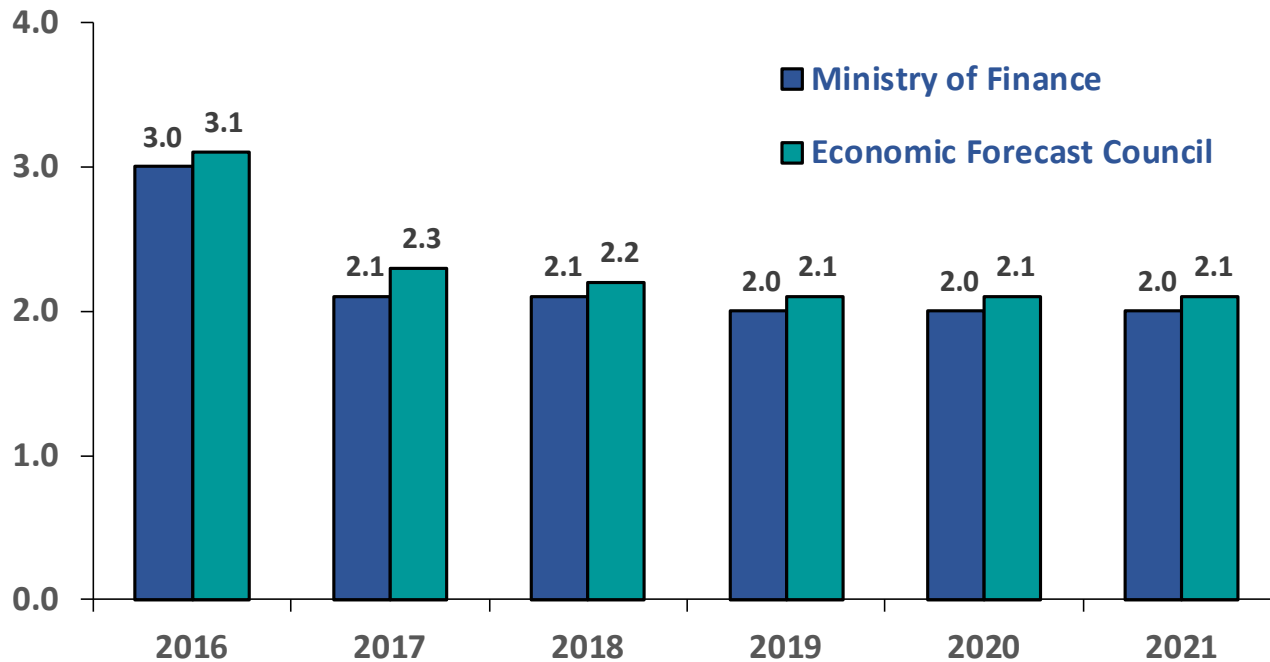
- Expand investor base
- Create formal policy on capital retention
- Consider alternate funding options

BRITISH COLUMBIA'S DIVERSE ECONOMY



BRITISH COLUMBIA'S GROWTH OUTLOOK

BC real GDP (per cent change)



INSTITUTIONAL FRAMEWORK

CREDIT STRENGTH

Debt Reserve Fund

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

- 1.00% cash withheld from all loan requests
- Never been drawn against

Taxation Authority

Taxable land and improvements to restore Debt Reserve Fund

- Senior-level government approval not required
- Property values at \$1.47 trillion
- Never been used

Joint Liability

Borrowers' long-term debt with MFA is a Regional District liability

- Borrowers guarantee each other's debt in event of default
- Joint and several 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 investments (45% of gross debt)

Balanced Budgets

- Under provincial legislation, municipalities may not plan for a deficit

Transparency and Disclosure

- Audited financial statements - PSAB, by May 15
- Annual Report - presented to residents, by June 30

Long-Term Capital and Financial Planning

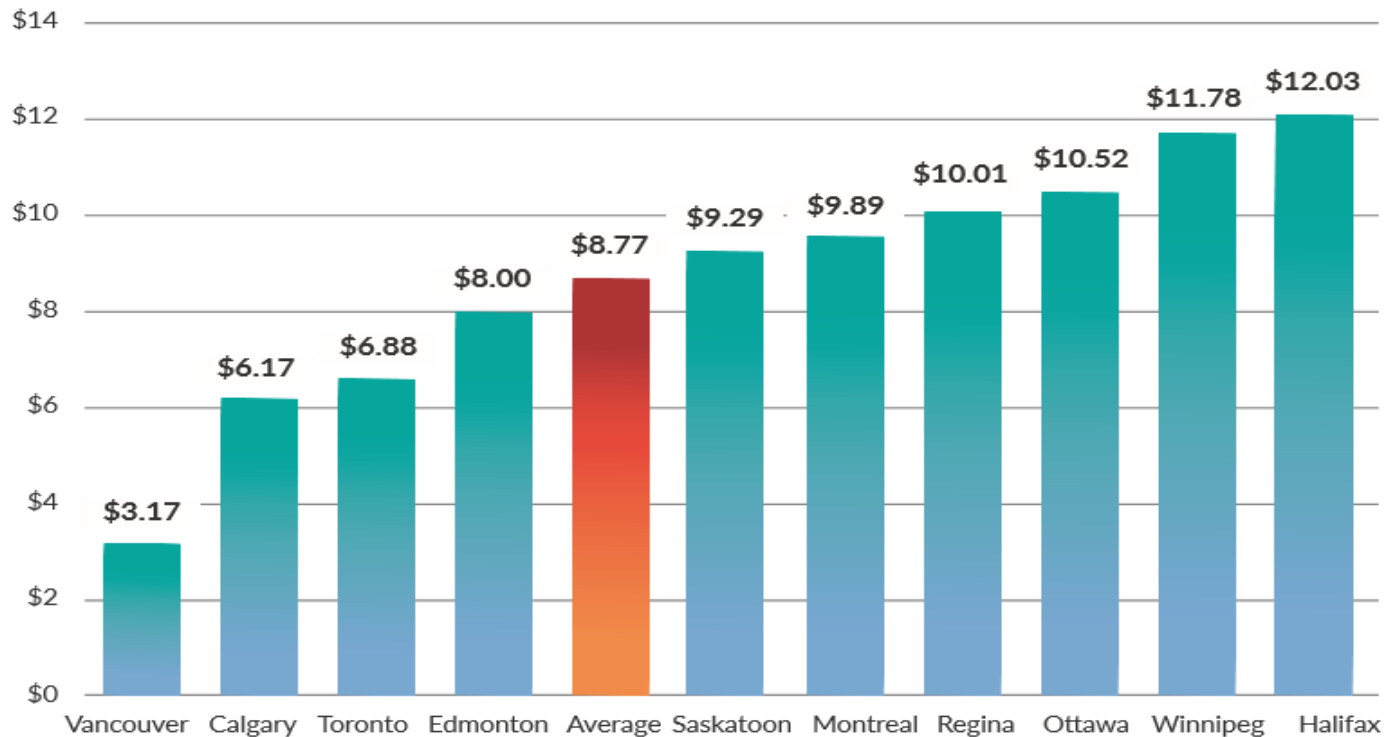
- Five year financial plans - public consultation, by May 15

BORROWING FRAMEWORK

Debt Limits	Only 25% of <i>recurring</i> revenues eligible to service debt costs
Taxpayer	All long-term municipal debt in BC requires a public approval process
Province of BC	Legislation requires the Provincial Inspector to verify: <ul style="list-style-type: none">• Borrowings are legal and within debt limits• Municipalities have the financial ability to service debt
Regional District	Long-term debt is approved by the Regional District
MFA	Oversight and review <ul style="list-style-type: none">• Due diligence and statutory reviews• Management credit review• Trustees and Members review loan requests• Members authorize the sale of securities

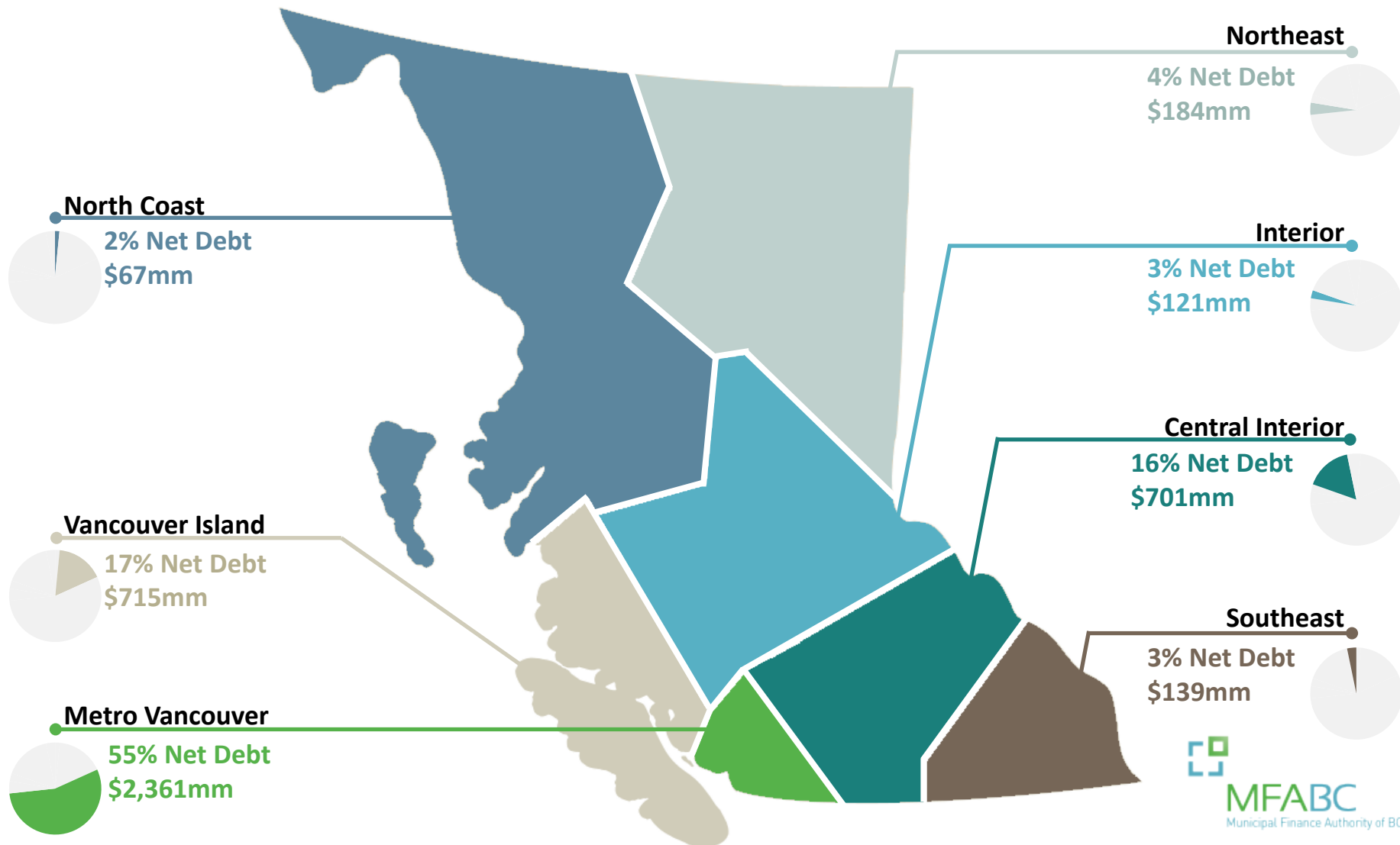
BUDGET FLEXIBILITY LOCAL GOVERNMENT

2016 Estimated Residential Property Taxes per \$1000 of Assessment



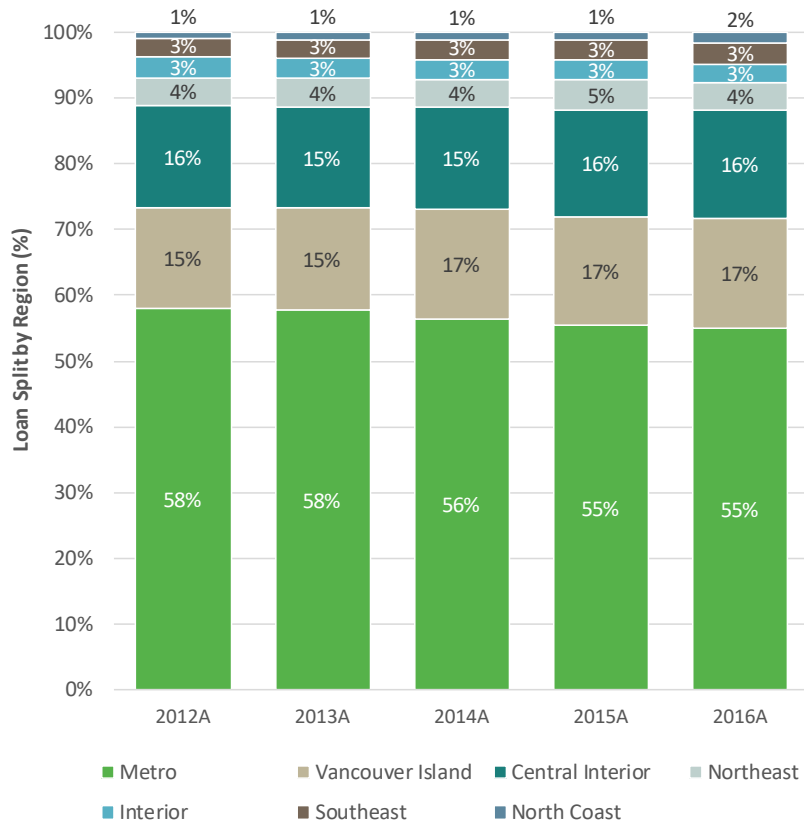
FIGURES IN THIS CHART ARE CALCULATED BY MULTIPLYING THE RESIDENTIAL TAX RATE BY 1000 TO GIVE THE TAXES PAID PER \$1,000 OF ASSESSMENT. WHERE MILL RATES ARE APPLICABLE, THE MILL RATE IS MULTIPLIED BY THE MILL RATE FACTOR BEFORE CALCULATING THE RATIO.

LOANS TO CLIENTS DIVERSIFICATION OF PORTFOLIO BY REGION

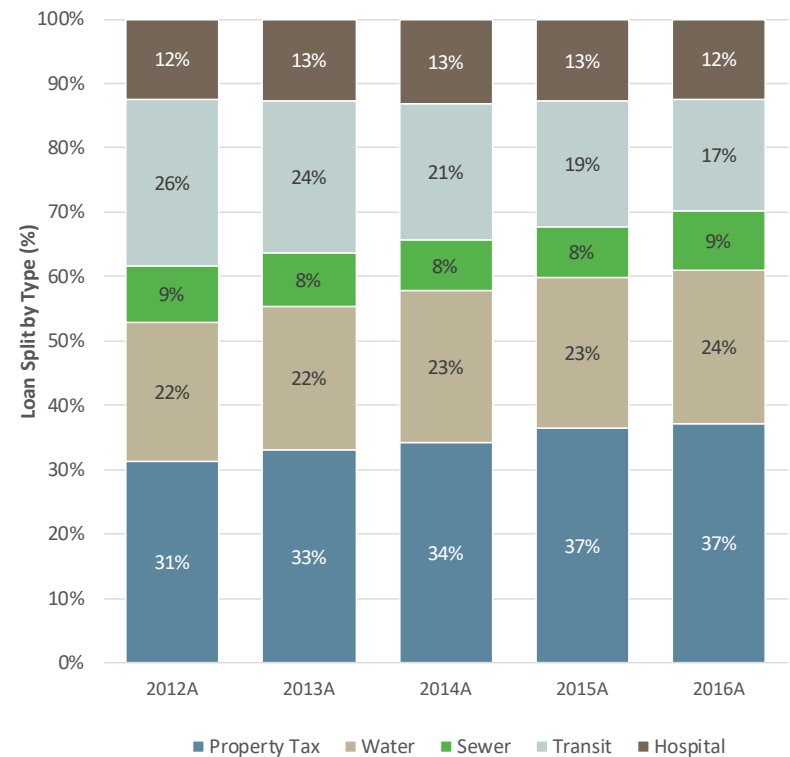


LOANS TO CLIENTS COMPOSITION

Loans by Region



Loans by Type



Regional borrowing split remains steady. Transit borrowing expires in 2036: \$757MM in 2016, \$406MM in 2021, \$65MM in 2026.

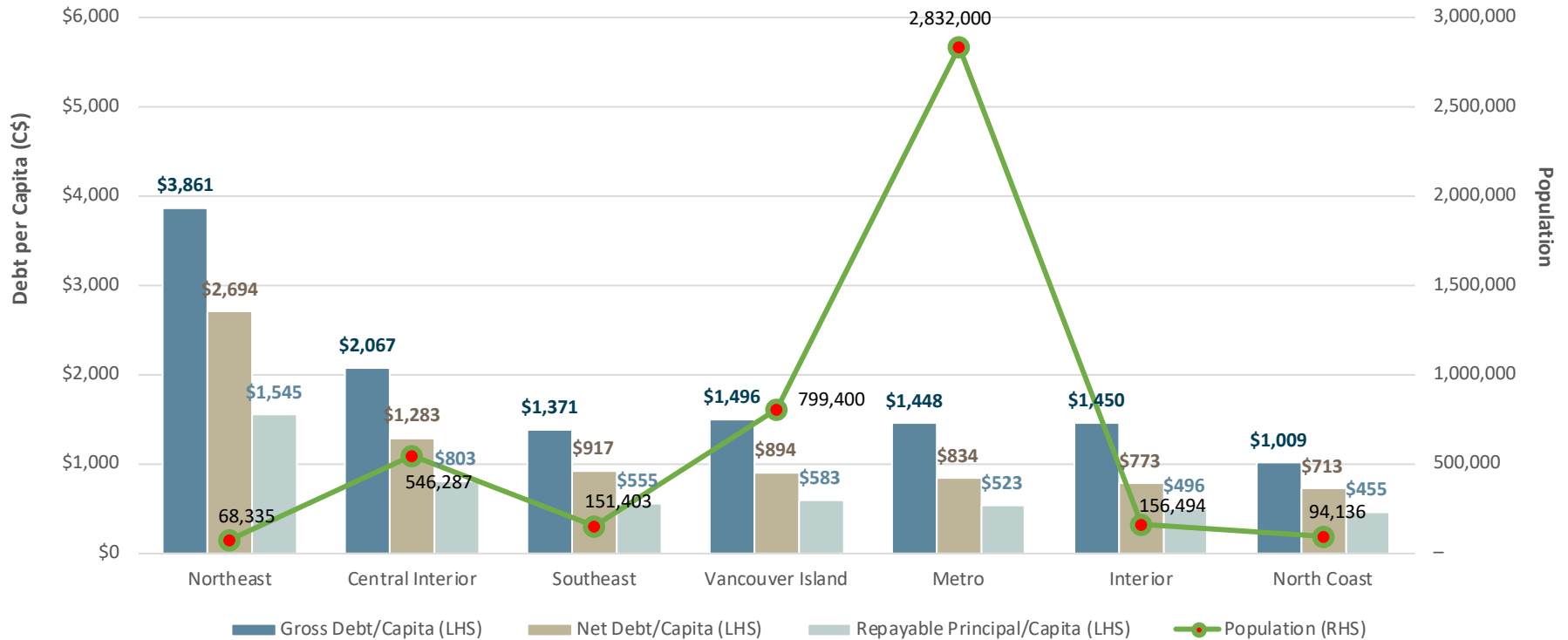
LOANS PER CAPITA

Net Loans (\$MM)

\$184	\$701	\$139	\$715	\$2,361	\$121	\$67
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Net Loans as % MFA Total

4%	16%	3%	17%	55%	3%	2%
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BORROWING PROGRAM

- \$7.3 billion outstanding in the Canadian capital markets
- Represent ~25% of the FTSE TMX Canada Municipal Bond Index
- 19 bullet debentures:
 - 13 greater than \$300 million
 - 1 - \$290 million
 - 1 - \$190 million
 - 1 - \$125 million
 - 3 - \$50 million
- Issue 5 & 10 year paper predominately
- Issue traditionally in:
 - Spring (April)
 - Fall (October)

RECENT CANADIAN DOLLAR DEBENTURE ISSUES

C\$MM	Issued	Term
\$200	Mar 31, 2017	10
\$61	Jan 12, 2017	25
\$50	Nov 08, 2016	2
\$130	Sep 28, 2016	10
\$380	May 12, 2016	5
\$480	Apr 19, 2016	10
\$515	Mar 1, 2016	5
\$190	Oct 15, 2015	5
\$125	Oct 02, 2015	10
\$300	Oct 14, 2014	10
\$530	Jun 02, 2014	5

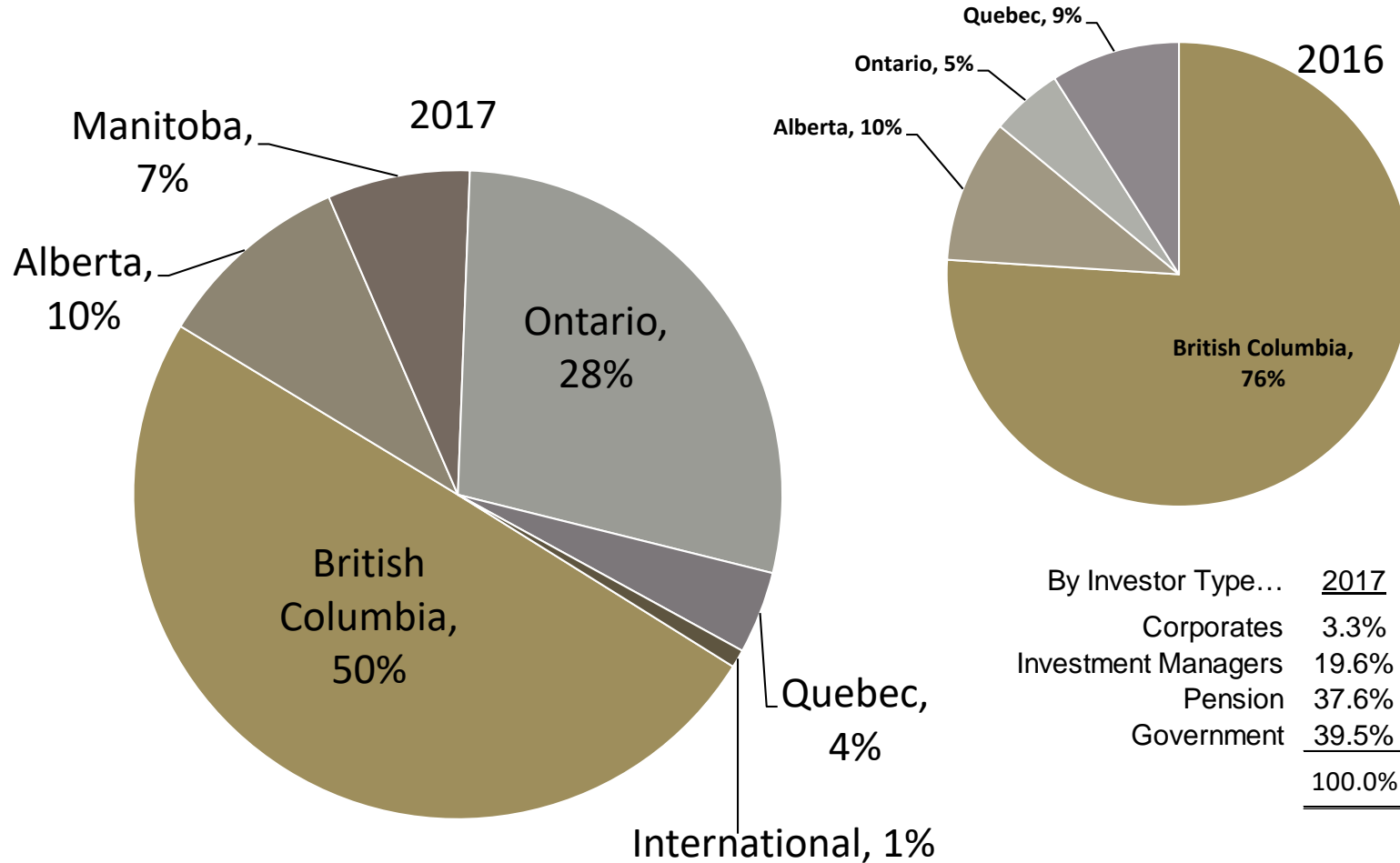
ANTICIPATED BORROWINGS 2017 – 2021

Year:	5 Year (\$MM)	10 Year (\$MM)	Total (\$MM)
2017	460	520	\$ 980
2018	1,100	750	\$ 1,850
2019	800	750	\$ 1,850
2020	480	300 - 600	\$ 780 – 1,080
2021	850	300 - 600	\$ 1,150 – 1,450

Continued strong access to the markets:

- \$700 million outstanding – strong investor demand
- Network of 7 dealers
- Trades in line with other AAA-rated quasi-governmental entities
- Available in 35 and 91 day terms:
 - \$210 million or 30% of outstanding at a 91 day term
- Current blended yield of about 0.65%
- CP auction activity now posted to Bloomberg weekly (ticker: BCMFAP)

COMMERCIAL PAPER GEOGRAPHICAL DISTRIBUTION



By Investor Type...	<u>2017</u>	<u>2016</u>
Corporates	3.3%	0.0%
Investment Managers	19.6%	11.4%
Pension	37.6%	30.5%
Government	<u>39.5%</u>	<u>58.1%</u>
	<u>100.0%</u>	<u>100.0%</u>

As at February 28, 2017 and 2016

CREDIT RATING

Long Term Ratings:	
Moody's	Aaa
Fitch	AAA
S&P	AAA

Commercial Paper Ratings:	
Moody's	P-1
S&P	A-1+

INVESTOR PRESENTATIONS

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