



## Municipal Finance Authority of BC

### Letter from the CEO

March 31, 2020

To our valued Clients,

These are turbulent times for all Canadians, individually and at each level of government. We, too, are monitoring daily and sometimes hourly updates being released by senior levels of government and health sciences professionals. Having said this, Canadians are a resilient and resourceful people and we have no doubt that when this crisis is over, we will rebound stronger and better prepared.

#### Impact on our Team

We made the decision to move our team to work from home last week and have had a relatively seamless transition of service and continuity. Unfortunately, we also had to postpone our 50th Anniversary celebration to next year, and the circumstances required us to very quickly move to a model of digital resolutions to confirm support by our Members and Trustees for our crucial business activities. We are very proud of our team and our Members for their hard work under unusual circumstances. We remain open for business.

#### Working with the Province

The MFA maintains excellent relationships with our financial service providers and fellow members of BC's Local Government system. We are in close communication with the Ministry of Municipal Affairs and Housing and the Ministry of Finance to better understand aspects of the provincial response to COVID-19 and its potential impact on Local Government finances. We are communicating to them what role the MFA can play and what opportunities exist for us to participate in mitigating financial risk to BC's Local Government Sector. As the Province makes key decisions for BC, the MFA is prepared to make needed adjustments to secure our collective financial future.

#### Our Programs and Services

We have been monitoring the financial markets and the impact of recent events on our Pooled Fund investment program offerings. The inherent diversification and secure structure of these programs, combined with professional hands-on management by PH&N, continue to make these valuable options for your portfolios. Our Pooled High Interest Savings Accounts offer security and liquidity with well-known financial institutions in Canada.

As part of good financial planning, we strongly urge all of you in these uncertain times, to maintain a high level of liquid assets and the highest credit quality possible in your portfolios. **We do not believe this is the time to try to maximise returns by locking in rates for long periods of time or putting your money in smaller, less financially resilient financial institutions.** Instead, we believe it is

prudent to carry increased cash and liquid high quality assets to better support operations in the coming weeks and months.

We are carefully managing our short- and long-term borrowing programs in challenging public new issuance markets for commercial paper and bonds. These capital markets fund key lending programs for infrastructure as well as short-term borrowing and revenue anticipation requests. As you can appreciate, financial markets are adjusting to current circumstances which is impacting our ability to access them as seamlessly as usual. The commercial paper market, which supports our short term lending, is particularly challenging and we are tirelessly working on solutions. **We are thrilled to announce that we have issued a \$280 million offering of new 5 year public bonds to fund all our spring loan requests.** With this new issue, AAA-rated MFA is proud to be the first government issuer in Canada to successfully issue a fully publicly offered security since the significant market correction a few weeks ago. As we continue to do our level best to serve our clients with their borrowing needs, please be patient as we navigate this situation.

### **Stay Strong**

We want to take this opportunity to recommend a calm, measured response that encompasses both civic responsibility and fiscal sustainability during this extraordinary time. We all need to pause for prudent financial review of the impacts of our decisions on our finances and related contracts and obligations while we get through this tough, but temporary event. The MFA remains a stalwart partner with BC Local Governments. We are not a profit-seeking organization. We are part of the fabric of BC's Local Government system. Our goal now, as always, is to ensure YOUR financial success.

A handwritten signature in black ink, appearing to read "Peter Urbanc". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Peter Urbanc, CEO  
Municipal Finance Authority of British Columbia

**250.383.1181 | [mfa.bc.ca](http://mfa.bc.ca)**