



**Municipal Finance
Authority of BC**

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April 4, 2023

To: Municipal Finance Officers & Corporate Administrators
Regional District Finance Officers & Corporate Administrators
Regional Hospital District Finance Officers & Corporate Administrators

Re: **Fall 2023 Long-Term Debt Issue Information**

The Municipal Finance Authority (MFA) will hold its Semi-Annual General Meeting on **September 19, 2023**. As borrowing requests for the Fall 2023 long-term debt issue will be reviewed at this meeting, all regional districts must submit any applications for Certificate(s) of Approval (C of A) on Security Issuing (SI) bylaws to the Ministry of Municipal Affairs (Ministry), no later than **August 9, 2023**.

Municipalities

For a municipality to participate in the issue, it must apply to its Regional District using a Municipal Security Issuing Resolution (MSIR). Please check your Regional District's internal meeting and notification cut-off dates, as they must have sufficient lead time to make the August 9th deadline.

Please note that once all paperwork is received, your request **will** be included in the next issue. If you no longer need a request to be funded, **you must notify the MFA and your Regional District before the August 9th deadline, or the request will be funded.**

Regional Districts

To enable us to manage borrowing needs effectively and to ensure that no requests are overlooked, we request regional district staff to advise us of any potential long-term borrowing requests as far in advance as possible. Please notify us by email: finance@mfa.bc.ca. To confirm a borrowing request, please email a copy of all adopted SI bylaws and any MSIRs (if borrowing on behalf of a member municipality) to: finance@mfa.bc.ca.

There are two templates for SI bylaws available on our website, one for own purpose RD borrowing and one for borrowing on behalf of a member municipality, should you require them. Please note that you do not need to send copies of Loan Authorization bylaws or C of As, as they are sent to us directly by the Ministry.

As noted, the deadline to apply to the Ministry for a C of A on SI bylaws is **August 9th**. Please remember that there is a 10-day quashing period after adopting SI bylaws before you can apply for a C of A (see S. 425 of the *Local Government Act*). Please refer to S. 25(4) of the *Interpretation Act* for guidance on calculating time.

Please note that your request will be included in the next issue once we receive your C of A and SI bylaw from the Ministry. If you no longer need a request to be funded, **you must notify the MFA before the August 9th deadline, or the request will be funded.**

Greater Vancouver Sewerage & Drainage District/Greater Vancouver Water District

The deadline for requesting long-term debt is **August 18, 2023**. Please email a signed letter of direction to: finance@mfa.bc.ca.

Regional Hospital Districts

The deadline for requesting long-term debt for Regional Hospital Districts is **August 18, 2023**. Please email a certified copy of your Capital Borrowing bylaw, completed RHD Liability Certificate, and completed Request for Long-Term Financing form, to: finance@mfa.bc.ca, for each request.

Important Information for All Clients

Please note that while new issues will generally be for a 10-year term, the MFA will evaluate how best to finance each issue based on market conditions, the requests received, and our overall portfolio in mind as we consider future refinancing risk.

Timing of Long-Term Proceeds - Please be aware that the MFA is adjusting the timing of the disbursement of long-term loan proceeds. As we prudently manage our overall debt portfolio (including funding new loan requests and refinancings), we will distribute proceeds for spring loan requests between April and June and fall loan requests between September and November. Establishing extended funding windows allows us to smooth out financing needs and be flexible if market conditions are volatile or unfavourable (ensuring timely access to the lowest-cost funding for our members). If you require funds before a long-term issuance, temporary borrowing is available.

Actuarial Rates by Term – The MFA has implemented an actuarial rate-by-term methodology, meaning that loans with shorter terms will receive a lower level of actuarial credit than loans with longer terms. In the past, using the same actuarial rate for all terms has caused the 5, 10, and 15-year borrowers to receive actuarial credits higher than what was earned. The longer-term loans, in effect, subsidized a higher rate paid to shorter-dated loan terms and, as a result, received less than deserved. This change will be applied for new loans only (not refinancings) and will allow the MFA to set rates that more accurately reflect each term's earnings.

If you have any questions or concerns regarding this notice, please contact Lauren Kerr, Credit & Compliance Officer, at: lauren@mfa.bc.ca or 250.419.4772.