



Nova Scotia
**MUNICIPAL
FINANCE
CORPORATION**

quarterly newsletter

Volume 2 Issue 2

September 2016

Well, we survived summer and what a hot one it was! I hope everyone had an awesome summer, it was a great summer for motorcycle riding!

As we approach fall, it is time to start getting your paperwork in order if you are planning to participate in the fall debenture issue. The cut-off to participate is noon October 21st. We had hoped to go paperless starting with this debenture issue but it is now our plan to go paperless in the Spring of 2017, in order to allow us time to develop and communicate the new process.

As the municipal elections are approaching, for those who plan to reoffer, we wish you all the best of luck. For those who have decided to not reoffer, we thank you for all your years of dedication and service to your communities. Know that you made a difference!

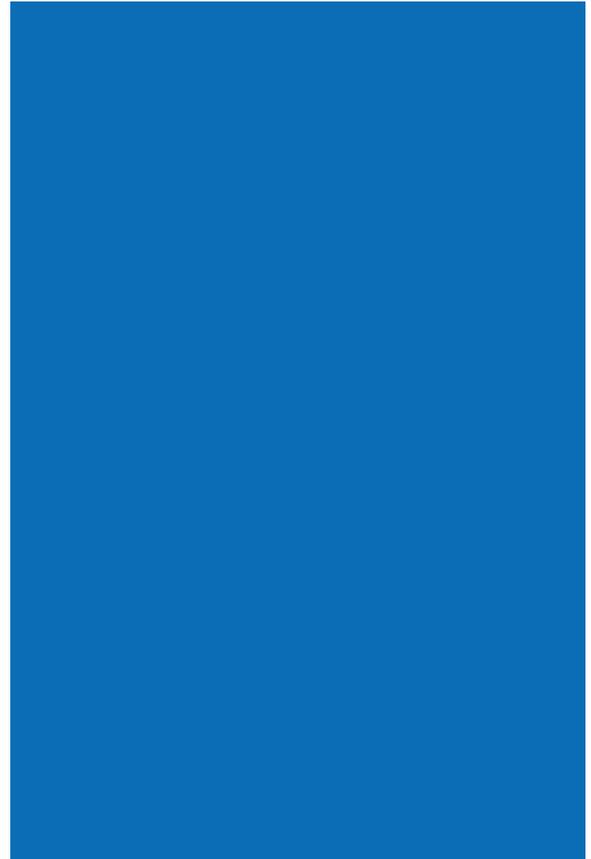
And finally, while I do realize it is early and there will be one more newsletter that will come out in December, I just want to put on your radar that we will be doing our biennial online survey in January 2017 for both administrators and elected officials.

Thank you for taking the time to read this newsletter and enjoy what is left of what has been a great summer and hopefully what will be a great fall!

Paul

Paul Wills, CPA, CMA

CEO/Treasurer



Nova Scotia Municipal Finance Corporation

Mission Statement:

To provide capital infrastructure financing at the lowest available cost, within acceptable risk parameters, and to provide financial management advice and assistance to clients.

This mission is achieved through the issuance of debentures. The corporation pools municipal borrowing requirements which eliminates the need for individual municipalities to negotiate and administer their own debenture issues. Under this arrangement, the debt issuance function remains in the public sector domain.

Why the Municipal Finance Corporation?

The Nova Scotia Municipal Finance Corporation (MFC) was established by an Act of the Legislature of the Province of Nova Scotia in 1979 (*Municipal Finance Corporation Act, Chapter 301*). The MFC concept is widely used in Canadian provinces and American states as a cost effective, efficient means of raising long-term debenture funds to finance municipal capital projects. Studies have shown that smaller municipalities with lower credit ratings receive the greatest interest savings from MFC participation and that all municipalities can benefit from savings in the cost of administration on outstanding debenture issues. In addition, two of the five members of the board of directors are appointed based on the recommendation of the Union of Nova Scotia Municipalities, which ensures strong municipal representation.

Who must finance capital projects through the MFC?

The objective of the corporation is to provide financial assistance to its clients, including municipalities, villages, municipal enterprises, school boards, and hospitals (*MFC Act, S7*). All municipalities, villages, and municipal enterprises must finance their external capital requirements through the corporation through the issuance of a debenture (*MFC Act, S16(1) and S16(2)*). The MFC uses credit enhancement and debt-pooling techniques to meet clients' approved funding requirements at the lowest possible cost.

Long-Term Loans For Capital Infrastructure

Pooled debenture issues are the most used product that the MFC offers its clients. The MFC regularly goes to market with two debenture issues each fiscal year, in the spring and fall.

Our Location

Nova Scotia Municipal Finance Corporation

Maritime Centre

1505 Barrington Street, Suite 1501

Halifax, Nova Scotia

Our Mailing Address

Nova Scotia Municipal Finance Corporation

PO Box 850, Station M

Halifax, Nova Scotia

Canada

B3J 2V2

MFC Staff

CEO/Treasurer: Paul Wills, CPA, CMA

P: (902) 424-4590

E: paul.wills@novascotia.ca

Manager of Financial Services:

Bob Audoux, CPA, CGA

P: (902) 424-7172

E: bob.audoux@novascotia.ca

Administrative Assistant: Margo Horne

P: (902) 424-6333

E: margo.horne@novascotia.ca

Nova Scotia Municipal Finance Corporation

Board of Directors

As a Crown Corporation, MFC's powers and responsibility are set out in the Municipal Finance Corporation Act (1979) and the Corporation is accountable to the Nova Scotia legislature through the Minister of DMA.

A Board of Directors appointed by the Governor-in-Council governs the Corporation. The Board is comprised of six directors: two members are senior provincial public servants, two members are appointed upon the recommendation of the UNSM, one member is appointed upon the recommendation of the AMA, and one member is appointed from the community at large.

The Corporation is completely self-funded. The Minister of DMA is required by legislation to approve the annual administration budget. The Corporation levies fees on loans made to its clients to help offset its administrative expenses.

Support staff and resources from the provincial Departments of Finance and Treasury Board and DMA have been provided to the Corporation. The Corporation also contracts with the Department of Justice for the provision of legal services. The advice and assistance given by all three provincial departments is a valuable contribution to the operations of the Corporation.

As of June 30, 2016 the existing Board three year term expired. We would like to thank the former Chair, Dan McDougall (Housing Nova Scotia), Byron Rafuse (Finance), UNSM representatives Robert Thibault (Clare), and Marc Brittney (Middleton), AMA representative Dawn Keiser (Bridgewater) and the member at large Darrell Hiltz (New Ross). The Corporation greatly appreciates your contributions and efforts over the past three years.

We are currently awaiting the appointment of our new board and will be communicating the new directors through the various list serves once they have been confirmed.

Fall Debenture Items

Just a friendly reminder about the NS Municipal Finance Corporation's fall 2016 debenture.

Deadline: October 21st at noon (**there will be no requests taken after October 21st**)

No participant will be on the debenture list if their package is incomplete.

So, if you have not requested a TBR from your municipal advisor, it is strongly suggested you do so today, as the TBR could determine whether you are on the list at the October 21st deadline.

The following documentation is required in order to be put on the MFC debenture list:

- 1) Commitment Letter (a sample can be found in the Local Government Resource Handbook),
- 2) Temporary Borrowing Resolution approved by the Minister (provide a photocopy in your debenture package submission),
- 3) Pre-Approval form (if your TBR is waiting to be signed, send in the Pre-Approval anyway), and
- 4) Villages & Municipal Enterprises require a Municipal Guarantee (contact your Advisor).

MFC Best Practice Profile

Sustainability

The original recommended practice was developed by the Government Finance Officers Association (GFOA). Some aspects of the practice have been revised by the Financial Management Capacity Building Committee (FMCBC) for use by Nova Scotia municipal governments. The original GFOA recommended practice is *Sustainability*, approved by the Executive Board in June 2002.

Recommendation

The GFOA recommends that sustainability be considered a core value in setting organizational policy and establishing business practices in all areas of public finance. Sustainability is the notion that current economic and consumption patterns should not reduce opportunities for future generations by impairing or depleting existing resources. The GFOA recommends that municipal governments focus on three general areas: public policy, budget and management, and sustainable business practices. The GFOA also recognizes the importance of a balance among the economy, the community, and the environment.

Purpose

Municipalities should consider implementing sustainable policies and practices to ensure a future for its community. Developing policies that look beyond immediate results can benefit a municipality's citizens. Municipalities should also consider developing sustainable policies that recognize the community's limited natural resources, and that pollution and waste are a drain on the economy. Municipal governments have the opportunity to play a critical role in the development of sustainable practices, which can benefit communities substantially.

Background

In the past, many policies and practices have focused on the short-term benefits with little regard of the future consequences. More recently, governments have begun to develop policies and practices that consider the future implications of their actions. This is the concept of sustainable practices. Other municipalities have implemented sustainable programs such as programs to reduce air pollution, and projects to clean up rivers, harbours, and landfills.

For more information on this Best Practice, please visit our website at:

<http://www.nsmfc.ca/budgeting-and-financial-reporting.html>

Short-Term Loan Program

In 2014, the corporation secured a \$50-million line of credit from the Nova Scotia Department of Finance and Treasury Board to facilitate requests from municipalities. Previously, the corporation's reserve fund was used to provide short-term loans to clients that had completed capital projects and were awaiting participation in the next debenture issue. This change creates an opportunity for the municipal client to access even lower interest than before, and for the corporation to invest and earn more interest on its reserve fund. Interest is charged at 90-day Bankers' Acceptance plus 50 basis points (1/2%) calculated using the Canadian Dollar Offered Rate.

If you have a completed capital project but missed the spring debenture offering, contact Bob Audoux at (902)-424-7172 or bob.audoux@novascotia.ca for information on how to access this program.

Upcoming Items

2015-2016 Annual Report

The Corporation's 2015-2016 Annual Report has been released. It can be found on our website at: <http://www.nsmfc.ca/mfc-documents/annual-reports.html>

Paperless Debenture

In anticipation of switching to the paperless debenture process in the spring of 2017, staff are currently compiling a list of authorized signatories for each municipal unit. Once a unit has committed to participating in the fall debenture issue, we will seek confirmation of the appropriate signatories.

New Directors of Finance Mentoring Program

As of April 1, we have a mentoring program that can help new directors of finance with the basic information to help them understand their role and various aspects of their responsibilities.