Capital Markets

2024 Municipal and Agency Roundtable

DECEMBER 2024

TABLE OF CONTENTS

CANADIAN MUNICIPAL ISSUERS

Stephen Conforti
Chief Financial Officer and Treasurer, City of Toronto

Isabelle Jasmin
Deputy City Treasurer Corporate Finance, City of Ottawa

Mehdi Alani
Portfolio Manager, Fixed Income Investments and Debt Funding, Finance Department, City of Montreal

Laura Mirabella
Commissioner of Finance and Regional Treasurer, Region of York

Wayne Steffler
Commissioner of Corporate Services and CFO, Region of Waterloo

Grace Cheng
City Treasurer, City of Vancouver

CANADIAN AGENCY ISSUERS

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Chief Financial Officer, Municipal Finance Authority of BC

Patrice Impey
Chief Financial Officer, TransLink

MODERATOR

Mansoor Khan
Director, RBC Government Finance

Canadian Municipal Issuers

City of Toronto

Stephen Conforti
Chief Financial Officer and
Treasurer, City of Toronto

Financial Overview
The City of Toronto is Canada's largest municipality and is home to more than three million people. City Council adopted a $17 billion Operating Budget in 2024 which is larger than most provincial government budgets in Canada. In addition, the City needs to adopt a balanced budget along with other strict controls and financial management practices to maintain this budgetary performance throughout the year. The primary source of revenue is through the property tax levy, however another important source is the other levels of government through cost sharing programs delivered by the City.

The 10-year Capital Plan in 2024 has increased to nearly $50 billion to provide funding for a diverse set of projects that include: Canada's largest transit system; a large shelter and housing program; emergency services (i.e. police, fire, paramedics); public library system; community centres and arenas; roads, water and sewer, and other infrastructure services. These are only a small sample of the services that are delivered.

The City of Toronto will fund these capital projects through arrangements with other orders of government along with designated and committed accumulated reserves of approximately $13 billion. However, there is also a need to obtain financing through the capital markets each year for projects which is estimated at $1.2 billion.

Credit ratings are reviewed and maintained each year by Moody's Investor Services (Aa1), Standard & Poor's (AA+), and Morningstar DBRS (AA). These credit ratings have been in place for over 20 years, with Standard & Poor's increasing their rating in 2024 to AA+ from AA.

What were some of the biggest challenges and opportunities for the City in 2024, and how do you see these changing in 2025?

In 2024, Toronto encountered several challenges and notable opportunities. Key challenges included:

- **Inflation:** Elevated inflation impacted both operating budgets and capital project costs, particularly for transit and housing infrastructure. Higher inflation also led to higher borrowing costs. Rising costs necessitated careful prioritization of projects and innovative fiscal management strategies.
- **Immigration:** With record immigration levels driving population growth, demand for housing, transit, and public services surged. This placed pressure on the City's resources and capacity to deliver essential services, including managing 10,600 shelter beds, of which 4,800 were allocated to refugee claimants.
- **Public Transit Recovery:** While transit ridership recovered to close to 80% of pre-pandemic levels, revenue shortfalls persisted due to changes in commuter patterns and hybrid work models.

Despite these challenges, 2024 also brought significant opportunities:

- **Intergovernmental Support:** Federal and provincial partnerships yielded substantial financial benefits. The "New Deal" with the Province of Ontario provided $3 billion in capital relief over 10 years, including the upload of the Gardiner Expressway and Don Valley Parkway. This eliminated Toronto's largest State of Good Repair (SOGR) liability, unlocking $1.9 billion for critical infrastructure reinvestments.
- **ESG and Climate Leadership:** The expansion of Toronto's green and social bond programs demonstrated the City's commitment to sustainable development, while investments under the TransformTO Net Zero Strategy furthered climate resilience goals.
- **Economic Growth:** Toronto's diversified economy, with thriving sectors like technology, finance, and real estate, supported GDP per capita above the national average and a robust labour market.

Looking to 2025, inflation is expected to stabilize, reducing cost pressures on operating and capital budgets, along with associated borrowing costs. While some of these costs will move lower, there are going to be added pressures with labour costs rising with new collective agreements for our major unions in 2025. However, housing affordability and infrastructure renewal will remain top priorities as the City continues to grow. Opportunities include leveraging intergovernmental funding programs such as the Building Faster Fund, exceeding housing targets, and advancing climate adaptation initiatives.

Financial support from higher levels of Government has been a key topic of discussion since the pandemic. What kind of ongoing support do you expect in 2025?

Federal and provincial financial support remains critical for Toronto to address systemic challenges. In 2025, the City anticipates assistance in the following areas:

- **Transit:** Sustained subsidies to mitigate revenue shortfalls and funding for expansion projects, as well as capital funding for subway train replacements on Line 2 and transit electrification.
- **Housing:** Enhanced cost-sharing for affordable housing initiatives under the HousingTO 2020-2030 Action Plan, supported by programs like the Building Faster Fund.
- **Climate Action:** Investments in renewable energy, transit electrification, and infrastructure adaptation under the TransformTO Net Zero Strategy however there is limited funding for these projects.

The "New Deal" with the Province of Ontario has been particularly impactful, providing both operating and capital relief. The transfer of the Gardiner Expressway and DVP responsibilities to the province alleviated significant financial burdens, allowing Toronto to reallocate resources to other critical priorities.

Toronto will continue advocating for predictable, long-term funding mechanisms that is reflective of the economic benefits generated in the City of Toronto and also aligns with its 10-year capital plan, ensuring sustainability in transit, housing, and climate initiatives.

Can you provide an overview of your borrowing program in 2024 and your plans for 2025?

In 2024, Toronto executed a borrowing program of $1 billion, aligned with its 10-year capital plan. Key elements included:

- **Issuance Types:** Both conventional and sustainable finance instruments, including green and social bonds. These sustainable issues support specific projects that align with environmental and social projects along with diversifying the City's investor base.
- **Tenors:** Bonds were issued in 10 and 30-year terms to match long-term capital needs that align with the asset life of the capital project.
- **Liquidity Strategy:** Benchmark-sized offerings and bond re-openings ensured market liquidity and robust demand.

For 2025, borrowing is projected to maintain similar volumes estimated at $1.2 billion, supporting infrastructure investments in transit, housing, and climate adaptation projects. The City remains committed to maintaining a debt service ratio below 15% of the property tax levy as required by City Council policy. The projected borrowing will include a mix of terms to maturity, typically 10, 20, and 30 years, ensuring alignment of project asset life with long-term infrastructure planning while optimizing debt servicing costs.

What are the biggest factors that impact your borrowing plans every year?

The City's borrowing plans are influenced by several key factors:

- **Capital Project Pipeline:** The scope, scale, and timing of critical projects, particularly in transit, housing, and SOGR, determine annual borrowing needs.
- **Economic Conditions:** Interest rates and investor sentiment significantly affect issuance timing and structure.
- **Cash Flow Requirements:** Borrowing aligns with project schedules to optimize cash flow and minimize interest costs.
- **Intergovernmental Support:** Funding from programs like the "New Deal" and other provincial/federal initiatives offsets borrowing needs.

Regarding the Capital Project Pipeline, we purposely do not pre-finance projects so we will wait until a project is completed and paid for before moving to financing. Given this situation, budgeted capital projects may get delayed for a few reasons which in turn can reduce spend rate and the amount we will borrow in any year.

What are some of the key attributes of the City that you would like to highlight to investors from a Credit Rating Perspective?

Credit ratings are reviewed and maintained each year by Moody's Investor Services (Aa1), Standard & Poor's (AA+), and Morningstar DBRS (AA). These credit ratings have been in place for over 20 years, with Standard & Poor's increasing their rating in 2024 to AA+ from AA.

All three credit rating agencies identify some common themes in their reviews of the City of Toronto: wealthy and diversified economy; low debt burden; strong liquidity; strong financial management; and emphasis on long-term financial planning.

As Canada's largest city, Toronto boasts a diverse economy supported by strong sectors like finance, technology, and real estate. With GDP per capita exceeding national averages, immigration continues to bolster the labour market and tax base.

What are some of the key initiatives that the City would like to highlight when it comes to Environmental and Social impact?

The City of Toronto produces an annual Environment, Social, and Governance (ESG) Performance report which is available to the public and should be reviewed to get a complete picture of ESG at the City. While many corporations have these reports, it is a unique document for a government to produce and in fact we believe we are the only municipality in Canada to have something like this.

While the report is close to 100 pages, some of the highlights include:

- **Green and Social Bonds:** Funding projects like transit electrification, flood plain protection, energy retrofits, and affordable housing, with transparent impact reporting.
- **TransformTO Net Zero Strategy:** Reducing 75,000 tonnes of CO2 emissions by 2040 through renewable energy and climate-resilient infrastructure investments.
- **HousingTO Action Plan:** Addressing housing affordability through significant investments in affordable housing and shelters.
- **Community Investments:** Enhancing public spaces, accessibility, and equity through inclusive infrastructure.

City of Ottawa

Isabelle Jasmin
Deputy City Treasurer Corporate Finance,
City of Ottawa

What were some of the biggest challenges and opportunities for the City in 2024 and how do you see these changing in 2025? (examples of topics include finances, inflation, immigration, housing, transit)

The City of Ottawa faced many of the challenges other municipalities are facing, particularly transit affordability, housing, homelessness and infrastructure renewal. The 2025 budget included funding to address many of these challenges.

In 2025, Council approved an overall tax increase of 3.9 per cent which includes an 8 per cent tax increase for transit services and 5 per cent increase in transit fares, combined with deferred capital spending and operating efficiencies to bring transit back to an affordable level. An annual funding gap of $36 million remains to be addressed and the City continues to seek additional funding from senior levels of government to close that gap for 2025. We continue to explore various ways to get back to financial sustainability for transit and have established a Transit Long Range Financial Plan working group comprised of the Mayor, three Committee Chairs and senior staff to identify feasible funding strategies, including new sources of revenue and potential cost efficiencies without adversely impacting service. The implementation of Stage 2 LRT by 2027 should help to improve the network and increase ridership going forward.

The Housing Long Range Financial Plan was approved in the fall and included an updated financing strategy increasing predictable funding for building new affordable housing from $16 million annually to $23 million. The implementation of a Vacant Unit Tax has not only helped to increase the number of residential units available to be rented/sold but is now also a source of funds for our Affordable Housing program.

Financial support from higher levels of Government has been a key topic of discussion since the pandemic. What kind of on-going support do you expect in 2025?

In 2024, the City of Ottawa and the Province of Ontario reached a new deal for the province to invest $543 million to boost Ottawa's economic recovery and revitalization of the downtown core. The deal includes $197 million over three years in operational support and $346 million over 10 years to support capital projects. This new deal provides investments to support the City in the following areas:

- Construction of a new interchange at Highway 416
- Upload of Highway 174
- Development of the Kanata North Transitway
- Homelessness shelters/homelessness prevention
- Public safety and crime prevention
- Revitalization of the downtown core
- Support for housing infrastructure and repair/upgrade of major connecting routes and critical roads.

The Canada Public Transit Fund will help to advance transit capital projects that have been deferred for many years. This is a 10-year $3 billion per year grant program available to municipalities across the country that operate transit services. Mostly for new projects and expansion projects but there are some dollars available to maintain assets in a state of good repair and asset replacement, which has been a budget pressure within transit.

The City of Ottawa was promised up to $176.3 million through the Housing Accelerator Fund (HAF), of which Council approved 90 per cent of those funds to non-profit housing providers to build affordable housing. As of September 2024, 518 units had been fully funded and 368 units partially funded. Of these HAF funded units, 336 units are currently under construction.

On June 24, 2024, the Minister of Municipal Affairs and Housing confirmed that Ottawa met 80 per cent of the 2023 housing targets set by the Province. As a result, the City was eligible to receive an additional $37.5 million from the Building Faster Fund to support housing-enabling infrastructure. The investment plan submitted by the City and approved by the Province, includes core infrastructure needed to build more homes, advances the construction of almost 200 affordable housing units, and the disposal of City lands that can accommodate up to 300 new homes, including affordable housing units.

Can you provide an overview of your borrowing program in 2024 and your plans for 2025? (size, tenor, frequency/type of issues)

In 2024, the City planned to issue $405 million. $225 million was issued as a sustainable debenture in the capital markets. Plans for an additional $105 million conventional debentures have been delayed to the first quarter of 2025. The City borrowed approximately $75 million in non-capital market debt through the Canadian Infrastructure Bank (CIB) for the Zero Emissions Bus program (ZEB).

In 2025, the City plans to issue $453 million in debt. Staff estimate that $220 million of the $453 million will fall under the sustainable platform, $150 million will be a conventional bond and $83 million will be a CIB ZEB loan.

What are the biggest factors that impact your borrowing plans every year? (type of projects, pipeline, any additional information on how the cash flow works)

Budget and revenue sources are the biggest factors in determining the annual debt issuance plan. The City is legislatively mandated to achieve a balanced budget and can only borrow for capital projects. Debt levels are carefully monitored through the City's Long-Range Financial Plans to ensure the ongoing financial well-being of the City is maintained in accordance with its fiscal framework principles. The City's commitment to fiscal responsibility has resulted in one of the lowest debt servicing to property tax ratios among Canada's largest municipalities, well below the 25 per cent limit set by the province and the 7.5 per cent tax supported and 15 per cent rate supported limit set by Council.

When looking at development plans, ESG is a key objective of City Council. Staff have developed a sustainable debenture framework to clearly identify capital projects that that will meet investor standards for a sustainable debenture issuance. And finally, credit ratings are always a key consideration, and the City has implemented strong financial management practices to maintain its rating.

What are some of the key attributes of the City that you would like to highlight to investors from a Credit Rating Perspective? (i.e. what are some of the key positive attributes that rating agencies highlight that differentiates you from the others or helps your rating)

The City maintains an exceptional credit rating, with Aaa from Moody's Investor Services (Moody's) and AA+ from Standard & Poor's Ratings Services (S&P), aligning with the top ratings held by major municipalities across the country.

Credit rating agencies point to our track record of positive fiscal outcomes, reliable revenue supported by a stable economy and a level of liquidity that provides sufficient coverage for bondholders. They specifically highlight our stable economy as the nation's capital which supports reliable revenue generation and predictable, steady growth.

Historically, the City has had flexibility to reduce or defer capital spending to ensure a balanced budget, especially in emergency situations. We have also recently increased transit taxes to meet financial demands specifically for transit services, increasing it by 8% compared to previous increases of 2.5%. We have also received upper tier support, as demonstrated by the Safe Restart Funding that was available to us during the pandemic.

What are some of the key initiatives that the City would like to highlight when it comes to Environmental and Social impact? (This can include labelled bond issuance, impact reporting, early exploration of identifying relevant projects or establishment of internal policies)

In support of the City's strategic goal to create a green and resilient community, the City is dedicated to addressing climate change challenges and fostering positive environmental outcomes. Our efforts center on implementing key strategies, including the Climate Change Master Plan, Energy Evolution Strategy, Climate Resiliency Strategy and Urban Forest Management Plan, along with related priorities, programs, projects and policies. We also apply a climate lens to all of our planned capital projects and are working to establish a carbon budget approach and accounting framework. We are exploring carbon sequestration methods and the role of green infrastructure. We are also encouraging community action though education, incentives support, and advocacy to senior levels of government.

The 2025 budget allocated $6 million for initiatives identified in the Climate Change Master Plan, including funds to support the reduction of emissions (climate mitigation) and build resiliency to current and future climate conditions (climate adaptation). $2 million was allocated for natural area acquisitions, including funds to secure and conserve important greenspaces and environmental lands with an Official Plan goal of no net loss of rural forests and wetlands.

City of Montreal

Mehdi Alani
Portfolio Manager, Fixed Income Investments and Debt Funding, Finance Department, City of Montreal

Financial Overview
The City of Montreal's financial overview for 2025 reflects a commitment to maintaining a balanced budget while addressing key priorities and challenges. The operating budget for 2025 is set at $7.28 billion, ensuring the city can continue to provide essential services and invest in critical areas. This budget is designed to support six key themes: organizational performance, housing, homelessness, downtown revitalization, infrastructure, and the vision for Montreal's future.

In terms of fiscal policy, the city has limited the increase in property taxes to 2.2% for residential properties and 1.9% for non-residential properties. This approach aims to balance the need for revenue with the economic realities faced by residents and businesses. Additionally, the city has abolished the financial compensation previously required from non-profit organizations, providing them with an estimated $10.5 million in annual relief.

The 10-year Capital Works Program (PDI) for 2025-2034 amounts to $24.8 billion, focusing on both the maintenance of aging infrastructure and the development of new projects. Key investments include $6.6 billion for water infrastructure, $6.6 billion for road infrastructure, and significant funds for public buildings and technological upgrades.

Overall, Montreal's financial strategy for 2025 emphasizes fiscal responsibility, strategic investments, and a commitment to addressing the needs of its diverse population while preparing for future challenges.

What were some of the biggest challenges and opportunities for the City in 2024 and how do you see these changing in 2025? (examples of topics include finances, inflation, immigration, housing)

- In 2024, the City of Montreal faced several significant challenges and opportunities that shaped its strategic planning and policy decisions. One of the primary challenges was managing financial stability amidst rising inflation. The city had to balance its budget while ensuring that tax increases remained manageable for residents and businesses. This required careful fiscal management and strategic allocation of resources to maintain essential services and invest in critical infrastructure.
- Housing was another major challenge, with the city grappling with a housing crisis that affected many residents. The demand for affordable housing outpaced supply, prompting the city to intensify its efforts to accelerate housing projects and protect existing affordable housing. The introduction of the Loger+ strategy aimed to increase the availability of non-market housing and support community and private developers.
- Immigration presented both challenges and opportunities. As a major urban center, Montreal continued to attract a significant number of immigrants, contributing to its cultural diversity and economic growth. However, integrating new arrivals and ensuring they had access to housing, employment, and social services required coordinated efforts across various sectors.
- Looking ahead to 2025, these challenges are expected to evolve. The city plans to continue its fiscal prudence, limiting tax increases and optimizing resource allocation to sustain financial health. Inflation remains a concern, but the city's proactive measures aim to mitigate its impact on residents.
- In terms of housing, the city will build on the progress made in 2024 by further implementing the Loger+ strategy, with a focus on accelerating construction and protecting tenants. The goal is to create more inclusive and sustainable communities, addressing the housing needs of a growing population.
- Immigration will remain a key focus, with the city enhancing its support systems to better integrate newcomers. This includes expanding services and programs that facilitate their transition and contribute to the city's economic and social fabric.
- Overall, while the challenges of 2024 will persist, Montreal's strategic initiatives and investments position it to turn these challenges into opportunities for growth and development in 2025.

Financial support from higher levels of Government has been a key topic of discussion since the pandemic. What kind of on-going support do you expect in 2025?

In 2025, the City of Montreal is likely to continue receiving significant financial support from higher levels of government, which has been crucial since the pandemic. This support is expected to focus on several key areas:

- **Infrastructure Investments:** Both the federal and provincial governments are anticipated to continue funding infrastructure projects. This includes investments in public transit, such as the extension of the Blue Line and the development of the Réseau express métropolitain (REM). These projects are vital for improving urban mobility and reducing congestion.
- **Affordable Housing:** Given the ongoing housing crisis, financial support for affordable housing initiatives will remain a priority. The federal government's National Housing Strategy and provincial programs are expected to provide funding to support the construction and maintenance of affordable housing units. This aligns with Montreal's Loger+ strategy, which aims to increase the supply of non-market housing.
- **Climate Resilience and Environmental Projects:** With the increasing impacts of climate change, funding for climate

resilience projects will be essential. This includes support for green infrastructure, such as the development of sponge parks and other flood mitigation measures. Both federal and provincial governments are likely to invest in projects that enhance the city's ability to adapt to extreme weather events.
- **Social Services and Public Health:** The pandemic highlighted the importance of robust social services and public health infrastructure. Continued funding from higher levels of government will support initiatives aimed at addressing homelessness, mental health services, and other social determinants of health. This includes financial support for community organizations and public health programs.
- **Economic Recovery and Development:** To support economic recovery, higher levels of government are expected to provide funding for initiatives that stimulate economic growth and job creation. This includes investments in innovation, technology, and support for small and medium-sized enterprises (SMEs).

Additionally, the recent agreement between the Québec government and its municipalities includes sharing an annual amount equivalent to the growth of revenues generated by one point of the TVQ (Québec Sales Tax). This amount is expected to increase over time, providing municipalities with a growing source of revenue. The partnership also focuses on climate adaptation and transition, sustainable land use planning, and the maintenance and renewal of essential municipal infrastructure, particularly water systems.

Overall, ongoing financial support from higher levels of government will be crucial for Montreal to address its key challenges and leverage opportunities for growth and development in 2025. This collaborative approach will help ensure that the city can continue to provide essential services, improve infrastructure, and enhance the quality of life for its residents.

Can you provide an overview of your borrowing program in 2024 and your plans for 2025? (size, tenor, frequency/type of issues)

2024 Borrowing Program:
- Size: The total volume of issuance for 2024 was $1.060 billion.
- Tenor: $700M 20-year bonds, $300M 10-year bonds and $60M of 1-5 year serial bonds
- Frequency/Type of Issues: Syndicated, bought-deal Issues.

2025 Borrowing Plans:
- Size: The total volume of issuances planned for 2025 is around $1.133 billion. This includes:
- $201.7 million for the STM.
- $931.3 million for refinancing ($10.8 million), loans charged to third parties ($103.9 million), and loans charged to taxpayers ($816.6 million).
- Tenor: Similar to 2024, the loans will be issued for terms of 5, 10, or 20 years.
- Frequency/Type of Issues: Syndicated, bought-deal Issues.

City of Vancouver

Grace Cheng
Director, Long-term Financial Strategy &
Treasury / City Treasurer, City of Vancouver

Financial Overview

We adhere to prudent fiscal stewardship and forward-looking financial planning, balancing near-term operating needs with long-term infrastructure and amenity requirements.

The 2025 Operating Budget of $2.34 billion builds on the City's sustainable financial planning framework to address ongoing fixed cost pressures and service needs. This represents an overall property tax increase of 3.9%, which is made up of 1% dedicated for infrastructure renewal and 2.9% toward funding City services. The operating budget is supported by property taxes (57%), utility fees (21%) and other fees and revenue sources (22%).

The 2025 Operating Budget will maintain delivery of all City services and include Council-directed investments to fill core service gaps and address critical risks. The $2.34 billion operating budget is made up of public works and utility (30%), public safety (27%), community-related services (20%) and other corporate support services (23%). Key investments managed through savings and efficiencies identified within budget include capacity funding for UNDRIP, Urban Forestry maintenance, fleet replacement and initiatives supporting utilities and permitting.

The 2025 Capital Budget supports delivery of initiatives outlined in the 2023-2026 Capital Plan, which contemplates a total of $3.8 billion in infrastructure investments to improve Vancouver's livability, sustainability and resilience. This reflects an increased rate of renewal for end-of-life assets and delivery of new investments to support growth. The notable projects supported by this capital budget include rehabilitation and seismic upgrades to the Granville and Cambie bridges; renewal and expansion of the Grandview Firehall No. 9 and Downtown South Firehall No. 8; construction of the PNE Amphitheatre; continued implementation of the Sewer Main Renewal and Active Transportation Corridors programs; sport field upgrades and ongoing capital maintenance of community centers and other public amenities. The total capital spends for 2025 is budgeted at $880 million, representing a 13% increase compared to 2024.

What were some of the biggest challenges and opportunities for the City in 2024 and how do you see these changing in 2025? (examples of topics include finances, inflation, immigration, housing)

- While the rate of consumer price inflation has slowed in the past year, the City continues to face significant fiscal pressures related to labour and supply-cost inflation, as well as higher costs passed on from Metro Vancouver and E-Comm 9-1-1. The City is also subject to growing risks associated with externalities such as climate-related events and public emergencies that require funding capacity to cover such contingencies.
- The City does not operate its own transit system. Transit services for the region and the corresponding funding obligations are the responsibility of TransLink.
- Some of the City's biggest opportunities can be realized through implementation of the Mayor's Budget Task Force Recommendations such as increasing non-tax revenues through optimizing the City's real estate portfolio and pursuing sponsorships, advertisements, naming and donations funding, and managing expenses with cost rationalization on all capital programs, ongoing technology transformation and other budget process reforms.

Financial support from higher levels of Government has been a key topic of discussion since the pandemic. What kind of on-going support do you expect in 2025?

- Housing delivery continues to be a priority for both the provincial and federal governments. We expect strong provincial support for new housing through various BC Housing programs, including BC Builds, to continue. Federal support to address housing needs, such as the Housing Accelerator Fund and Canadian Housing Infrastructure Fund, and climate change, such as Disaster Mitigation and Adaptation Fund, are expected to remain as priorities.

Can you provide an overview of your borrowing program in 2024 and your plans for 2025? (size, tenor, frequency/type of issues)

- The City recently launched a new $125 million, 10-year conventional debenture in October. This issuance was executed amid a backdrop of volatile bond market conditions. It was very well received by the investment community, with demand reaching twice the issuance size.
- The City has been alternating between Sustainable and Conventional bonds. Under the Sustainability Bond Framework, the City can issue green, social or sustainable bonds, or a combination of these. We plan to issue a Sustainability Bond up to $150 million in 2025 to raise funds for approved capital projects, subject to market conditions at that time.

What are the biggest factors that impact your borrowing plans every year? (type of projects, pipeline, any additional information on how the cash flow works)

- The City is committed to being a regular issuer in the capital markets. We have established a robust debenture program with issuance on an annual basis over the last 10 years. Being a regular issuer supports the delivery of the City's capital plan.

- Our debt financing is used exclusively for capital infrastructure maintenance and renewal to ensure our assets are in a state of good repair. The City does not take on debt for affordable housing as we partner with housing operators who design, build, finance, operate and maintain housing projects on City land.
- The City determines its long-term borrowing capacity by limiting the ratio of annual debt servicing to operating revenue to a maximum of 10%. This is to ensure that the City does not accumulate debt at unacceptable levels, and that annual debt servicing does not put undue pressure on the annual budget.

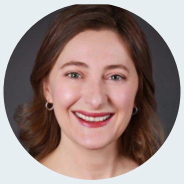
What are some of the key attributes of the City that you would like to highlight to investors from a Credit Rating Perspective? (i.e. what are some of the key positive attributes that rating agencies highlight that differentiates you from the others or helps your rating)

- S&P Global Ratings and Moody's Investors Service reaffirmed the City's AAA/Aaa rating, with stable outlooks earlier this year. These top-tier ratings reflect the agencies' assessments of the City's robust governance, experienced financial management team, consistent positive fiscal outcomes, high liquidity levels, strong economy and budget performance, and favorable debt affordability.
- S&P Global Ratings (Publication: February 14, 2024):
  - "The City of Vancouver is the economic heart of British Columbia. Vancouver's strong economy and robust management bolster the city's creditworthiness."
  - "The City's strong underlying economic fundamentals and financial management will support its ability to maintain healthy operating surpluses.
  - "The debt burden will remain moderate, supported by Vancouver's exceptional liquidity."
  - "We believe Vancouver's management team is highly experienced and robust, with a detailed and proactive approach toward long-term financial planning."
- Moody's Investors Service (Publication: April 25, 2024):
  - "The city's robust liquidity profile provides it with a significant net cash position and cushion against liquidity pressures and operating and capital spending challenges in an inflationary environment."
  - "The consistent operating surpluses, backed by stable revenue sources and operational flexibility, reflect the City's prudent and forward-looking fiscal policies and multi-year capital plans."

What are some of the key initiatives that the City would like to highlight when it comes to Environmental and Social impact? (This can include labelled bond issuance, impact reporting, early exploration of identifying relevant projects or establishment of internal policies)

- **Climate**
  - The City of Vancouver was one of the first cities in the world to recognize the significance of climate change, and fighting climate change remains a high priority.
  - One of the City's key initiatives is the Climate Emergency Action Plan, which was approved by City Council in 2020. The plan aims to reduce carbon pollution by 50% by 2030 and achieve carbon neutrality by 2050. It builds on previous climate strategies and focuses on reducing carbon pollution from the City's largest local sources - burning fossil fuels in vehicles (34%) and buildings (57%).
  - The City is committed to aligned and comprehensive reporting. We support the recommendations of the Task Force for Climate- Related Financial Disclosures (TCFD) by including climate-related financial disclosures in our annual financial report. We have also adopted a Climate Budget approach to track climate-related investments for both climate mitigation and adaptation. The progress and outcomes of primary carbon reduction and climate adaptation strategies are also updated in the Climate Emergency Action Plan (CEAP) and Climate Change Adaptation Strategy (CCAS) annual reports and indicator dashboards.
- **Housing**
  - The City continues to implement the Housing Vancouver Strategy and has recently updated the 10-year housing targets (2024-2033) as well as a new 3-year action plan (2024-2026).
  - The housing targets reaffirm our goal of shifting the City's housing development to provide the "right supply" of housing and align with transit-oriented development pursuant to provincial legislation, including:
    - Rental Housing: 74 per cent of the new homes will serve renter households
    - Below-Market Housing: 15,500 new homes will be below market rate, including 8,500 social housing units and 1,500 supportive housing units, as well as 5,500 below-market rental units delivered by the private market
    - Family-Oriented Homes: 40 per cent of the new homes will be suitable for families, with an emphasis on increasing low-density, ground-oriented ownership options
  - In the last five years, Vancouver delivered almost 40% of new rental units in the Metro Vancouver region.

Region of York



Laura Mirabella
Commissioner of Finance
and Regional Treasurer,
Region of York

Financial Overview
In 2024, we are projecting to spend about 98.8% of our $3.2 billion operating budget and about 90% of our $1 billion capital budget. In October, we issued a $100 million debenture to finance growth-related infrastructure investments.

On November 28, 2024, our Council approved the 2025 Regional Budget with a tax levy increase of 3.55% plus a 1% Rapid Transit Infrastructure Levy. This approval was a month earlier than prior years. The Budget is fiscally responsible, anchored in the Region's updated Fiscal Strategy, and responds to emerging Council priorities such as housing and community safety.

In particular, the Budget includes 304 new staff for York Regional Police (154 in 2025 and 150 in 2026) included as part of the 3.55% tax levy increase. It also includes spending $128 million from our capital reserves for an additional 287 emergency and transitional housing beds by 2034.

Based on the new capital investment requirements in the 2025 Budget, we are planning to issue about $4.1 billion in new debt and refinance a further $450 million over the next ten years.

What were some of the biggest challenges and opportunities for the Region in 2024 and how do you see these changing in 2025? (examples of topics include finances, inflation, immigration, housing)

- Housing supply was a hot topic and a major focus for us in 2024 and will continue to be in 2025.
- In 2022, the Province established housing targets for municipalities through Bill 23, *More Homes Built Faster Act*. Through eight of its nine local municipalities, York Region's target is 150,000 units by 2031.
- The Region will need to build more infrastructure sooner to accommodate this growth. Our 2025 ten-year capital plan is a record $12.2 billion, and nearly two-thirds of it will be invested in growth-enabling infrastructure. While we will need to finance much of that infrastructure with new debt, we will need to do so at a pace that allows us to maintain our triple-A credit rating.
- While housing affordability challenges affect households across most of the income spectrum, they hit hardest for those with the lowest incomes, and we are seeing a particularly large gap in housing supply for purpose-built rental and community housing.
- In October, staff reported to Council on actions to be considered through the Region's next 10-year housing and homelessness plan to increase the supply of affordable and community housing. These actions include providing incentives to developers, partnerships with non-profits and redoubling our advocacy efforts with the federal and provincial governments, whose legislative powers and financial resources must be a part of any viable solution. Regional measures will be considered as part of future budgets within the Region's Fiscal Strategy.

Financial support from higher levels of Government has been a key topic of discussion since the pandemic. What kind of on-going support do you expect in 2025?

- **Ongoing Financial Support in 2025:** York Region expects to receive $943 million in provincial and federal operating grants and subsidies, funding various mandated services including $533 million for childcare and early years programs, $150 million for Ontario Works, and cost-shared funding for public health and paramedic services.
- **Capital and Infrastructure Funding:** The Region's 10-year capital plan includes $8 billion for growth-enabling infrastructure, with $66.8 million expected from senior government levels. Additionally, $140 million is anticipated over three years for water and wastewater projects. The Region continues to seek further funding for priority projects like bus rapid transit and community housing infrastructure.

Can you provide an overview of your borrowing program in 2024 and your plans for 2025? (size, tenor, frequency/type of issues)

- York Region issued a $100 million 10-year debenture in October 2024. It included $97.6 million for York Region and $2.4 million for the Town of Georgina, one of our local municipalities.
- Based on the long-term forecast for the Region's infrastructure investments, we plan to issue $4.6 billion in debt over the next 10 years including $4.1 billion of new debt and approximately $450 million in refinancing debentures. In 2025, we anticipate issuing about $260 million of debt including $143 million in new debentures and $117 million for refinancing.[1] Some of our local municipalities indicated they have debt financing needs of about $50 million next year which could bring our total debt issuance to $310 million.
- In 2025, we are considering a spring debenture to be reopened in the fall, but will monitor market conditions and, depending on the trends, we may decide to issue debt only once in the second half of the year. Because the market has been favorable for 10-year debenture terms, we plan to issue these debentures for 10 years.
- As our capital growth spending accelerates and more existing debentures come up for refinancing, we expect bigger debt issuances of $500 to $700 million per year from 2026 to 2029.

What are the biggest factors that impact your borrowing plans every year? (type of projects, pipeline, any additional information on how the cash flow works)

- York Region only borrows for growth-related projects which are almost exclusively funded by development charges. As development charges are directly tied to growth, fluctuations in new construction activity, especially housing starts, have a significant impact on the Region's debt program. Development charges first have to be applied to pay debt servicing costs on existing debt and the remaining amounts, if available, are used to fund capital growth projects directly. Consequently, lower development charge collections result in higher debt requirements.
- Debenture financing is used by the Region for a variety of capital investments to provide the key services enabling growth in our communities including infrastructure for water, wastewater, transportation and paramedic services.
- Some of the key projects that will be financed by debenture issuances based on the Region's 2025 10-year capital plan include phase 1 of the North York-Durham Sewage System Expansion (North YDSS) and the Yonge North Subway Extension (YNSE).

What are some of the key attributes of the Region that you would like to highlight to investors from a Credit Rating Perspective? (i.e. what are some of the key positive attributes that rating agencies highlight that differentiates you from the others or helps your rating)

- Since 2000, York Region has had a AAA rating from Moody's and in 2021, we regained our AAA rating from S&P. Maintaining strong credit ratings is a key component of York Region's fiscal strategy and the financial discipline it requires helps us to ensure the Region maintains a strong financial position over the long term.
- The Region boasts a diverse and wealthy economy that fosters fiscal and institutional stability. Thanks to our commitment to prudent financial management, we enjoy solid budgetary performance and healthy debt levels. Our excellent liquidity, bolstered by significant reserves for future asset management, further strengthens our position.
- Credit rating agencies have a stable outlook on our ratings, confident that we will maintain significant operating surpluses and manage ongoing cost pressures effectively. With stable and predictable revenues, high levels of wealth and strong fiscal management, we are well-equipped to achieve balanced operating results over the next two years.

What are some of the key initiatives that the Region would like to highlight when it comes to Environmental and Social impact? (This can include labelled bond issuance, impact reporting, early exploration of identifying relevant projects or establishment of internal policies)

- York Region's Council has always been committed to sustainable operations and communities. The Region began developing its ESG roadmap in 2023. It aligns closely with the Region's Strategic Plan and other guiding documents including the Climate Change Action Plan and the Energy Conservation Demand Management Plan.
- The Region's ESG roadmap focuses on the key pillars of governance, strategy, risk management and reporting. Governance-related initiatives include a cross-functional ESG working group, the Internal Climate Change Working Group and a variety of other working groups that contribute to ESG in the Region.
- In 2024, to align strategic decision making with ESG principles, the Region developed and leveraged an ESG-based tool for evaluating operating business cases. This allows all operating business cases to be measured on a consistent basis for organizational resource alignment with ESG priorities. This tool will continue to be revised for future budget years.
- The Region is reviewing procurement processes to ensure social and sustainable procurement practices can be achieved. The Region continues to monitor external risks that impact organizational operations and the community. It maintains several risk management policies which are embedded in Regional operations and procedures. Key areas of risk such as cyber security are regularly reviewed, and all risk registries will be updated in alignment with ESG priorities.
- The Region's commitment to transparency and accountability is evident in ongoing monitoring and reporting of key ESG priority measures from York Region's Vision, Strategic Plan, and departmental plans in the annual Community Report. Approximately 63% of the Region's Performance Measures in the 2023-2027 Strategic Plan already reflect ESG-related priority areas. ESG reporting in the annual Community Report will continue to be expanded over the coming years.
- Finally, the Region continues to follow national and international standard setting bodies for updated standards and targets relating to ESG to ensure compliance and to best inform future reporting.

Region of Waterloo

Wayne Steffler
Commissioner of Corporate Services and CFO, Region of Waterloo

Financial Overview
The Region is projecting a modest surplus of approximated $4.3 million, 0.9% of the property tax levy for direct regional services and preliminary estimates for user rates project surpluses for both water ($1.8 million) and wastewater ($7.1 million).

Surplus drivers consist of higher than budgeted levels of revenue associated with transit fares, waste management, additional one-time provincial funding and payments in lieu of taxes, while expenditure savings are projected relating to winter and road maintenance and as a result of lower fuel prices.

The projected surpluses for water supply and wastewater treatment are driven primarily by increased rate revenues driven by increased flows as well as lower than budgeted expenditures relating to the treatment of wastewater and utilities.

Regional Council passed a 2025 Plan and Budget December 20th, that maintains the essential services residents rely on across Waterloo Region. As inflation and rising costs continue to impact households, the Region's budget balances affordability with the service needs of a growing community. The total 2025 Operating and Capital budget for Regional services, including costs for Waterloo Region Police Services, is $2.4 billion, which represents a tax rate impact of 9.48%

What were some of the biggest challenges and opportunities for the Region in 2024 and how do you see these changing in 2025? (examples of topics include finances, inflation, immigration, housing).

- Affordable Housing and Homelessness remain the most significant issue for us in the near term. To support this the Reaching Home Operating funding to support homelessness has been increased by $1.1 million and total funding has been confirmed through 2028.
- Bill 23 was passed in 2022 by the province with a goal to add 1.5 million new homes in Ontario by 2031. We are working with area municipalities to meet the target set out for Waterloo Region and may need to advance some infrastructure projects to facilitate this accelerated growth.
- Rapid unplanned population growth, driven in large part by immigration, has led to significant challenges for the Region. Coupled with decades of chronic underfunding and development of physical and social infrastructure. This has contributed to a lack of affordable housing, particularly during the last 5 years. It has also led to a growth in demand and insufficient access to shelter support, health and public health, child care, transportation and other social services.
- In the fastest growing community in Canada, federal immigration funding for the Region of Waterloo which supports community immigration strategy development and implementation is not growing at the same rate.
- Provincial and federal funding are not keeping up with capital cost inflation; we are seeing a steady deterioration in the purchasing power of Canada Community-Building Program funding. When provincial funding for cost shared programs does not keep up with inflation, we are forced to consider service reductions, or alternatively, fund the shortfall from the property tax revenues which is a revenue tool but not designed to support social programs intended to serve as an income redistribution function.
- We are hopeful that the Province will participate in discussions with municipalities with respect to the Provincial-Municipal funding relationship – this is the essence of the AMO's Social and Economic Prosperity Review, and it calls on the province to sit down with municipalities and work together on a joint review of municipal finance, including a detailed analysis of Ontario's infrastructure investment and service delivery needs.

Financial support from higher levels of Government has been a key topic of discussion since the pandemic. What kind of on-going support do you expect in 2025?

- Our 2025 budget includes anticipated provincial and federal funding transfers of $493 million with most of this supporting Public Health and Community Services programs that are cost shared with the province.
- We are hopeful that the Province will participate in discussions with municipalities with respect to the Provincial-Municipal funding relationship – this is the essence of the AMO's Social and Economic Prosperity Review, and it calls on the province to sit down with municipalities and work together on a joint review of municipal finance, including a detailed analysis of Ontario's infrastructure investment and service delivery needs.

Can you provide an overview of your borrowing program in 2024 and your plans for 2025? (size, tenor, frequency/type of issues)

- In 2024, we issued debt two serial debentures totalling $114 million with $78.3 million for the Region of Waterloo and $35.7 million for the City of Kitchener.
- In 2025, we anticipate spring and late fall issuances in the range of $100 million to fund both Regional and local area municipality capital projects.

What are the biggest factors that impact your borrowing plans every year? (type of projects, pipeline, any additional information on how the cash flow works)

- As a two-tier municipality with 7 lower tiers, timing and quantum are affected by the collective needs of the participating municipalities. Cash flow timing is not as critical for the Region allowing us to be flexible with when we go to market.
- We have a robust growing economy, and our capital plan reflects that. Corporately, we prioritize those projects to balance the capacity to oversee/complete projects while meeting the needs of the community.
- Our preference is to issue debt for growth related capital projects to accomplish this we have been growing our reserves so that they can fund a pay as you go model for non-growth related capital projects.

What are some of the key attributes of the Region that you would like to highlight to investors from a Credit Rating Perspective? (i.e. what are some of the key positive attributes that rating agencies highlight that differentiates you from the others or helps your rating)

- **Economic Strengths**
  - Diverse Economy: The Region has a balanced mix of industries, including technology (home to companies like Google and OpenText), advanced manufacturing, higher education, and agriculture.
  - Strong Academic and Innovation Hub: Home to globally recognized institutions like the University of Waterloo, Wilfrid Laurier University, and Conestoga College, fostering innovation and skilled workforce development.
  - Population Growth: A growing population driven by immigration and high livability, contributing to long-term economic vitality.
  - Tech Ecosystem: Known as "Canada's Silicon Valley," the region benefits from a thriving tech sector, drawing talent and investments.
- **Financial Resilience**
  - Prudent Fiscal Management: A track record of balanced budgets and strong financial oversight by council and staff.
  - Stable Revenues: Diversified revenue streams, including property taxes, user fees, and transfers from senior levels of government.
  - Manageable Debt Levels: While investing in key infrastructure, debt remains at sustainable levels with a clear repayment plan.
- **Infrastructure and Accessibility**
  - Connectivity: Strategically located in Southern Ontario with proximity to Toronto, the US border, and access to international markets via major highways, rail, and the Region of Waterloo International Airport.
  - Public Transit Investments: Infrastructure investments like the ION light rail transit system enhance mobility and economic connectivity within the region.
  - Water and Wastewater Systems: Efficient and well-maintained systems support business growth and residential needs.
- Governance and Stability
  - Strong Governance: Transparent, accountable governance with experienced leadership and a clear strategic vision for long-term growth.
  - Collaborative Relationships: Positive working relationships with provincial and federal governments facilitate funding and policy alignment.
  - Focus on Sustainability: Progressive climate action plans and investments in green infrastructure appeal to environmentally conscious investors.
- Favorable Socioeconomic Metrics
  - Median Income: Above-average income levels indicate a strong local economy and capacity for taxation.
  - Low Unemployment Rate: Reflecting robust economic health and resilience during fluctuations.
  - Quality of Life: Ranked as one of Canada's most desirable places to live due to affordability, safety, and cultural vibrancy.
- Credit Rating Profile: Has maintained a Aaa credit rating through Moody's since 2000.

What are some of the key initiatives that the Region would like to highlight when it comes to Environmental and Social impact? (This can include labelled bond issuance, impact reporting, early exploration of identifying relevant projects or establishment of internal policies).

- TransformWR Climate Action Strategy: A comprehensive plan aiming for an 80% reduction in greenhouse gas emissions by 2050, with a 30% reduction target by 2030. This strategy outlines actions for transitioning to a low-carbon community.
- Upstream Fund: A council-approved initiative investing in community projects that address the root causes of social and health inequities, aiming to create a more equitable and thriving community.
- Youth Impact Project: Launched in collaboration with the Children and Youth Planning Table, this project empowers young people to access funding and develop solutions based on issues identified in the Youth Impact Survey, promoting youth engagement and well-being.
- Green Municipal Fund: To date, the Region's ESG issuances have been through the Green Municipal Fund allowing the Region to fund qualifying ESG projects with a combined Federal grant lowering the taxpayer burden for these initiatives. Some examples have been Wastewater treatment plan efficiency upgrades, Smart Traffic solutions, and Social Housing projects.
- Labelled bond issuance: The Region of Waterloo is entertaining as the Region is a fast-growing area with anticipated population of 1 million by 2050. To enable that growth our capital plan has some large infrastructure projects that would fit nicely in a labelled bond issuance. Projects such as the addition of Wastewater treatment plant, Light Rail Transit expansion, road expansions and more.

Canadian Agency Issuers

Municipal Finance Authority of British Columbia

Matthew O'Rae
Chief Financial Officer, Municipal Finance Authority of British Columbia

Can you please provide a brief overview of the MFABC structure and who would be your comparable both domestically and offshore?

Structure:
Established under the Municipal Finance Authority Act in 1970, MFABC is a Public Sector Infrastructure agency and acts as the exclusive lender of long-term debt to municipalities across British Columbia. By providing a pooled loan structure to the municipalities, they can access low-cost funding not accessible to them if they were to borrow independently.

Our borrowing program works by issuing bullet bonds in the capital markets, and with the funds raised from the bond proceeds, amortizing loans are provided to municipalities through their respective regional districts. The interest the member pays on their loan is used to service the bond coupon payment to our investors. MFA also receives annual principal payments from the municipalities which acts as security for investors in a designated sinking fund. Next an earnings target is set and these principal payments are invested until funds are needed to retire the associated bonds. The forecasted earnings form an actuarial loan credit reducing the overall principal cost municipalities pay to service their loans over the life.

MFA's legislative framework provides excellent backstops for investors in the event of default which has never happened. Municipality loans are jointly liable within their respective regional districts limiting risk of default on a loan that unpins the bond. If there was a default, MFA would use it's on balance sheet risk capital (debt reserve and retention fund), to remedy the situation. To replenish the capital base if ever drawn down, MFA would utilize its unfettered province wide property taxation authority. Deploying a tax levy to top up capital has never been used, senior-level government approval is not required to enact this tax, and it is taxed on all properties across British Columbia creating a province wide joint liability. MFABC is the only the Public Sector Agency that has direct and unfettered taxation powers. No senior-level government approval is required to enact this tax levy, just MFA's Board of Directors.

Comparables:
Currently MFA is in the process of moving from being classified as a municipality to a provincial agency with support from both Dealers and Investors. Many market marker IT platforms already classify MFA this way. Historically with such a small borrowing program we didn't mind being classified as a municipality although we are not one. MFA's new issue size and secondary market liquidity is more akin to a government agency, SSA or Provincial issuer and is not comparable to municipal bonds. As our borrowing program grows, and international investors continue buying more of our bonds they have immediately recognized what we are as an entity as many have like entities in their country. They already classify us as a provincial agency and many treat our bonds as HQLA level 1.

Domestically, First Nations Finance Authority, which is considered a federal entity, can be considered a comparable peer as they provide loans to First Nation groups across Canada. Globally, similar entities include, KBN, MuniFin and the New Zealand Local Government Funding Agency Limited which provide financing to local governments. However, none have independent unlimited taxing authority supported by the joint and several pledges of local borrowers making MFA unique in minimizing risk for investors.

What are the key attributes of MFABC that you would like to highlight to investors from a credit ratings perspective? (i.e. what do credit rating agencies look at and view positively for MFABC)

Credit Strengths:
- Taxation Authority
    - i) Unfettered Province Wide Taxation Authority
    - ii) Senior–level government approval not required
    - iii) Property Values assessed at $2.4 Trillion
    - iv) Never been used, tested every year via operational levy
- Joint Liability
    - i) Borrowers guarantee each other's debt in event of default
    - ii) Joint and several guarantees have never been applied
- Investments (sinking fund methodology)
    - i) Semi-annual billing of interest to match bond coupons
    - ii) Annual billing of principal for debt retirement
    - iii) $4.1 billion in assets (44% of gross long-term debt) held for the benefit of investors
- Capital Policy (Prudent risk management)
    - i) Debt Reserve Fund
        - (1) $122 million in liquid investments for long-term bond obligations
        - (2) 1.00% cash withheld from all new loan requests
        - (3) Never been drawn against
    - ii) Retention Fund
        - (1) $117 million in liquid investments from retained earnings
        - (2) Never been drawn against
- Strong Borrowing and Legislative Framework

i) Only 25% of recurring revenues eligible to service debt costs (principal & interest)
ii) Municipalities may not plan for a deficit
iii) Oversight and responsibility for safety and soundness of the municipal sector rests with the Provincial Government

- Resilient Market Access
  i) Due to robust credit strengths, strong performance metrics and promotion of bond liquidity MFA maintains strong access to the capital markets even during times of extreme market turmoil.

Can you provide an overview of your borrowing program and the key factors that influence the size of your program? (size, tenor, frequency/timing, new loans vs refinancings)

MFA has approximately $9.4 Billion dollars of long-term debt outstanding. This includes debt issued to fulfill new loan requests and debt issued for refinancing purposes. Typically, 10-year bonds are used for new loan requests. And 5-year bonds are issued for refinancing of loans. There is desire to build out the 20-year part of the curve when funding new loan requests however given MFAs issuance size; the focus remains on building benchmark size bonds in the 10yr part of the curve.

Typically, MFA comes to market four times per year. Once in the spring and once in the fall to fund new loans requests typically with a 10-year bond offering. MFA will typically do a refinancing for maturing bonds in each of those periods with a 5-year bond offering. Key objective of the borrowing program is to issue benchmark size bonds (>500M) and our practice is to reopen prior issuances, when possible to achieve this.

MFAs currently issues approximately $1 – 2 billion in debt each year. Political factors such as government grants and economic factors such as labour shortages for capital projects and high interest rates can influence the size of MFAs program. Both can lead to the change in municipalities desire for funding for required infrastructure resulting in smaller issuances in some periods compared to others. Neither of these factors effect refinances throughout the year as these are planned far in advance from previous loan packages.

How do you anticipate the program size to change next year?

We expect our program to increase next year in both the 5- and 10-year space. For 2025 we expect approximately $890M in 5–year issuance (versus $695M in 2024) and approximately $930M in 10–year issuance (versus $605M in 2024).

Pandemic related issues have caused a buildup in municipal lending for new loan funding therefore we expect an increase in new loan requests for 2025 and 2026.

Does MFABC plan to access offshore markets in the near future?

MFA has in the past, issued in both US Dollar and Swiss Frances. Currently, MFA does not plan to access offshore markets due to its current program issuance size. In the future if MFA's borrowing program were to increase and market conditions are favorable then MFA may access offshore markets again.

What are some of the key initiatives that you would like to highlight when it comes to ESG policies and issuance? (labelled bond issuance, appendix disclosures on new issues, framework, ESG policies)

In 2023, we established three core ESG objectives and topic-specific priorities to guide our program.

Objectives:

- To reduce the negative impact of our operations on the environment and society
- To manage material risk to our core business and thereby retain access to the lowest attainable cost of capital for our members
- To pursue opportunities for transformative and material impact with local governments through our core lending and investing activities

Our priority is to advance these core objectives related to the topic of climate change, and with initial focus on identifying and assessing climate-related financial risks with the potential to materially affect MFABC's future cash flows, access to capital, and cost of capital over the near, medium, or long term.

Organization Integration:
Through the development and implementation of our ESG program strategy, we are integrating climate and sustainability into our enterprise-wide governance, risk management, business strategy, and impact measurement and reporting.

Issuance Program:
The MFA continues to issue sustainability bonds based on our sustainable bond framework, we view all the projects we fund to local government as green, social or both in nature and aim to provide investors with as much detail on the use of proceeds as possible.

Before each bond issuance we map all proceeds to UN SDGs and environmental and social objectives (ICMA based) and include in what is termed our 'Appendix A'. It can be found on our website to allow investors to view after initial issuance if they are participating in the secondary market. As we aim to provide as much detail as possible to investors we continue to work on increasing disclosure around issuance. Beginning in 2024, we are also supplying an 'Appendix B' which provides more detailed information (at the time of initial issuance or upon reopen of an existing bond) on new loans for major projects financed by that issuance. These project details are sourced from the public websites of our borrowers or their project partners. Examples of information to be reported in 'Appendix B' include description of project elements, the community needs being addressed by the project, anticipated environmental and social impacts, total project costs and other funding sources and partners.

We have not ruled out a second party opinion (SPO) on our program however due to lack of standardization amongst SPOs and the strength of our legislation which makes sure funds requested are used for their intended purposes we do not plan on getting an SPO at this time. Another avenue we are contemplating is having our auditors validate the use of funds and where they go.

We have not ruled out obtaining a second party opinion (SPO) on our program in future, but at present, we do not believe an SPO, in its current form, adds greater credibility to our bond program. The strength of our legislation restricts long term lending to public infrastructure which inherently delivers social benefit related to access and affordability of essential infrastructure services. In addition to the legislation's restrictions regarding our borrowers' use of proceeds, the legislation is also clear on management of proceeds by MFA. Not only do our sustainability bonds need to comply with our Sustainable Bond Framework, but also with the Provincial legislation upon which many of the framework's components are based. Should the SPO market mature to establish professional qualification requirements and consistency and transparency related to SPO professional practice standards and procedures, we may consider obtaining an SPO. As a possible SPO alternative, we are exploring options with our financial statement auditor related to obtaining i) limited assurance on our annual bond allocation report, and/or ii) agreed-upon procedures report regarding the compliance of our most recent issuance of our Sustainability Bonds with our Sustainable Bond Framework which was substantially updated in April 2024 prior to our new bond issues or reopening's in 2024.

Issuance and Annual Reporting:
The following are issuance or annual issuer/entity-level reporting that we are currently doing or are working towards.

- Before each bond issue, use of proceeds and detailed project information as outlined above in our Appendix A and B will be made available.
- Annual Bond Allocation and Impact Reporting on all active Sustainability bonds which will report on the allocation of proceeds to each of the MFA borrowing purposes, UN SDG's and Environmental and Social Objectives (aligned with ICMA categories).
- Annual GHG reporting on MFA's emissions from operations, but more significantly, our financed emissions from lending and investing activities.
- Working towards including sustainability disclosures in our annual financial reports that will voluntarily conform to ISSB Standards (IFRS S1 and IFRS S2) in accordance with IFRS Voluntary Reporting Guide.

TransLink

Patrice Impey
Chief Financial Officer, TransLink

Structure and Finances
- TransLink is a regional transportation authority created through provincial legislation in 1999. TransLink's governance structure consists of the Mayors' Council on Regional Transportation (Mayors' Council) and an appointed Board of Directors.

The Mayors' Council is composed of the 21 mayors in the Metro Vancouver region, the Chief of the Tsawwassen First Nation, and the elected representative of Electoral Area "A". The Mayors' Council:

- appoints seven TransLink Board members
- approves long-term transportation strategies (greater than 30 years)
- approves 10-year transportation investment plans
- approves transit fare increases beyond 2% per year

The TransLink Board of Directors is composed of seven individuals appointed by the Mayors' Council (from a candidate list presented by the Screening Panel), the Mayors' Council Chair and Vice-Chair (at their option), and up to two members appointed by the Province. The TransLink Board of Directors:

- supervises the management of the affairs of TransLink
- submit long-term transportation strategies to the Mayors' Council for approval
- submit 10-year transportation investment plans to the Mayors' Council for approval
- approve TransLink's annual operating and capital budgets

TransLink has a diverse set of revenue sources, consisting of Taxation Revenue, Transit Revenue, and Other. Per the 2024 Investment Plan, TransLink's total revenue is more than $2.6B, consisting of:

Taxation Revenue: $1.1B (41.8%)
- Property Taxes: $595M (22.7%)
- Fuel Taxes: $390M (14.8%)
- Parking Tax: $88M (3.4%)
- Power Levy: $23M (0.9%)

Transit Revenue: $690M (26.3%)
- Transit Fares: $654M (24.9%)
- Advertising, Property Rentals, and other miscellaneous revenue: $35.7M (1.4%)

Other Revenue: $837M (31.9%)

- Senior Government Funding for Capital: $483M
- Investment Income: $149M
- GEB Toll Replacement Revenue: $68M
- Development Cost Charge: $78M
- Amortization of Deferred Concessionaire Credit: $23M
- Provincial Contribution for Canada Line: $19M
- Miscellaneous: $17M

Can you provide a brief overview of TransLink and highlight some of the biggest challenges and opportunities that TransLink faced in 2024?

TransLink is responsible for planning, financing and managing public transit, in addition to regional roads and bridges. TransLink's service area covers the 1,800 square km Metro Vancouver Region, with nearly 3 million residents, 21 municipalities, one Electoral Area, one Treaty Nation, and Nine Indigenous Nations. TransLink's service includes:

- Bus: 245 bus routes and a fleet of over 1700 vehicles, including Canada's second largest electric bus fleet
- Rapid Transit: SkyTrain features 79 km of rapid transit, with 55 stations, 402 cars on the Expo, Millenium, and Canada Lines
- Commuter Rail: West Coast Express 69km service route between Mission and Downtown Vancouver, with eight stations, 44 cars and seven locomotives
- Four passenger-only ferries linking downtown Vancouver and North Vancouver
- 12 km of bike paths, eleven bike parkades and more than 400 bike lockers
- HandyDART: More than 349 vehicles providing on-demand transport for people with disabilities
- Major Road Network: operation and maintenance of 2,660 lane-km of roadways
- Bridges: Patullo, Knight Street, Golden Ears, and Westham Island bridges, along with the Canada Line bike and pedestrian bridge
- Transit Police Force: Dedicated transit police service with over 180 members

Challenges:
The main challenge TransLink faced in 2024 relates to its funding model and working with senior government to address the short-term funding issues as well as adjusting the long-term funding model. Through the pandemic, fare revenues decreased due to lower ridership and lower peak fares from fewer weekday commuters as more employees work away from the office, and senior governments have stepped in to fund transit. Fortunately, fare revenue is recovering and continuing to grow, however, the increasing adoption of zero-emission and fuel-efficient vehicles has accelerated the decline of fuel-tax revenue, which has been a major revenue source for Translink, and has created a challenge to the long-term funding model. While this is a long-term benefit to the environment and society as a whole, another source of revenue will need to be established to replace the fuel tax. Rising costs and declining fuel tax revenues, has resulted in an estimated average annual deficit of $600M. TransLink is pursuing opportunities for the Mayors Council and the Province to establish new long-term revenue sources to create financial sustainability for the long term.

Opportunities:
Ridership levels continue to recover and are forecast to be about 90% of pre-pandemic levels by year-end 2024. Opportunities are presented by transit usage in TransLink's service area continuing to grow as more people return to office work and transit is viewed as an efficient alternative to driving, with a nearly 6% growth in usage expected for 2024. The number of weekly customers has exceeded pre-pandemic levels, and overall ridership is expected to continue to improve 2025. Longer term opportunities are to grow and improve service through the investment in the Broadway Subway Project and the Surrey-Langley SkyTrain extension, along with the commitment to Bus Rapid Transit (BRT) which will drive improved service supporting a growing region and increase ridership and revenues.

How do you see these changing in 2025?

TransLink expects ridership to continue to strongly recover in 2025, especially driven by the increasing population in the region. We expect the Province to address the funding issues as part of the 2025 Investment Plan.

Can you share some information on what kind of support TransLink has received from higher levels of government in the past and whether you expect to receive more in the coming year?

TransLink has received a total of $1.3B in senior government support since 2020. Most recently, in March 2023, the Province of BC committed additional funding of $479 million which will help offset higher than anticipated costs and inflationary pressures, comprised of $85.7M received in 2024 and $393.2M to be received in 2025. This funding will help maintain Accumulated Funding Resources (TransLink's liquidity) above policy limit past the end of 2025; by which time a new Investment Plan, identifying additional revenue sources is expected.

Borrowing

TransLink has both short- and long-term borrowing programs. The short-term program consists of the $500M Commercial paper program, backed by a $500 million Syndicated Credit Facility liquidity backstop that was recently extended to 2028. The long-term program has regular issuances with benchmark terms and size, with a preference for 10 and 30 years. We have a domestic underwriting syndicate that supports our issuances. TransLink also maintains self-administered sinking funds for bullet maturities. From 2022 through 2024, TransLink had three green bond issuances for $300M each, for a total of $900M. In 2025, TransLink plans to issue $300-$500 million over one to two Green Bonds.

Can you provide an overview of your borrowing program and share some information on most notable projects that are funded through your borrowing program? (size, tenor, frequency of issues, types of projects being funded)

TransLink has issued $300M annually since 2022, for total of $900M in recent issuances. To help fund our growing capital program, we anticipate that there will be more than one issuance in 2025, for a total of $300-500M. The issuances are Green Bonds, with tenors of 10 to 30 years. Notable projects and programs funded through TransLink's Green Bond program include:

- SkyTrain Expansion Program: Investments in infrastructure and fleet to expand capacity, integrate extensions delivered by the Province, and replace aging fleet. Includes integration of the Broadway Subway and Surrey-Langley SkyTrain extensions and delivery of TransLink-led Capital Projects like a new control centre and maintenance yard.
- Fleet Expansion: Purchasing 235 new SkyTrain Mark V cars to replace Mark I vehicles and to enable network and capacity growth.
- New SkyTrain Operations Control Centre (OCC2): includes construction of a new building and integration with the existing control centre to support fleet expansion, to control and manage additional maintenance and storage yards, and enable system extensions.
- Capstan SkyTrain Station (new): TransLink partnership with the City of Richmond to design and construct an "infill" station on the Canada Line.
- Brentwood SkyTrain Station (upgrade): The first Millennium Line station to be upgraded since opening in 2002, includes significant improvements in accessibility, capacity, and customer flow at the heart of a Transit Oriented Community. Expanded mezzanine, new escalators, fare gates and customer spaces, real time passenger information displays, improved lighting, and new public art.
- Zero Emissions Fleet Transformation - new and upgraded transit centres:
  – Construction of a new Marpole Transit Centre to operate and maintain more than 350 battery electric buses
  – Upgrades to Port Coquitlam Transit Centre, including supply and installation of "on-route" and in-depot chargers to accommodate 57 battery electric buses in operation by 2026
  – Upgrades to Hamilton Transit Centre: Procurement of 15 battery electric buses and installation of 26 depot plug-in charges and electrical cabinetry to charge battery electric buses

How do you see your borrowing program changing in 2025? (labelled bonds vs conventional bonds, program size, target tenors)

TransLink will continue to issue Green Bonds in 2025 for approximately $300M per issuance and for tenors of 10 to 30 years.

What are some of the key attributes that you would like to highlight to investors from a Credit Rating Perspective? (i.e. what are some of the key positive attributes that rating agencies highlight that differentiates you from the others or factors that help your rating)

Solid fiscal management has led Moody's and Dominion Bond Rating Service (DBRS) to recently reaffirm TransLink's strong and stable credit ratings at Aa2 and AA respectively. Moody's reaffirmation reflects TransLink's strategic importance as the main provider of transportation services in the Metro Vancouver region. They indicated that TransLink's governance and institutional characteristics are very strong and also benefits from our status as a taxing authority, and that ridership levels continue to gradually recover since the pandemic to around 90% of pre-pandemic levels by year-end 2024. DBRS recently noted that TransLink's credit ratings remain well supported by our strong legislative framework, effective financial management framework and practices, diverse revenue base, and the strength of the underlying economy.

TransLink provides many attractive features for investors, including:

- The only Canadian issuing transportation authority
- Taxing authority
- Debt service safeguard
- Strong fiscal management
- Well-diversified and dedicated revenue sources
- Excellent growth
- Strong investment grade ratings
- Leader in Corporate Sustainability
- Critical transportation system in a global gateway region

What are some of the key initiatives that you would like to highlight when it comes to Environmental and Social impact of the organization? (This can include labelled bond issuance, impact reporting, ESG policies)

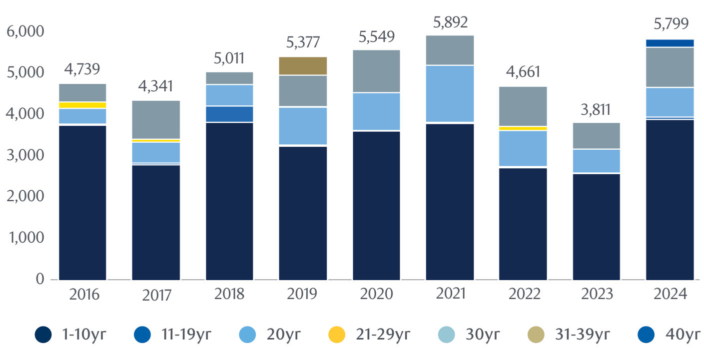
Since 2018, TransLink has issued $1.5 billion in Green Bonds. As noted above, TransLink will continue to issue Green Bonds in 2025 for approximately $300M per issuance and for tenors of 10 to 30 years. Key ESG related initiatives underway include:

- Promulgation of revised Sustainability Policy (Dec. 2024), and development of a new Sustainability Framework and Strategy with goals, objectives and targets in 2025.
- Continued roll out of First Nations Transportation Program to provide much needed transit service to Indigenous Nations inside our service area.
- Updating TransLink's Procurement Policy that integrates Indigenous and Sustainable procurement principles.
- Continued advancement of our EDI initiatives to reach Global Diversity, Equity, and Inclusion Benchmark Level 3, that includes Employee Resource Groups, education, and partnerships to improve accessibility, inclusive leadership, self-disclosure and improve psychological health and safety.

- Continued phase-in of renewable diesel across all bus depots between 2025 and 2027 to reduce diesel fuel life cycle emissions by more than 80%.
- Continued purchasing of renewable natural gas to offset emissions from TransLink's natural gas fleet.
- Development and implementation of an internal carbon price policy into capital project planning and investment decision-making.
- Continue offering customers a range of services to increase multi-modal, transit and active transportation including Transit Friendly Employer Certification, Compass for Organizations, TravelSmart4Kids, Transportation Demand Management and investments in walking and cycling infrastructure through the Municipal Funding Program.
- Continue transit-oriented community developments at Broadway-Arbutus, North Vancouver Transit Centre, and Coquitlam Central through TransLink's Real Estate Development Program
- Develop and implement an energy management policy and revise the Strategic Energy Management Plan.

2024 C$ Municipal Issuance

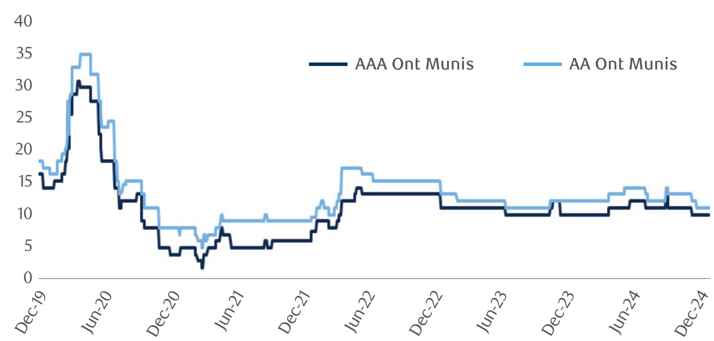
Issuance (C$ Millions)



Source: RBC Capital Markets

Municipal 10-year Spreads (vs. ONT)

Spread (bps)



Source: RBC Capital Markets

Municipal Issuers

MUNICIPAL ISSUERS							INFRASTRUCTURE BANK AND AGENCY	
	TORONTO	OTTAWA	MONTREAL	VANCOUVER	YORK	WATERLOO	MFABC	TRANSLINK
RATINGS	AA / Aa1 / AA+	Aaa / AA+	A(H) / Aa2 / AA	Aaa / AAA	Aaa / AAA	Aaa	Aaa / AAA	AA / Aa2
TYPICAL ANNUAL BORROWING REQ. (C$MM)	950-1200	200-500	650-1,300	100-120	150-400	60-90	1,000-2,000	200-650
2024 DEBENTURE FUNDING	C$1.0 billion	C$225 million	C$1.0 billion	C$125 million	C$100 million	C$114 million	C$1.3 billion	C$300 million
TYPICAL # ANNUAL ISSUES	4-5	1-2	2-4	1	1-2	1-2	3-4	1-2
TYPICAL MATURITIES	10-year 20-year 30-year	10-year 30-year	10-year 20-year	10-year	10-year	10-year 20-year	5-year 10-year	5-year 10-year 30-year
PUBLIC DEBT OUTSTANDING (C$MM)	10,302	3,376	11,442	1,115	3,664	821	9,490	3,880

Select RBC-Led Transactions in 2024

Select Transactions for Canadian Public Sector Issuers – Domestic

CMHC SCHL
C$7,000,000,000
Dual Tranche
CORRA FRN Sep-29
3.50% Dec-34
AAA/Aaa/AAA
Lead
August 2024

Canada
C$4,000,000,000
C$2,000,000,000
3.50% Mar-34
Green
AAA/Aaa/AAA
Joint Bookrunner
February & October 2024

BCi
C$1,500,000,000
3.40% Jun-30
AAA/Aaa/AAA
Joint Bookrunner
August 2024

Ontario
C$1,500,000,000
4.10% Mar-33
Green
AA/Aa3/AA-
Joint Bookrunner
February 2024

CPP Investments
C$1,200,000,000
3.60% Jun-29
AAA/Aaa/AAA
Lead
January 2024

CDPQ
C$1,000,000,000
3.65% Jun-34
AAA/Aaa/AAA
Joint Bookrunner
September 2024

PSP
C$1,000,000,000
4.25% Dec-55
AAA/Aaa/AAA
Joint Bookrunner
November 2024

Québec
C$600,000,000
4.40% Dec-55
AA (Low)/Aa2/AA-
Lead
June 2024

Ottawa
C$225,000,000
3.75% Oct-34
Sustainability
-/Aaa/AA+
Joint Bookrunner
September 2024

Toronto
C$200,000,000
4.55% Oct-54
Social
AA/Aa1/AA+
Joint Lead
October 2024

Ontario Teachers' Pension Plan
C$1,000,000,000
4.30% Jun-34
AAA/Aa1/AA+
Joint Bookrunner
June 2024

Alberta
C$1,000,000,000
4.10% Jun-29
AA/Aa2/AA-
Joint Lead
May 2024

Select RBC-Led Transactions in 2024

Select Transactions for Canadian Public Sector Issuers - Offshore

Alberta	PSP	British Columbia	CDPQ
A$1,100,000,000	EUR750,000,000	EUR600,000,000	US$1,500,000,000
5.20% May-34	3.25% Jul-34	3.0% Jul-34	4.875% Jun-29
-/Aa2/AA-	AAA/Aaa/AAA	AA (High)/Aaa/AA-	AAA/Aaa/AAA
Joint Bookrunner May 2024	Joint Bookrunner June 2024	Joint Bookrunner June 2024	Joint Bookrunner May 2024

Ontario	Manitoba	OMERS	CPP Investments
A$1,500,000,000	A$600,000,000	A$750,000,000	GBP600,000,000
5.35% May-34	4.85% Aug-34	4.50% Oct-29	4.50% Jul-27
AA/Aa3/AA-	A (High)/Aa2/A+	AAA/Aa1/AAA	AAA/Aaa/AAA
Joint Bookrunner April 2024	Joint Bookrunner August 2024	Joint Bookrunner October 2024	Joint Bookrunner Feburary 2024

EDC	Québec	CPP Investments	Ontario
GBP600,000,000	EUR2,250,000,000	US$1,750,000,000	US$2,000,000,000
3.875% Oct-28	3.125% Mar-34	3.750% Oct-27	3.70% Sep-29
AAA/Aaa/AAA	AA (Low)/Aa2/AA-	AAA/Aaa/AAA	AA/Aa3/AA-
Joint Bookrunner January 2024	Joint Bookrunner March 2024	Joint Bookrunner October 2024	Joint Bookrunner September 2024

Maple Offerings

The World Bank IBRD • IDA	ADB	IDB Inter-American Development Bank	KBN
C$1,400,000,000	C$1,250,000,000	C$750,000,000	C$300,000,000
3.50% Jan-29	4.05% Apr-27	4.60% Mar-29	3.70% Jan-29
SDB	Gender	SDB	Green
-/Aaa/AAA	-/Aaa/AAA	-/Aaa/AAA	- /Aaa/AAA
Joint Bookrunner January 2024	Joint Bookrunner April 2024	Joint Bookrunner January 2024	Joint Bookrunner January 2024

1. CIB debt of $66M is not included here. $209M new debt referenced in temporary borrowing report includes $143M in DC debt and $66M CIB debt.

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