



May 03, 2004

**Credit News Release: Municipal Finance Authority of British Columbia**

**Municipal Finance Authority of British Columbia**

British Columbia, Canada

**Ratings**

<b>Category</b>	<b>Moody's Rating</b>
Commercial Paper	Prime - 1

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**Credit News Release**

Toronto, May 03, 2004 – Today, Moody's Investors Service assigned a Prime-1 rating to the Municipal Finance Authority of British Columbia's (MFABC) C\$150 million commercial paper program. The MFABC's long-term rating is Aaa with a stable outlook.

The P-1 rating reflects the presence of strong security provisions, significant internal liquidity, and prudent management practices. As MFABC debt is not guaranteed by the Province of British Columbia, the assigned credit ratings reflect the Authority's own credit fundamentals. The CP program is used by the MFABC to fund short-term loans provided to its members. During the past year, commercial paper outstanding averaged about C\$125 million.

Significant security is provided by the joint and several liability of members of regional districts that borrow from the MFABC, the availability of a Debt Reserve Fund, which has remained fully funded, and unlimited taxing powers on all taxable properties within the Province to replenish the reserve. Liquidity needs are prudently managed through a policy of matching of interest payments, the existence of a debt service reserve and the presence of a general sinking fund to assist in the repayment of bullet maturities. The latter represents more than 28% of long-term debt outstanding. Together, assets in the Debt Reserve and general sinking funds exceed C\$1 billion. They are more than adequate to meet any unexpected cash requirements and they provide ample liquidity to MFABC's commercial paper program.