



High Interest Savings Account Program

Municipal Finance
Officers Session
September 26, 2017

Advantages of Being a Smaller Municipality

Positives:

- Shorter commutes
- Greater sense of community
- Lower costs of living

Disadvantages of Being a Smaller Municipality

Negatives:

- Limited investment options for your capital and surplus funds

What is a High Interest Savings Account?

It is exactly what the name suggests, just a simple interest bearing savings account held at a bank or another financial institution that provides a higher rate of interest than a standard bank account.

MGA Authority

Investment of funds

100 (1) Funds in a sinking fund, capital reserve fund, utility depreciation fund or other fund of a municipality or village shall be

(a) deposited in an interest bearing account at a bank doing business in the Province

Advantages of a High Interest Savings Account

- Attractive rate of interest
 - Superior to current money market and short-term bond rates
- Full liquidity
 - Ability to withdraw funds at anytime
 - No need to match investment maturities with cash outflows

Advantages of a High Interest Savings Account

- Safety of principle and interest
 - Funds are invested with a big five Canadian bank
 - No risk to principle as interest rates rise

Advantages of a High Interest Savings Account

- Ease of administration
 - Deposits and withdrawals processed with a single email request

What's in it for you?

- Smaller / Large Municipalities
 - Ability to earn superior interest rates
 - No term commitments
 - Ease of administration
 - No administration fee and no service fees

What's in it for you?

➤ Large Municipalities

- Assisting the greater group of municipalities by increasing the total fund balance resulting in a higher interest rate

What's in it for MFC?

➤ NSMFC

- Expands our services offered to municipalities

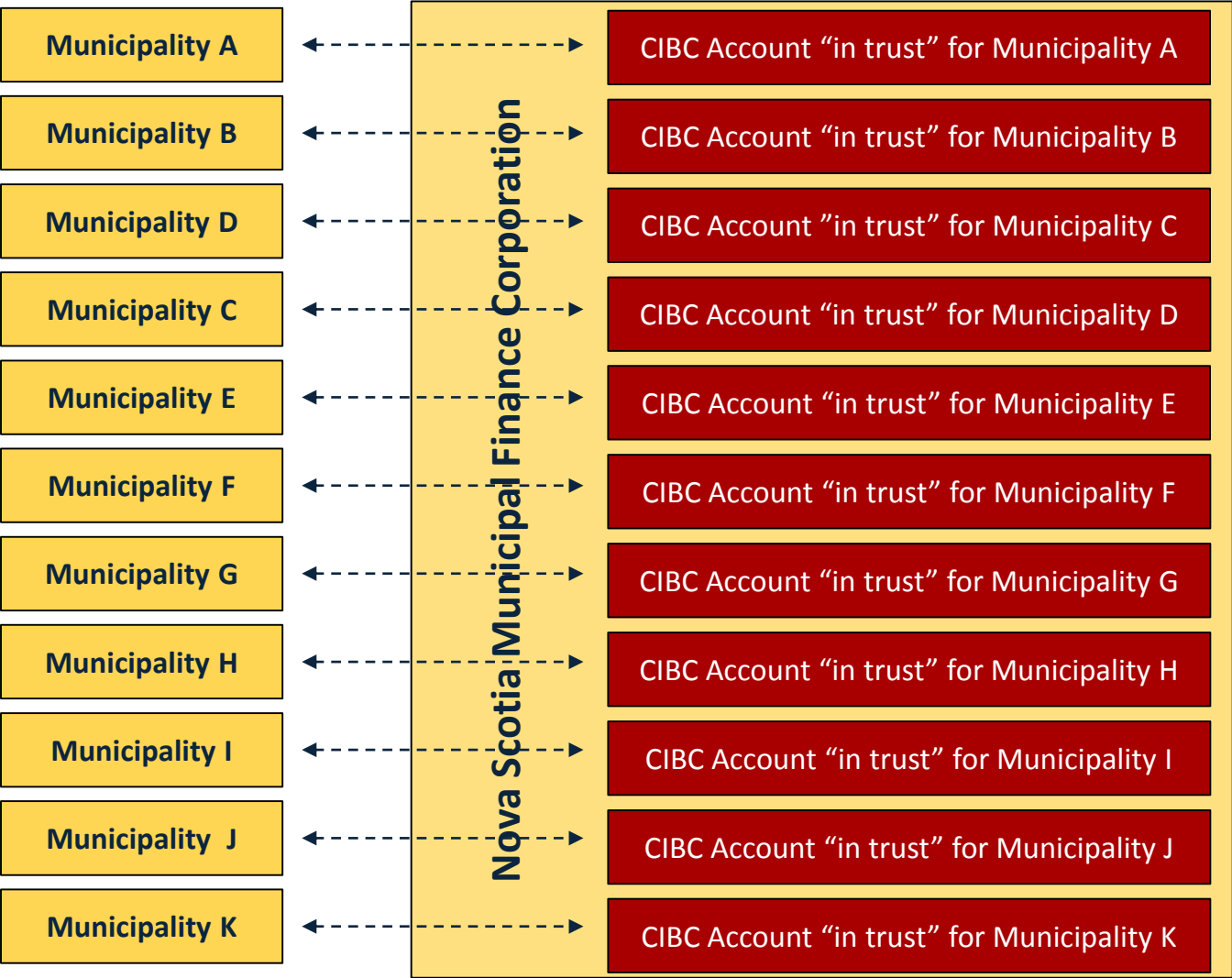
How Does It Work?

- Intended for excess funds held by a municipality (Capital Reserves, Gas Tax, Operating Surpluses)
- Transfers to and from municipalities existing Bank account are done via EFT

How Does It Work?

- The “In Trust” account allows NSMFC to open accounts easily without the general documentation required to open individual municipal bank accounts
- Separate “In Trust” accounts keeps municipal funds segregated to avoid co-mingling of funds

General Pooled HISA Structure



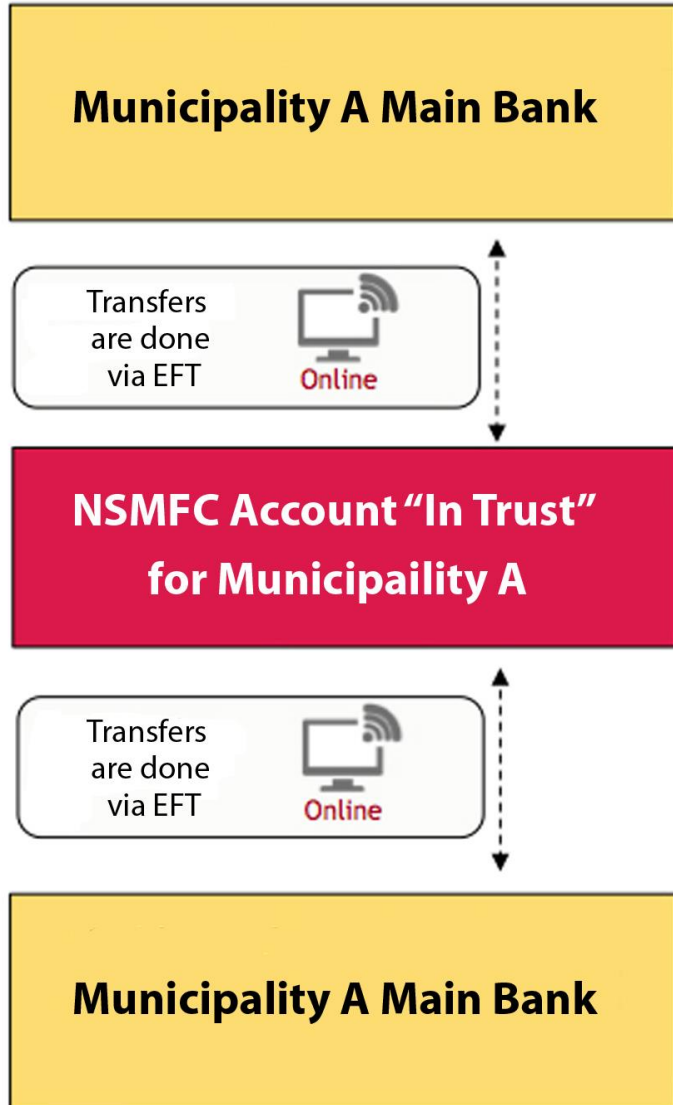
How Does It Work?

- Reporting on historical balances and transactions are available online to NSMFC
- Individual municipalities can also be granted access to its individual online reports

Centralized Administration

- Municipalities can initiate transfer requests by email to the Administrator of NSMFC
- EFT is booked to pull or push funds into or out of the program

HISA Program Work Flow for Municipal Investors



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Centralized Administration

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CIBC approved HISA tiers for MFC municipal clients

<i>Balanced Tiers</i>	<i>Annual Interest Rate*</i>
\$0 to \$24.9 Million	Prime less 1.60% (1.60%)
\$25 to \$74.9 Million	Prime less 1.55% (1.65%)
Over \$75 Million	Prime less 1.50% (1.70%)

****Prime is 3.20% effective September 7, 2017.***

Questions?

