

# Frequently Asked Questions

Budget 2019 impact on ACFA



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## Once ACFA is dissolved, will local authorities continue to have access to the provided low cost and flexible borrowing rates?

- Yes. Government will continue its policy of providing low-cost loans to various local authorities that currently borrow from ACFA, such as municipalities, and post-secondary institutions.
- There will be no change to lending options for authorities that previously borrowed from ACFA, other than the loans will be from government instead of ACFA.

## What was the rationale for dissolving ACFA and moving its operations to a provincial department?

- This initiative is one component of the effort to shrink government's footprint, streamline processes to reduce costs and better calibrate the risks associated with the province's debt.
- The dissolution of ACFA will improve government's cash management by eliminating the need for ACFA to hold cash. This will reduce government's borrowing requirements and, ultimately, the total amount of debt issued by the province.

## How and when will ACFA be dissolved?

- This will be accomplished through a phased-in approach.

### *Transition phase:*

- ACFA will continue to exist.
- ACFA's existing board will be replaced with a single director.
- All ACFA shares will be cancelled in exchange for the issued value of \$10.

### *Dissolution phase:*

- By mid-2020 the responsibilities of ACFA will be transferred to the department of Treasury Board and Finance and ACFA will be dissolved.

## What will happen to active ACFA loans?

- There will be no change to active loans during both the transition and after dissolution of ACFA.

## Will the borrowing process change?

- There will be no changes in the borrowing process during the transition phase.
- Treasury Board and Finance will be reviewing borrowing processes to find potential efficiencies.

## Will there be reduced prepayment penalties now that ACFA is being dissolved?

- The existing [Stop-Loss Settlement Policy](#) will continue to apply to all loans.

## When can local authorities expect payment for their share(s)?

- Payments of \$10 a share will occur before the dissolution of ACFA.

## Will there be dividend cheques going out to shareholders?

- No dividend cheques will be issued.

## What is the current application process for local authorities borrowing from ACFA?

- There is no change to the current application process. Continue to use the existing [loan applications](#) that are available on the [ACFA website](#) and follow

the current [Borrowing Process](#) for your specific local authority.

### **Will the current borrowing bylaws still be accepted after ACFA is dissolved?**

- Yes, your borrowing bylaw will continue to be accepted for borrowing provided that the borrowing bylaw continues to be valid and authorized borrowing limits have not been exceeded.

### **For new bylaws that are in process, should we amend the bylaw template document to amend or remove the wording regarding Alberta Capital Finance Authority?**

- No, in the interim ACFA continues to be a provincial corporation, and as such references to Alberta Capital Finance Authority in the bylaw template document should not be changed.
- The Ministry of Treasury Board and Finance will communicate any changes to forms and templates to the local authorities via email. A new dedicated page within the Government of Alberta's website is being developed. This page will contain information related to borrowing similar to what is now available on the ACFA website.

### **What changes are to be expected upon the dissolution of ACFA?**

There is no intention by government to change the substance of the program of lending to local authorities. Things that will stay the same include:

- the method of calculating interest rates for new loans;
- providing loans on a quarterly basis;
- loan structures available;
- lending policies and processes, including application processes;
- security requirements for loans;

- the ability to prepay loans; and
- information regarding borrowing and indicative interest rates will be available on the new dedicated page within the Government of Alberta's website.

### **Once ACFA is dissolved, when will the updated forms become available and how will local authorities be notified?**

- When ACFA is dissolved, updated application forms and templates will be available. The Ministry of Treasury Board and Finance will communicate any changes to forms, templates and website to the local authorities via email.

### **Who can I contact for more information?**

- For further information, you can contact the [Alberta Capital Finance Authority](#) or [Alberta Treasury Board and Finance](#).