

# FEDERAL RESERVE BANK *of* NEW YORK *Serving the Second District and the Nation*

## Municipal Liquidity Facility

As of December 31, 2020, the MLF has ceased purchasing eligible notes. The materials and information on the web pages associated with this facility will remain available.

On April 9, 2020, the Federal Reserve announced the establishment of the Municipal Liquidity Facility (MLF), to help state and local governments better manage the cash flow pressures they are facing as a result of the increase in state and local government expenditures related to the COVID-19 pandemic and the delay and decrease of certain tax and other revenues.

The MLF, which has been authorized under Section 13(3) of the Federal Reserve Act, will support lending to U.S. states (including the District of Columbia), U.S. counties with a population of more than 500,000 residents, U.S. cities with a population of more than 250,000 residents, and Multi-State Entities. Under the MLF, the Federal Reserve Bank of New York will commit to lend to a special purpose vehicle (SPV) on a recourse basis. The SPV will purchase eligible notes directly from Eligible Issuers at the time of issuance. The New York Fed will be secured by all the assets of the SPV. The Department of the Treasury, using funds appropriated to the Exchange Stabilization Fund under section 4027 of the Coronavirus Aid, Relief, and Economic Security Act, will make an initial equity investment of \$35 billion in the SPV in connection with the Facility. The SPV will have the ability to purchase up to \$500 billion of Eligible Notes. The Federal Reserve will continue to closely monitor conditions in the primary and secondary markets for municipal securities and will evaluate whether additional measures are needed to support the flow of credit and liquidity to state and local governments.

- **Application Materials**
- **Eligible Issuers**
- **Frequently Asked Questions**

### Vendors


In April 2020, the New York Fed selected PFM Financial Advisors LLC (PFM) through an RFP process to provide short-term consulting services to help the New York Fed design and set up the MLF. PFM was selected based on, among other things, its knowledge of and experience in the municipal securities market, as well as its assurances that it could effectively advise the New York Fed within the short timeframe outlined in the RFP. The New York Fed also selected two law firms, Arent Fox LLP and Orrick, Herrington & Sutcliffe LLP, after a search process, to advise it with respect to design, setup and execution of the facility.

In May 2020, the SPV established by the New York Fed in connection with this facility, Municipal Liquidity Facility LLC, designated BLX Group LLC (BLX) as its administrative agent. In serving as the administrative agent, BLX will receive notices of interest and applications from Eligible Issuers interested in selling notes to the SPV. BLX will review those notices and applications based on criteria established by the New York Fed and will be available to respond to questions from Eligible Issuers. Decisions to purchase Eligible Notes will be in the sole discretion of the SPV.

In May 2020, the New York Fed retained The Bank of New York Mellon (BNYM) through an RFP process to serve as the custodian and administrator for the MLF. BNYM also performs certain ancillary, settlement-related services for the MLF that were not covered by the RFP. A BNYM affiliate, Mellon Investments Corporation, was chosen through the same RFP process to provide investment management services for the MLF's liquidity account. BNYM and its affiliate were selected chiefly for their operational capabilities and favorable pricing.

Another BNYM affiliate, BNY Mellon Capital Markets, LLC (BNYMCM), was retained on a short-term basis to provide settlement and competitive bidding-related services for the MLF. BNYMCM was chosen for these roles principally to speed the MLF to market based on BNYMCM's experience in the municipal securities market, its operational capabilities, and synergies with the other BNYM affiliates.

In June 2020, the New York Fed selected Eaton Vance Management (EVM) through an RFP process to serve as the credit risk service provider for the MLF. EVM will be responsible for providing services to help monitor the credit risk profiles of eligible issuers that access the MLF. EVM will provide the MLF with credit opinions, regular portfolio risk and analytics reporting, and updates on current conditions and trends in the municipal securities market.

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## Facility Agreements

- **Administrative Agent Services Agreement**  
*(Updated August 2, 2021)*
- **Bidding Agent, Underwriter and Settlement Agent Agreement**  
*(Updated March 30, 2021)*
- **Consulting Services Agreement**
- **Control Agreement**
- **Credit Agreement**  
*(Updated June 11, 2021)*
- **Credit Risk Services Agreement**  
*(Updated August 2, 2021)*
- **Custody and Administration Agreement**
- **Investment Management Agreement**
- **Investment Memorandum of Understanding**  
*(Updated September 10, 2021)*
- **Legal Services Engagement Letter**
- **Legal Services Engagement Letter**
- **Legal Services Engagement Letter**
- **Limited Liability Company Agreement**  
*(Updated November 19, 2021)*
- **Master Settlement Agreement**  
*(Updated March 30, 2021)*
- **Preferred Equity Account Agreement**
- **Preferred Equity Investments Agreement**
- **Security Agreement**

## ANNOUNCEMENTS

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New York Fed Announces Notice of Interest Deadline for Municipal Liquidity Facility  
OCTOBER 6, 2020

Updated Term Sheet  
AUGUST 11, 2020

Federal Reserve Board Announces Changes to Municipal Liquidity Facility Term Sheet  
AUGUST 11, 2020

Updated Term Sheet  
JUNE 3, 2020

Federal Reserve Board Announces An Expansion in the Number and Type of Entities Eligible to Directly Use its Municipal Liquidity Facility  
JUNE 3, 2020

New York Fed Releases Notice of Interest for the Municipal Liquidity Facility  
MAY 15, 2020



MAY 11, 2020

Federal Reserve Publishes Updates to the Term Sheet for the Municipal Liquidity Facility

MAY 11, 2020

Updated Term Sheet

APRIL 27, 2020

Federal Reserve Board Announces An Expansion of the Scope and Duration of the Municipal Liquidity Facility

APRIL 27, 2020

Report to Congress Pursuant to Section 13(3) of the Federal Reserve Act: Municipal Liquidity Facility

APRIL 16, 2020

Term Sheet

APRIL 9, 2020

Federal Reserve Takes Additional Actions to Provide Up to \$2.3 Trillion in Loans to Support the Economy

APRIL 9, 2020

**Data**

**Municipal Liquidity Facility Sample Purchase Rates**

Weekly sample rates solely to provide indicative pricing information to market participants.

**Reporting**

**Aggregated Weekly Reporting**

H.4.1 Factors Affecting Reserve Balances of Depository Institutions and Condition Statement of Federal Reserve Banks.

**Detailed Monthly Reporting**

Reports filed by the Federal Reserve with Congress pursuant to section 13(3) of the Federal Reserve Act concerning the lending facilities.

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**CONTACTS**

**Contact for General Inquiries**

MLF@ny.frb.org

**Contacts for Media Inquiries**

Andrea Priest

andrea.priest@ny.frb.org

Suzanne Elio

suzanne.elio@ny.frb.org

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**Video: The Municipal Liquidity Facility, Explained**



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