



RURAL BUDGETS ADMINISTRATION COMMITTEE FAIR SHARE POLICIES

RURAL LOAN FUND

The Rural Budgets Administration Committee may utilize the Infrastructure Service grant (\$3.5 million) provided by the Province of BC in March 2005 as a rural loan fund as follows:

- a) to loan dollars to rural infrastructure projects owned by the Regional District where a service area is currently established;
- b) to loan dollars to member municipalities for infrastructure projects that will benefit rural residents where a service area is currently established; or
- c) to loan dollars to registered non-profit societies for rural infrastructure projects.

Application for Loan:

- a) the applicant (including the Regional District, member municipality and non-profit society) must provide a feasibility study that outlines the project and estimated costs; and
- b) non-profit societies must also provide a business case including annual financial statements, a cash flow forecast, and a detailed explanation of how the loan will be repaid.

Interest Rate:

All loans will be charged a rate of one percent (1%) above the interest earned rate at time of the loan (to offset the loss of interest revenue).

Repayment of Loans:

Loans must be repaid by one of the following methods:

- a) through repaying the loan bank over time from the service function taxation or service fees;
or
- b) by payment as set out in a formal loan agreement with the recipient non-profit society.

PEACE RIVER REGIONAL DISTRICT

Report

To: Rural Budgets Administration Committee
From: Kim Frech, Chief Financial Officer
Date: 9 February 2010
Re: Use of Appropriated Surplus - Fair Share Loan Reserve Fund

The Rural Budgets Administration Committee has control of an Appropriated Surplus Fund that was established from a one-time Fair Share grant. After sitting untouched, earning interest for a couple of years it was decided that a good use of these funds would be to provide repayable grants to Regional District functions as well as to non-profit organizations that would qualify for a Fair Share grant. This is proving to be a very good use of these funds to assist with capital projects as well as to ensure funds are available in the future to fund projects.

The second use that has developed for these funds was to provide non-repayable grants from the interest earned on the account and repaid on repayable grants.

What has not been standardized is the fee to charge on the repayable grant and therefore to ensure all are treated the same the following policy is being proposed.

THAT the Rural Budgets Administration Committee may provide repayable grants from the Appropriated Surplus Fair Share Loan Reserve Fund to Regional District Functions for capital and other projects and also to non-profit organizations that would qualify for Fair Share Funding for capital projects; and

THAT the repayable grants may be for a maximum term of 10 years; and

THAT due to not wanting varying annual payments, the annual payment is calculated by: 1) the principal divided by the term, plus 2) the total term interest divided by the term; and

THAT the rate charged will be an amount to compensate for the interest earned on the funds that will no longer be in the Municipal Finance Authority interest bearing accounts and will be calculated by using the one year percent of MFA interest earned on the Intermediate Fund plus 1% rounded up to the nearest ½ percent.