



## RURAL BUDGETS ADMINISTRATION COMMITTEE FAIR SHARE POLICIES

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### RURAL LOAN FUND

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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.**

### SAMPLE GRANT REPAYMENT SCHEDULE

Amount of Repayable Grant	1,200,000
Term to Repay Grant	10
Annual Principal Repayment	120,000
Rate (MFA Intermediate 1-year %)	3.76%
As of: 31-12-09 + 1% Rounded Up to 1/2 %	5.00%

<u>Principal</u>		<u>Fee</u>	<u>Total</u>
1,200,000	5%	60,000	180,000
1,080,000	5%	54,000	174,000
960,000	5%	48,000	168,000
840,000	5%	42,000	162,000
720,000	5%	36,000	156,000
600,000	5%	30,000	150,000
480,000	5%	24,000	144,000
360,000	5%	18,000	138,000
240,000	5%	12,000	132,000
120,000	5%	6,000	126,000
Total		330,000	1,530,000

Annual Payment - Principal	120,000
Annual Equal Payment - Interest	33,000
<b>Total Annual Equal Payment</b>	<b>153,000</b>

## Rural Loan Fund (and Grants from Interest)

June 30, 2020		Loans Approved	Interest Earned & Grants Given	Loans Issued	Loan Repayments	GL Balance 01-4-0950-074	Outstanding Loan Balance
Original Amount							
Interest Earned on Account							
	2005		66,892.03			3,500,000.00	
	2006		141,582.15			3,566,892.03	
	2007		156,126.68			3,708,474.18	
	2008		123,799.94			3,864,600.86	
	2009		33,183.33			3,988,400.80	
	2010		21,246.05			4,021,584.13	
	2011		33,501.44			4,042,830.18	
	2012		38,196.75			4,076,331.62	
	2013		36,329.10			4,114,528.37	
	2014		38,329.95			4,150,857.47	
	2015		29,067.02			4,189,187.42	
	2016		27,780.75			4,218,254.44	
	2017		35,296.56			4,246,035.19	
	2018		61,897.70			4,281,331.75	
	2019		71,048.79			4,343,229.45	
	2020		33,253.85			4,414,278.24	
LOANS / GRANTS						4,447,532.09	
1	Hospital Loan (2007)	502,153.72	4,877.75	-502,153.72	502,153.72	4,452,409.84	-
2	Friesen Sewer (2007-15 @ \$5,720) (Principal \$3,728 / Interest \$1,992)	33,548.00	17,932.00	-33,548.00	33,548.00	4,470,341.84	-
3	Charlie Lake Fire Truck (2008-10 @ \$57,750) (Principal \$46,367.70 / Interest \$11,382.30) NOTE: Principal for 2010 is \$42,175.20	134,910.60	34,147.40	-134,910.60	134,910.60	4,504,489.24	-
4	Charlie Lake Sewer (2008-11 @ \$25,706) (Principal \$18,811.34 / Interest \$6,894.66) NOTE: Loan reduced by MFA Actuarial amount NOTE: Principal for 2011 is \$18,795.23	75,229.25	27,578.64	-75,229.25	75,229.25	4,532,067.88	-
5	DC Stables (2008-12 @ \$18,350.47) (Principal \$14,550.47 / \$15,241.62 / \$15,965.60 / \$16,723.96 / \$17,518.35) (Interest: \$3,800.00 / \$3,108.85 / \$2,384.88 / \$1,626.51 / \$832.12)	80,000.00	11,752.35	-80,000.00	80,000.00	4,543,820.23	-
6	Halfway Graham (Insurance - 2007)	1,107.00	0.00	-1,107.00	1,107.00	4,543,820.23	-
7	Solid Waste (2009-11 @ \$177,144) (Principal \$166,667 / Interest \$10,477)	500,000.00	20,954.00	-500,000.00	500,000.00	4,564,774.23	-
8	Chetwynd Comm. (2009-18 @ \$35,002) (Principal \$27,500 / Interest \$7,502)	275,000.00	75,020.00	-275,000.00	275,000.00	4,639,794.23	-
9	Rural Sewer System Study (see #A below)		-35,248.23			4,604,546.00	-
10	Big Bam Ski Hill (see #B below)		-4,000.00			4,600,546.00	-
11	Bear Mountain Ski Hill (up to \$6,500-Dec. 18/09)	5,505.00	13.34	-5,505.00	5,505.00	4,600,559.34	-
12	CL Sewer Monitoring (2010-35965 inc 2361.67 int) 2010-12	100,000.00	7,895.11	-100,000.00	100,000.00	4,608,454.45	-
13	FSJ Grain Elevator-NP Farmers Inst. (2011-2015 @21296.83) (Principal \$19,013.72/\$19,494.54/\$19,987.53/\$20,492.99/\$21,011.22) (Interest: \$2283.12/\$1802.29 / \$1309.30 / \$803.85 / \$285.61)	100,000.00	6,484.15	-100,000.00	100,000.00	4,614,938.60	-
14	New FSJ Fire Hall (2020)	750,000.00		-750,000.00	750,000.00	4,614,938.60	-
15	Harper Imperial Sewer Function	509,460.23	9,672.68	-509,460.23	509,460.23	4,624,611.28	-
16	Rural Sewer System Pilot Project (see C below)	-				4,624,611.28	-
17	Whiskey Jack Nordic Ski Club; Interim Financing	20,000.00		-20,000.00	20,000.00	4,624,611.28	-
18	Public Sewage Facility Design & Tender in CL (Sep 11/14);	-		0.00		4,624,611.28	-
19	Temp Storage Lagoon to Accept Septic Waste		-448,503.78			4,176,107.50	-
20	NP Farmers Institute; Facility Upgrades (Principal 15000/Qtr; Interest: 528.18/Qtr x20 pymts)	300,000.00	8,450.88	-300,000.00	240,000.00	4,124,558.38	60,000.00
21	Whiskey Jack Nordic Ski Club; Beaton Park Day Lodge	181,000.00				4,124,558.38	-
						4,124,558.38	-
Totals		3,567,913.80	684,558.38	-3,386,913.80	3,326,913.80		60,000.00
Less: Remaining Unissued Approved Grants (below)			0.00	-60,000.00			
Remaining Balance Available for Grants from Interest			684,558.38				
						GL 01-4-050-0074	4,109,030.20
						Difference	15,528.18
						Available Funds	
						Difference	15,528.18

GRANTS APPROVED FROM LOAN FUND INTEREST					Original Amount	3,500,000.00
	Date(s)	Approved	Issued	Remaining	Loans Issued	- 3,386,913.80
A	Rural Sewer System Study	27-May-09	35,248.23	-35,248.23	0.00	Loans Repaid
B	Big Bam Ski Hill	17-Dec-09	4,000.00	-4,000.00	0.00	Loans Outstanding
C	Rural Sewer System Pilot Project	17-Feb-11; 20-Feb-14	0.00	0.00	0.00	Loans Unissued
D	Temp Storage Lagoon to Accept Septic Waste	20-Nov-14	448,503.78	-448,503.78	0.00	Funds Available
					0.00	Interest Less Grants
					0.00	Unissued Grants
					0.00	Available for Grants
Insert Additional Lines Above Here					487,752.01	-487,752.01
					0.00	