



# REPORT

To: Rural Budgets Administration Committee

Report Number: FN-RBAC-063

From: Teri Vetter, Chief Financial Officer

Date: March 18, 2021

Subject: Rural Loan Fund Scenarios

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## RECOMMENDATION:

That the Rural Budgets Administration Committee receive the report titled "Rural Loan Fund Scenarios – FN-RBAC-063", which provides scenarios utilizing the interest earned on the fund, for discussion.

## BACKGROUND/RATIONALE:

At the January 21<sup>st</sup>, 2021 RBAC meeting, there was a discussion item regarding the Rural Loan Fund and changing the policy to enable the Rural Director's to give grants from the interest earned on the fund. The consensus was to bring the policy amendment to the Regional Board when all the other RBAC policies were being brought forward for amendment.

At the February 18<sup>th</sup>, 2021 RBAC meeting, the following resolution was made:

*MOVED, SECONDED and CARRIED*

That staff bring back a report on the Rural Loan Fund Reserve that includes options if the Area Directors spend 80% of the interest that is earned annually for consideration.

Three scenarios have been prepared for the Director's to consider. I have prepared three scenarios to show the Director's what the balances would be based on different amounts of the interest being spent over 5 years and what the balances remaining would look like in each scenario.

## ALTERNATIVE OPTIONS:

1. That the Rural Budgets Administration Committee provide further direction.

## STRATEGIC PLAN RELEVANCE:

☒ Not Applicable to Strategic Plan.

## FINANCIAL CONSIDERATION(S):

The balance of the Rural Loan Fund as at February 28, 2021 was \$4,177,376.79. \$3,470,000 is principal and \$707,376.79 is interest that has been earned on the fund since 2005.

Three scenarios (for the next 5 years) for consideration on the spending of 80% of the interest earned and retaining the principal balance.

- Scenario 1 – spending \$564,328 (80% of all interest) in 2021 and maintaining spending 80% of the interest annually
- Scenario 2 – spending \$250,000 first year from interest, then lowering \$50,000 each year after
- Scenario 3 – spending \$150,000 every year for 5 years

**COMMUNICATIONS CONSIDERATION(S):**

None.

**OTHER CONSIDERATION(S):**

If it is decided that the Director's wish to allocate 80% of the interest earned on the Rural Loan Fund to give grants, the amended policy will have to be brought to the Board for ratification before any grants can be considered and/or disbursed to community organizations.

**Attachments:**

1. Rural Loan Fund Policy
2. Draft Amended Rural Loan Fund Policy
3. Scenario 1
4. Scenario 2
5. Scenario 3