

BC Hydro Peace Region Agricultural  
Compensation Fund

2018 Annual Report

## Message from the Chair

2018 marked a significant year of milestones for the BC Hydro Peace Region Agricultural Compensation Fund. As many producers in the Peace Region know, this Fund has been long-discussed and anticipated. 2018 was the year it came into existence. I'm pleased to report that we started off on the right foot, first with a strong board of directors with deep experience in a variety of agriculture sectors in the Peace Region and who are committed to ensuring the fund is successful.

With the assistance of BC Hydro and our fund administrator, Northern Development Initiative Trust, we had a busy fall and early winter in 2018 developing the foundational documents that will guide the establishment and development of this fund for years to come – our Five Year and Financial Management Plan and our Application Process. Once those were completed, the board engaged in governance training to get to know one another better and start developing systems that will help ensure we conduct business fairly, with transparency and good judgment.

Our year was capped off with the successful transfer of the \$20 million in funds that form the basis of the Agriculture Fund to Northern Development to invest and start generating income to support future funding intakes. As we look forward into 2019 there is great excitement at the board level that the income generated from the fund will support a first funding intake in 2019 and that this time next year, we will be able to share with the public the initial projects we have funded that strengthen the Peace Region's opportunity for agricultural production and agrifoods economic activity.

Thank you to our partners BC Hydro, the Province of British Columbia and Northern Development Initiative Trust for their hard work to make this fund a reality. And a special thank you to all of the producers in the Peace Region who have lent their voices to informing the basis and purpose of this fund – without you we would not be where we are today.

Sincerely,

*Chair*  
*Rick Kantz*

## 2018 Key Milestones



## 2018 Board Composition

Director Name	Appointing Organization	Initial Term	Regular Term
<b>Rick Kantz (Chair)</b>	BC Grain Producers Association	3 years	3 years
<b>Heather Fossum</b>	Peace River Forage Association of BC	1 year	3 years
<b>Howard Goertz</b>	Peace River Regional Cattlemen’s Association	2 years	3 years
<b>Connie Patterson</b>	BC Breeder and Feeder Association	2 years	3 years
<b>Blair Hill</b>	Peace Region Forage Seed Association	3 years	3 years
<b>Angela Watson</b>	Peace River Regional District	1 year	3 years
<b>Gene Gladysz</b>	Member-at-large	1 year	3 years
<b>Travis Winnicky</b>	Member-at-large	2 years	3 years
<b>Malcolm Odermatt</b>	Member-at-large	3 years	3 years
<b>Colin Meek</b>	Peace River Valley Agricultural Producer	2 years	3 years

## Application Process Development and Materials

As part of its agreement with BC Hydro, the Fund Administrator was required to work with the Board of Directors to develop an Applicant Process for the fund in 2018. Although it was recognized that, at earliest,

the Agriculture Fund would not host a funding intake until 2019, it was important to develop the materials and processes well in advance and have full board support.

In November, the Board met with the Fund Administrator and BC Hydro and developed an Application Guide, Application Form and Reporting Form. These documents were thoroughly discussed and altered to ensure they met the eligibility requirements outlined in the AMCP as well as the goals of the Board of Directors.

Once complete, the documents were submitted to BC Hydro and approved. The documents will be updated again before the first intake in 2019 and, as needed, in subsequent years as the Agriculture Fund matures.

## Results of Project Reviews and Audits

As establishment of the Agriculture Fund occurred in 2018, no projects were funded in 2018 so no audits or reviews were carried out.

## Estimate of Total Amount Awarded to Projects

The Fund was established in 2018 so there were no grant intakes held and, as a result, no funds awarded to projects.

## Summary of the Application Process and Projects Funded in 2018

The application process was developed in the fall of 2018. It will be reviewed before it is publicly released in 2019 once the Board and BC Hydro determine the final dates for the 2019 grant intake.

## Five Year and Financial Management Plan

The Five Year and Financial Management Plan for the BC Hydro Agricultural Fund are required documents for the successful administration of the Agricultural Fund according to BC Hydro's Agricultural Mitigation and Compensation Plan (AMCP). The Board of Directors, together with the Fund Administrator, developed the plan in the early autumn of 2018 before it was submitted to BC Hydro in October for approval.

The plan clearly defines the roles and responsibilities of the Board, Fund Administrator and BC Hydro, provides an in-depth overview of the financial management structure of the Agriculture Fund, including investment policies, a five-year budget, a three-year grant distribution model, expense policies, audited processes and a process for project reviews.

The Five Year and Financial Management Plan will be updated every September with the board and submitted annually to BC Hydro.

## Transfer of Funds to Administrator

Following the completion of the Five Year and Financial Management Plan, as well as the Application Process Materials, the \$20 million Agriculture Fund (the Funds) were transferred to the Fund Administrator and invested at the end of December.

## Budget for Board and Administrator Operations

No funds were withdrawn from the Fund Investment Account for Board or Administrator costs in 2018.

## Independent Audited Financial Statements

As establishment of the Agriculture Fund occurred in 2018 and the Funds were only transferred to the Fund Administrator toward the end of December, there are no comprehensive financial statements to report for 2018. A letter from Northern Development Initiative Trust's auditor KPMG has been included at the end of this report acknowledging that the funds are held with the investment manager follow the agreement between the Fund Administrator and BC Hydro.