



Fraser-Fort George
**REGIONAL HOSPITAL
DISTRICT**

2026 TO 2040

15 Year Financial Plan

November 28, 2025



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Introduction

The purpose of this proposed financial plan (the “proposed plan” or “2026 Financial Plan”) is to provide an overview of the future financial impacts that the Northern Health Authority (NHA) funding requests will have on the Fraser-Fort George Regional Hospital District (FFGRHD) budget and how the FFGRHD will meet these funding requests over the next fifteen years and beyond.

The initial long-term financial plan for the FFGRHD was approved by the FFGRHD Board (Board) in 2017, with subsequent updates of the document completed in 2019, 2021, and 2024.

The FFGRHD’s current budget structure and annual requisition levels based on the 2024 version of the FFGRHD’s 15-year Financial Plan 2024 – 2038 approved by the Board in 2024 reflected rate increases based on potential contribution levels for the development of an Acute Care Tower on the University Hospital of Northern British Columbia (UHNBC) campus, known as the UHNBC Acute Care Tower project or UHNBC ACT Project. Negotiations with NHA and the Province of BC during 2024 resulted in a commitment for FFGRHD to fund a total of \$365 million towards this priority project.

Over the past 10 years, the FFGRHD has increased requisitions significantly in anticipation of funding NHA funding requests. Further increases are expected to be more moderate, but must be considered in anticipation of debt servicing and inflationary pressures.

As the fifth version of the FFGRHD Financial Plan, the 2026 Financial Plan contemplates the financial impacts of commitments to the UHNBC ACT Project, including borrowing estimates and anticipated NHA funding requests for major capital and priority projects that are on the horizon to be funded by the NHA and the FFGRHD.

This proposed plan includes a review of provincial comparisons and a focus on requisition affordability. Considering affordability concerns, a goal of the 2026 Financial Plan is to keep household requisition rate increases stable within anticipated general inflation and BC Assessment value growth. Further detail will be provided in the Affordability section on Page 12 and the BC Assessment section on Page 21.

Background

Purpose

The primary purpose of regional hospital districts (RHD(s)) is to raise revenue from the local property tax base to assist with the funding of capital investment in health care facilities.

This can include:

- acquisition of property;
- renovations;
- new construction; and
- medical equipment.

RHDs provide grants for these purposes and can apply for and distribute grants provided by the Federal Government. The *Hospital District Act* also has provisions for RHDs to operate and maintain hospitals and hospital facilities, but there would be a need to satisfy other Provincial regulatory requirements to undertake such activities.

RHD funding commitments can be either direct contributions from a RHD's annual operating budget, reserves, or it can be by way of borrowing through the Municipal Finance Authority (MFA). Typically, the contribution from RHDs is set at 40% of the total capital expenditure when a project benefits residents within the RHD's service area or boundary. There are certain projects where the benefit to residents is on a health authority region wide basis. For those projects, all RHDs within the NHA boundaries will pay into the project based on different metrics such as population or emergency department visits, thereby leading to a different percentage contribution level with each project. Unlike local governments, RHDs are able to borrow to fund capital investment in health care facilities without requiring elector's approval.

Financial Planning and Budgeting

Planning for capital investment is undertaken by the regional health authorities. Typically, RHDs provide up to 40% of the capital cost of a project. The other 60% is provided by the health authorities either through funds provided by the Province of BC for specific capital projects, health authority operational budgets, or third parties such as health care foundations or community service clubs.

There is no legislative requirement for health authorities to include RHDs in capital planning. However, the NHA and the northern BC RHDs have a Memorandum of Understanding that commits the NHA to consult with, and update, its RHD partners in the preparation of annual capital plans which typically occurs at the fall and spring joint meetings between the NHA and the northern BC RHDs. The most recent Memorandum of Understanding was signed in February 2024.

RHD provisional budgets for the next budget year must be prepared and adopted prior to the end of a calendar year. The provisional budget provides the ability for a RHD to continue to meet its financial expenditure commitments until requisition is received annually on August 1st. Annual budgets must be prepared and adopted by the RHD's Board by March 31st of each year. RHDs are not legislatively required to prepare five-year financial plans; however, FFGRHD has started to approve five-year financial plans through the annual budget process.

Current Financial Position

Requisition

In November 2015, the Board was informed of the future capital funding projections from the NHA that included the redevelopment of the UHNBC campus. The proposed capital investment is unprecedented in the FFGRHD and due to the significant nature of this information, the Board approved a ten-cent (\$0.10) increase to the residential tax requisition mill rate for 2016. The additional funds raised were allocated to the Capital Reserve Fund as an initial step to work towards being able to fund the NHA’s proposed capital program. The original 15 Year Financial Plan was prepared in 2017 and updated 15 Year Financial Plans were prepared in 2019, 2021 and 2024 that informed requisition rates and overall budget guidance for future years to support the ability for the FFGRHD to contribute to this project.

Over the last ten years, the average residential tax requisition mill rate has increased from \$45.24 per \$100,000 of assessment in 2016 to the current rate of \$73.06 in 2025 as outlined in Figure 1 below. It is important to note that the rate per \$100,000 decreased slightly from \$73.95 in 2024 to \$73.06 in 2025 due to the increase in assessment values outpacing the requisition rate increase in 2025.

Figure 1 – Residential Requisition Amounts with Rate per \$100,000 Assessment – 2016 – 2025

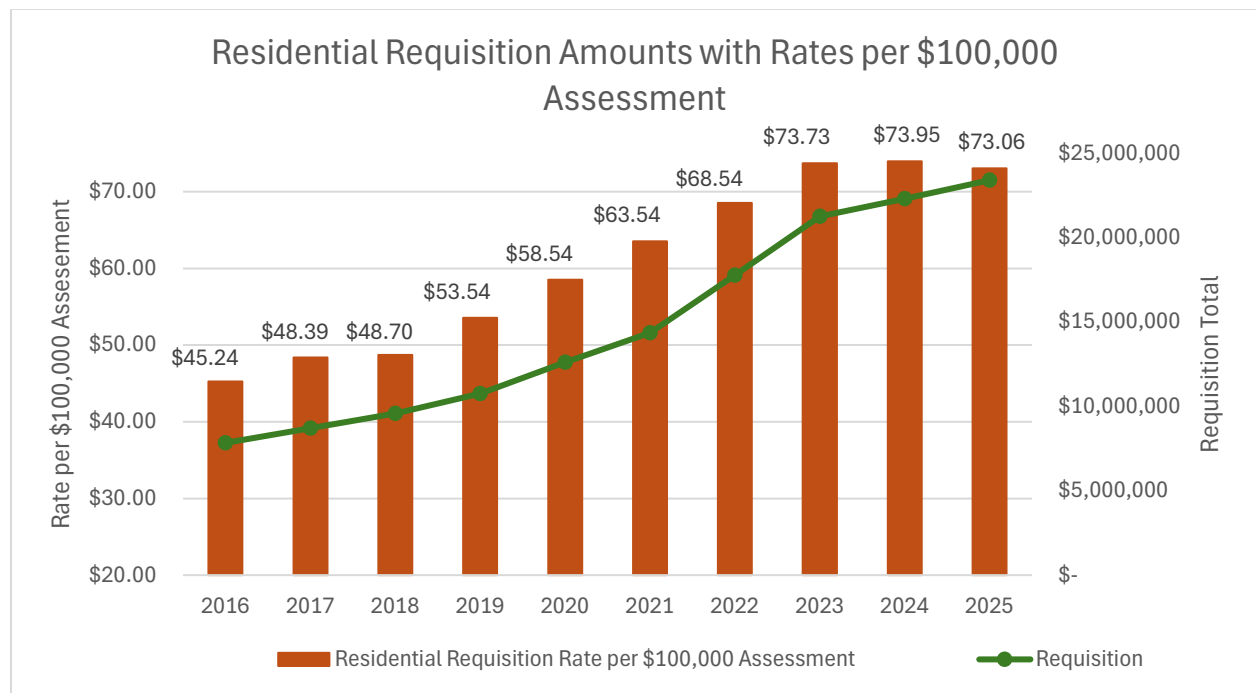
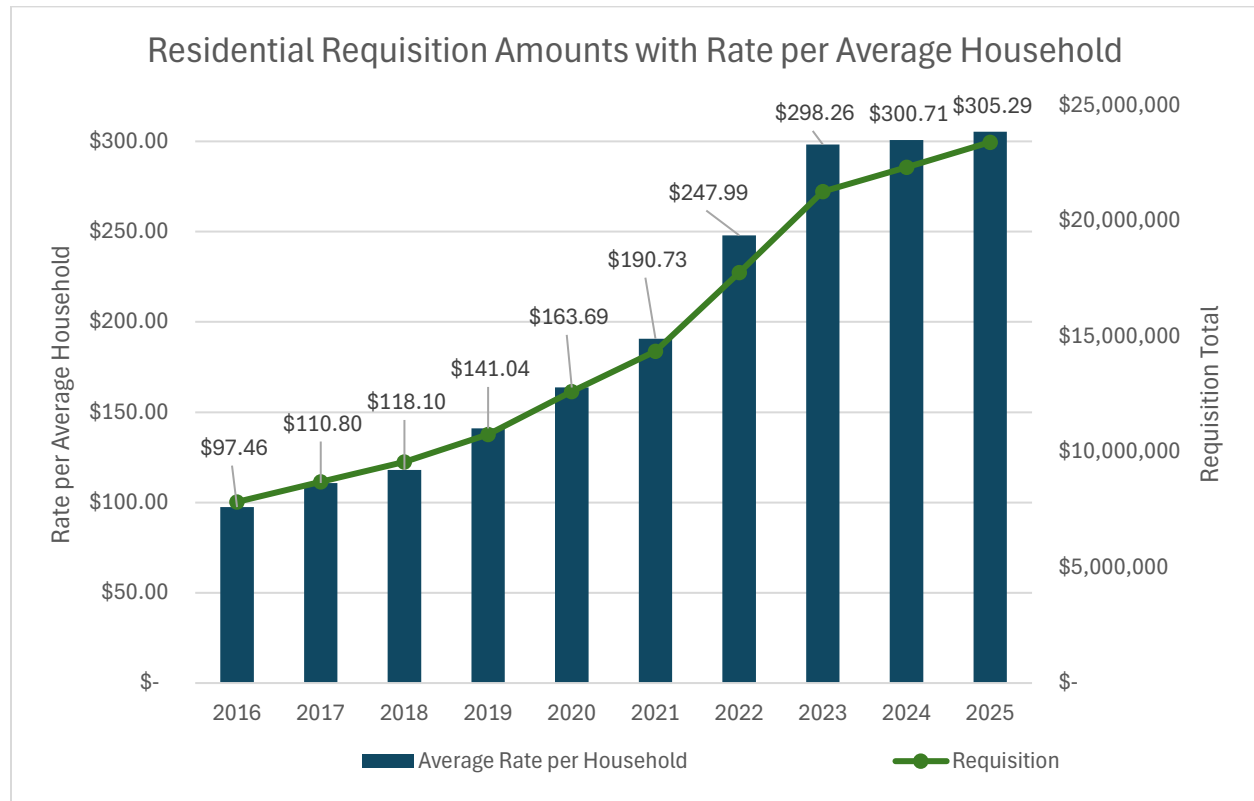


Figure 2 outlines the residential requisition amounts with the rate per average household from 2016 to 2025. This utilizes the average house price within the geographical boundary of the Fraser-Fort George Regional Hospital District and showcases that the average household rate has increased from \$97.46 in 2016 up to \$305.29 in 2025.

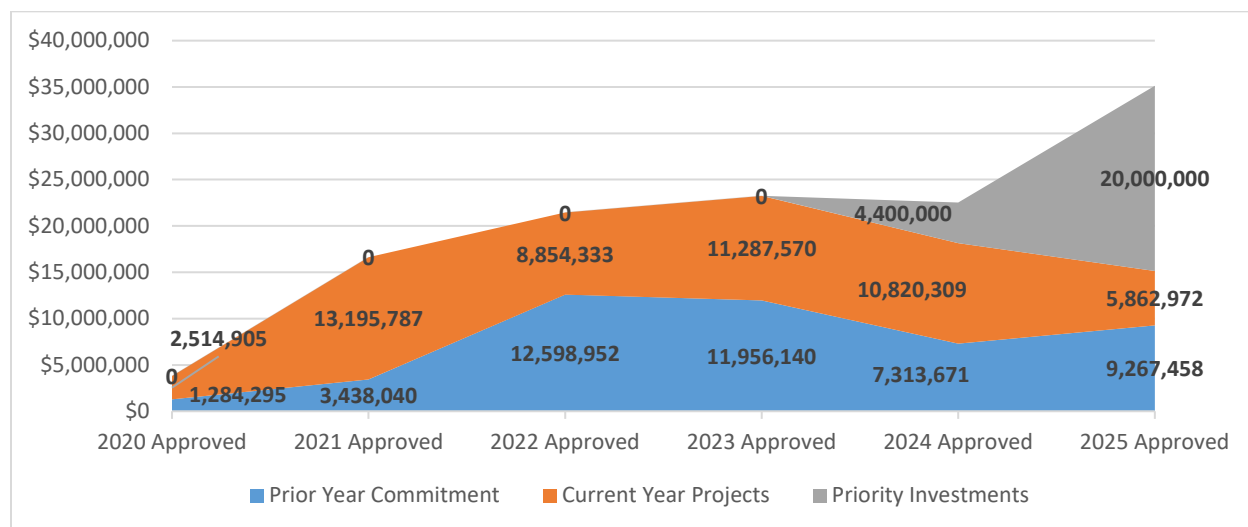
Figure 2 – Residential Requisition Amounts with Rate per Average Household – 2016 – 2025



Expenditures/Commitments

Through the annual budgeting process and subsequent amended budget process, the FFGRHD committed to funding projects in the amounts outlined below in Figure 3. This shows ongoing prior year commitment amounts carried forward each year which are the result of supply chain and resourcing challenges. In 2025, the FFGRHD board set a limit on the amount of funding that could be allocated for Major Projects and Equipment at \$5.9 million which was approximately 21.63 % of the total Northern Health Capital Plan funding request for 2025. In 2024, spending began on the UHNBC ACT Early Works with anticipated spending of \$4.4 million in 2024, \$20.0 million in 2025 and \$16.9 million in 2026. The total 2025 approved budget for Northern Health projects was \$35.1 million excluding the anticipated Building Integrity Funding and the Major Equipment Grants.

Figure 3 – Summary of RHD Budgets for Northern Health Major Projects and Equipment – 2020 to 2025



Note that the approved projects outlined in Figure 3 above do not include the Building Integrity Funding and the Major Equipment Grant, which are annual requests that are made by the NHA.

Reserves

With the increases to the 2016 - 2025 residential tax requisition mill rates (as outlined in Figure 1), additional funds were transferred into the Capital Reserve Fund to save for future funding requests. The balance of the Capital Reserve Fund as of December 31, 2024 was \$85.7 million. Commitments as of December 31, 2024 totalled \$364.9 million which includes \$9.3 million in Major Projects and Equipment, \$36.9 million for the UHNBC ACT Early Works, and \$318.7 million for the UHNBC ACT.

As of November 28, 2025, the FFGRHD has \$348.5 million in committed unexpended funds that have been previously approved by the Board to provide funding for the NHA’s capital projects. There is \$0.1 million remaining from the approved 2025 budget that has not been approved for funding by capital bylaw as of November 28, 2025.

With the approval of the Capital Bylaw and commitment of funding towards the UHNBC Acute Care Tower Construction, the balance in reserve is not sufficient to fully fund these commitments. FFGRHD is planning to borrow funds needed to meet its funding commitment for the UHNBC ACT construction.

Maintaining a sufficient minimum reserve balance is important to ensure funding is available for other significant priority projects on the horizon and ensure affordable annual requisition increases.

Comparison to 2025 Financial Plan

Considering the sections above, Figure 4 below outlines a comparison of key metrics as of 2025 against the estimates for the 2025 year included in the 2024 Financial Plan.

Figure 4 – 2025 Actual vs. 2025 Estimates per 2024 Financial Plan

Financial Metric	2025 Actual	2025 Estimate per 2024 Financial Plan	Difference
Residential Requisition Rate per \$100K	\$ 73.06	\$ 81.13	\$ 8.07
Requisition	\$ 23,405,530	\$ 23,405,529	\$ 0
Payment by Average House	Based on \$417,838 avg: \$305.29	Based on \$404,541 avg: \$328.21	\$ 22.92
Capital Reserve Fund	\$ 85,704,303*	\$ 70,079,251	\$ 15,625,052

**Amount based on actual value at December 31, 2024 as 2025 year end is not complete as of the date of this proposed Plan.*

The residential requisition rate at \$73.06 per \$100,000 is \$8.07 less than the 2025 estimate from the 2024 version of the Financial Plan due to changes in BC Assessment Rolls after annual budget approval.

The requisition amounts for 2024 and 2025 aligned with the 2024 Financial Plan recommendations, increasing by 4.90% per year, so the 2025 requisition amount matches the estimate for 2025 from the 2024 version of the Financial Plan.

Also, due to the continued assessment growth, the payment by the average residential house in 2025 is \$305.29, which is \$22.92 less than the estimate for 2025 in the 2024 version of the Financial Plan. This is due to the regional average house price increase from \$404,541 in 2023 to \$417,838 in 2025.

The Capital Reserve Fund balance at December 31, 2024 is \$15.6 million ahead of the estimate included in the 2024 Financial Plan. This is the result of significant increases in investment income as well as the timing of Northern Health funding requests, and funding decommitments from Northern Health.

Future Funding Needs

The NHA has identified their potential future funding needs for upcoming years with projected information available as of mid-2025.

The following table (Figure 5) outlines the proposed funding requests by the NHA for the next few years based on the latest NHA Capital Plan - FFGRHD Funding Request received in November 2025.

The NHA has identified a 40% FFGRHD contribution for most projects. The exceptions to these contribution rules are Information Technology (IT) projects as they are a benefit to the whole NHA region and RHD contributions are split among all RHDs within the NHA geographic area typically using a per capita formula. The FFGRHD contribution is currently calculated at approximately 15% for those specific projects.

Figure 5 – Northern Health Major Projects and Equipment Preliminary Budgets – 2026 – 2030

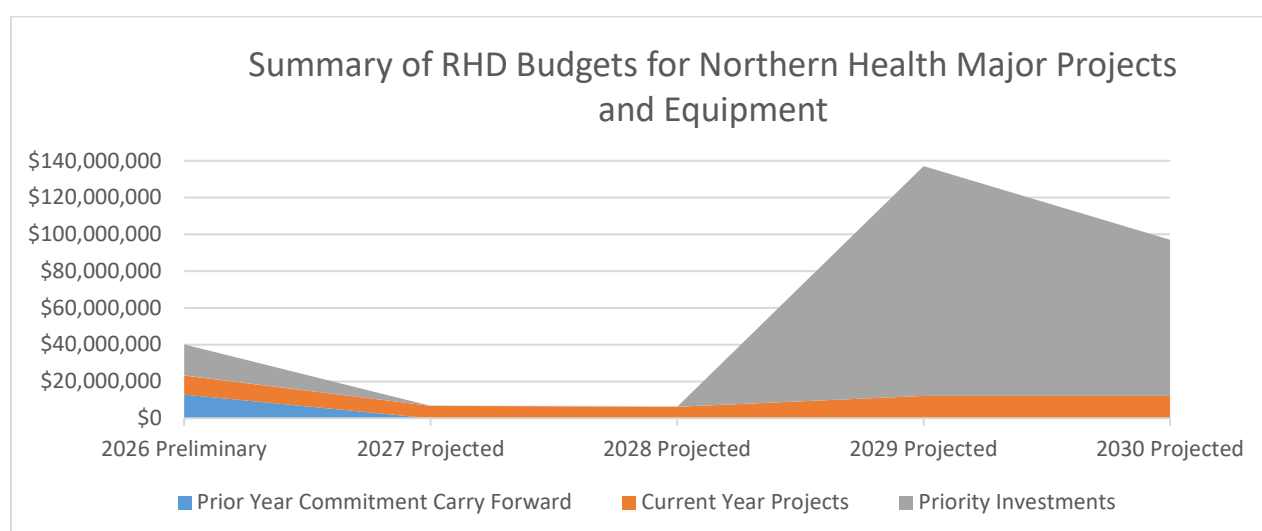


Figure 5 includes the estimated prior year commitment amount that will be carried forward from the 2025 year of \$12.9 million. This relates to projects with approved capital bylaws, upon which the full bylaw amount has not been spent by Northern Health to date.

UHNBC Acute Care Tower – Early Works

Also included in the Figure 5 summary is the funding request for the UHNBC ACT Early Works Agreement and projected UHNBC Acute Care Tower Project annual payments.

The UHNBC Acute Care Tower Project was split into two segments during 2023, with the Ministry of Health providing approval for the Early Works Agreement on November 1, 2023. This outlined the portion of the project for initial works including construction of a parkade and demolition of the Northern Interior Health Unit building. Funding for the Early Works portion of the project was approved by the FFGRHD Board on December 14, 2023. As of the date of this report, the parkade at UHNBC is substantially completed and expected to open in December 2025.

For purposes of the 2025 Financial Plan, the funding for the Early Works portion of the project has been estimated to be required starting in 2024 with a funding schedule outlined as below:

Budget Year	Funding Estimate
2024	\$4,400,000
2025	\$20,000,000
2026	\$16,888,000
Total	\$41,288,000

UHNBC Acute Care Tower

In the Spring of 2024, the Board entered negotiations with Northern Health and the Ministry of Health to determine an appropriate funding contribution from FFGRHD taxpayers for this Project. The FFGRHD's funding contribution to the Project that was negotiated was a global contribution of \$365 million. The main portion of the UHNBC Acute Care Tower Project (the "UHN ACT Project" or "UHN Acute Care Tower") received approval from the Ministry of Health on August 8, 2024.

The breakdown of FFGRHD funding is as follows:

Segment of Project	Funding Amount
Business Plan	\$5,000,000
Early Works Agreement	\$41,288,000
UHNBC ACT Construction (considered under Bylaw 352)	\$318,712,000
Total FFGRHD Contribution to the UHNBC ACT Project (max)	\$365,000,000

As part of the funding commitment, FFGRHD requires that Provincial funding be utilized first for project costs, with the portion of funding from FFGRHD to be requested after all other sources of funding have been used. FFGRHD Administration plans to work closely with Northern Health to ensure this occurs as the project progresses and funding draws occur. The estimated funding requirements per year are as follows:

Budget Year	Funding Estimate
2029	\$125,000,000
2030	\$85,000,000
2031	\$82,615,000
2032	\$25,761,000
2033	\$336,000
Total	\$318,712,000

The UHNBC Acute Care Tower will house surgical, cardiac, and mental health and addictions services and is currently in the procurement stage. Representatives from the FFGRHD Administration sit on the project steering committee and oversee discussions on the planning of the project alongside representatives from the NHA and Infrastructure BC.

For clarity, the UHNBC ACT Project has been referred to in previous versions of the FFGRHD 15-year Financial Plans as UHNBC Development Phase #2 and the UHNBC Surg MHA Cardiac Tower.

Affordability

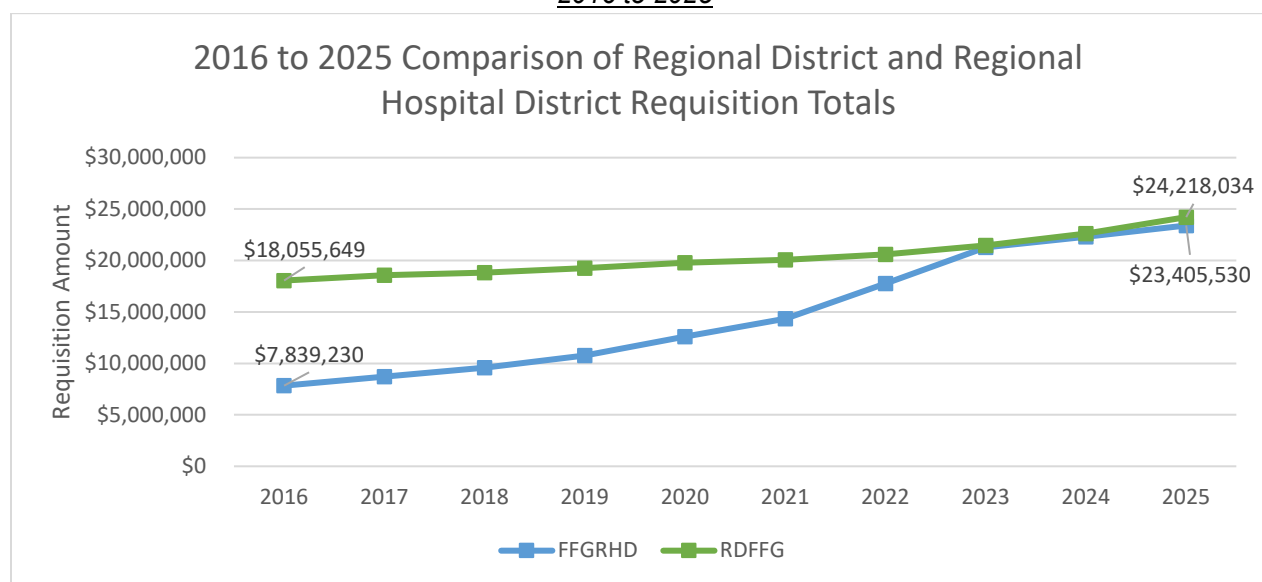
Taking into account the expectation of the large total cost of the UHN Acute Care Tower Project in the last Financial Plan, the idea of considering affordability of FFGRHD requisition in the future arose.

This idea outlines what level of requisition rate, total requisition and requisition per average household is reasonable and can be afforded by the taxpayers in FFGRHD at large, both currently and into the future. Knowing that funding a percentage of this large project will create requisition increases of some amount, consideration was given to where the affordable range of requisition is for FFGRHD taxpayers.

In order to prepare an analysis on this, Financial Services Administration started with the FFGRHD's current financial position and researched RHD financial metrics from across the Province to see where FFGRHD stacks up on comparable metrics such as total requisition, requisition rates, requisition per average household and debt levels.

One important comparison to make at this juncture is that of Regional Hospital District requisition vs. Regional District requisition for all Regional District services. As shown in Figure 6, the gap between annual Regional Hospital District requisition and Regional District requisition has closed quickly over the last number of years with the 2025 requisitions being approximately \$800,000 apart.

Figure 6 – Comparison of Regional District and Regional Hospital District Requisition Totals – 2016 to 2025



Provincial Comparability

This information looks at comparing the FFGRHD's current financial position against its peer RHD's from around the province. While there are many metrics that could be considered, the most relevant for comparison were deemed to be:

- Total requisition
- Residential requisition rate
- Requisition per average household

Figure 7 outlines total requisition values over the past three years (2023, 2024 and 2025) for Regional Hospital Districts with comparable populations – two larger and two smaller. This shows that FFGRHD has higher requisition per capita compared to other with similar population sizes with the exception of Nanaimo RHD. Nanaimo RHD has seen substantial requisition increases in recent years due to planning for five major priority projects in their region. In 2025, FFGRHD has the fourth largest requisition per capita of all RHDs in BC for 2025.

Figure 7 – Three Year Requisition Values for Regional Hospital Districts with Comparable Populations

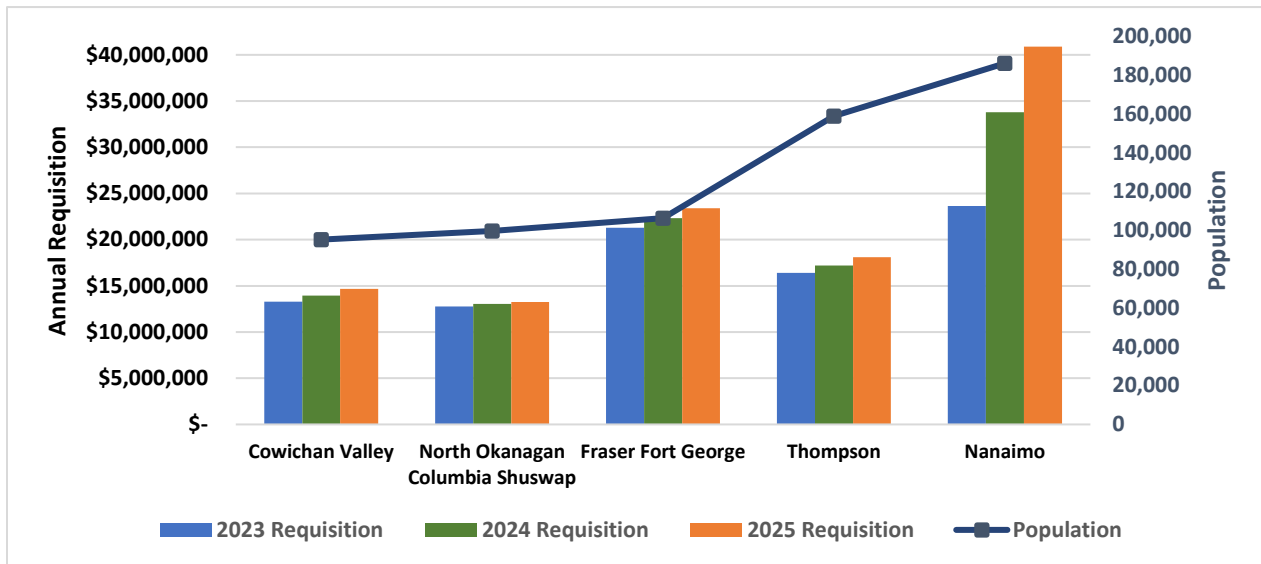


Figure 8 outlines the five (5) Regional Hospital Districts in BC with the highest overall 2025 Requisition amounts. For comparability, Rates per \$100k and Average rates per household have been added. Nanaimo RHD has the highest overall requisition amount due to significant tax increases over recent years in preparation for funding significant priority projects. Capital, Peace River and Central Okanagan RHD's have comparable requisition amounts to FFGRHD but a significantly lower rate per average household due to the larger number of properties and higher assessed values in their area.

Figure 8 – Comparison of Top 5 2025 Requisition Amounts with Rates per \$100K & Per Household

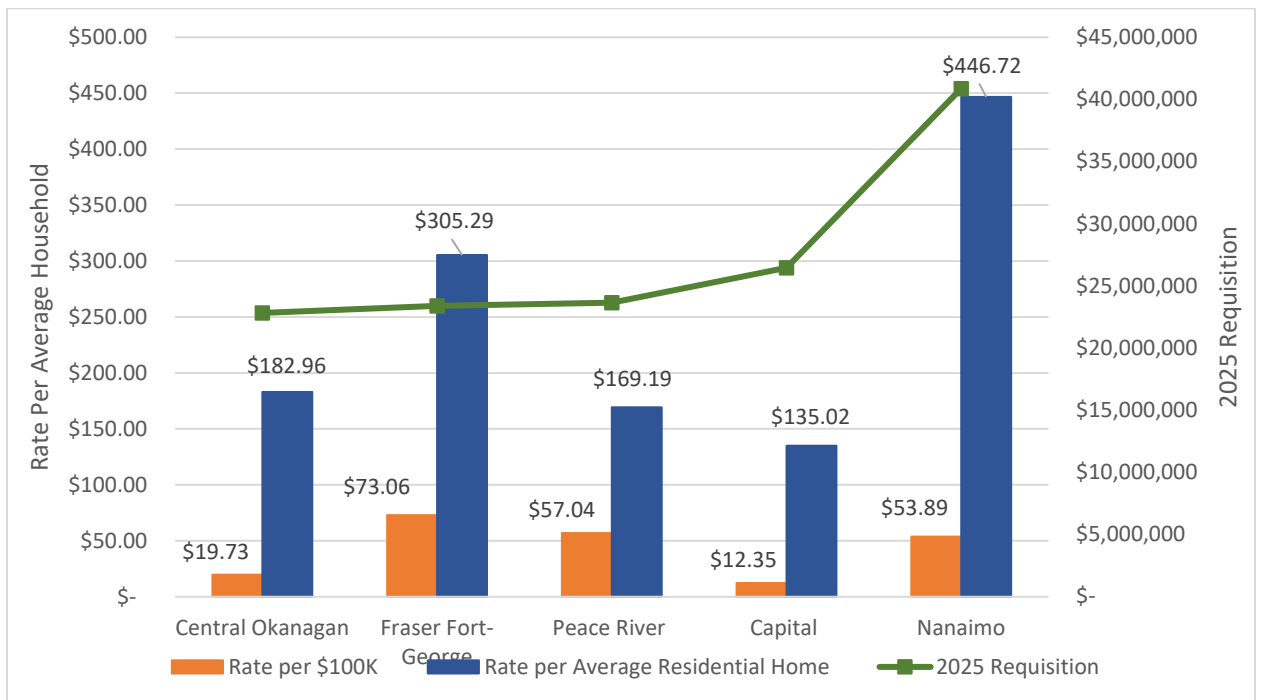
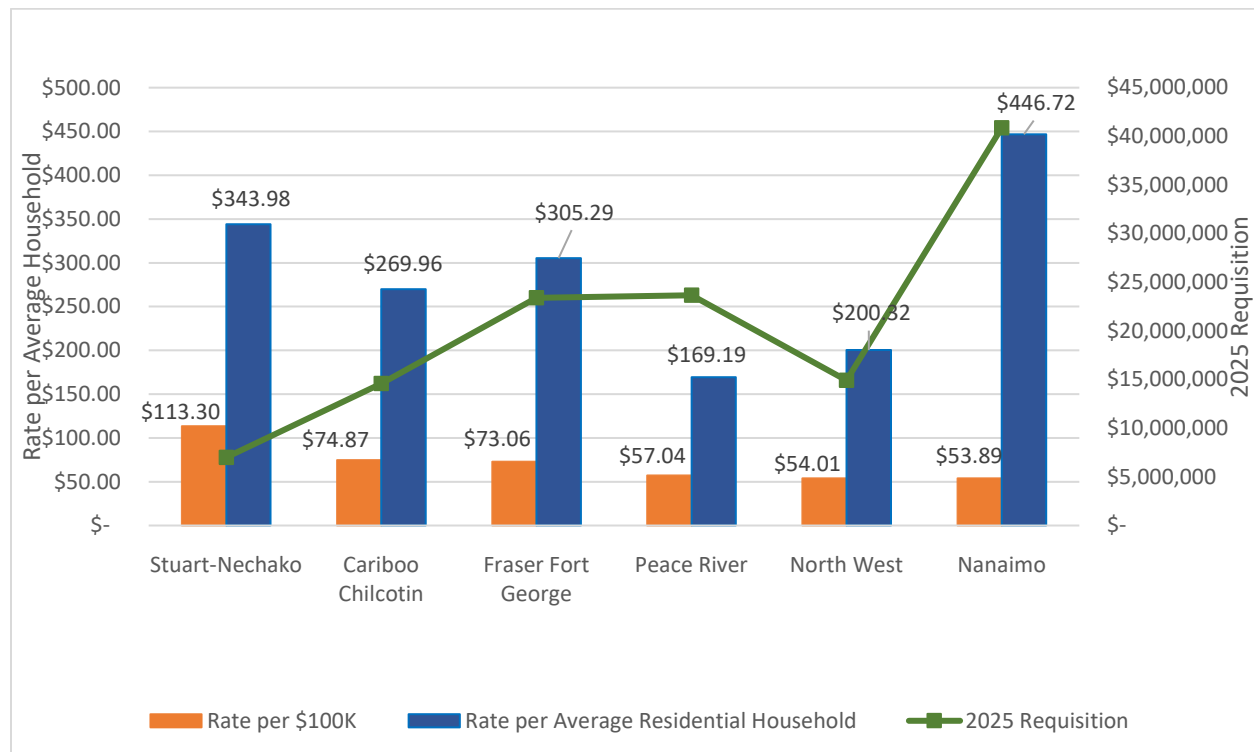


Figure 9 outlines the Regional Hospital Districts with the highest rates per \$100k of BC Assessment Residential Values. A trend that arises from this graph is that Regional Hospital Districts in Northern BC have higher rates per \$100k, as well as higher total household rates when compared to other RHDs in the province.

Figure 9 – Comparison of Top 6 Rates per \$100K with Rates per Household and 2025 Requisition Totals



Provincial Comparability Overview

When comparing FFGRHD to other peer RHDs around the Province, there is considerable evidence to show that FFGRHD is near the top of most key metrics.

Based on 2025 requisition amounts, FFGRHD falls at:

- 3rd highest rate per average residential home
- 3rd highest in residential requisition rate
- 4th highest annual requisition

This information provides a baseline for the future looking analysis that will be discussed in the Financial Analysis section of Page 19.

Strategic Issues

As the Regional Hospital District renews its long-term Financial Plan, there are a number of key strategic issues that must be considered in the preparation of the 2025 version of the Financial Plan.

Changes from 2024 Financial Plan (2024 - 2038)

Since the approval of the 2024 version of the Financial Plan in January 2024, there have been some key changes that affect the FFGRHD's actual financial results compared to the FFGRHD Financial Plan.

These changes will inform decisions in the proposed Plan and include:

- Inflation – Inflation remains a key metric of the long-term Financial Plan. Since January 2024, inflation has been slowing down in terms of the year over year Consumer Price Index (CPI) metric. With BC CPI dropping from a high of 6.9% in 2022 to 3.9% in 2023, 2.6% for 2024 and predicted to be around 2.2% for 2025. Though, there are no guarantees that inflation on healthcare related capital equipment and construction costs will be reduced as uncertainty in the global markets including U.S tariffs have resulted in increasing cost escalation and supply chain issues.
- UHN ACT Project - The negotiated FFGRHD funding towards the UHN ACT Project business plan, Early Works Agreement and Project Construction has been capped at \$365 million with a commitment on delayed cash flow. This allows the FFGRD to make the most of reserve savings and investment earnings in anticipation of funding and borrowing required starting in 2029.
- Expected start date and borrowing timelines for the UHN ACT Project – In the 2024 version of the Financial Plan, anticipated borrowing was prorated over the estimated construction timeframe from 2025-2029. For the purposes of this proposed Plan, it is anticipated that no borrowing will be necessary until funding begins on the UHN ACT construction (first payment by FFGRHD in 2029). The funding commitment to Northern Health states that they must utilize other funding sources first with the FFGRHD being 'last to pay'.
- Interest rate changes – In the 2024 Financial Plan, the interest rate used to estimate the debt repayments for the expected FFGRHD contribution to the UHN ACT Project was 5.0% based on indicative lending rates at that time. As of October 31, 2025, the MFA's indicative market rate for a 20 to 30-year loan was 4.58%. This indicative interest rate is lower than the interest rate used in the 2024 Financial Plan and is a reflection of recent bank of Canada rate cuts. With the borrowing for the UHNBC ACT project anticipated to occur starting in 2029, there is an expectation that interest rates will change over that time frame, but to what level they would adjust to is a matter of much speculation.
 - See the Interest Rate Uncertainty section below for further discussion on this change.
- NHA annual funding requests – The annual capital funding requests from NHA can fluctuate significantly from year to year and generally have increased since the 2024 Financial Plan. The 2024 Financial Plan utilized information from the Northern Health preliminary 5-year budget for 2024-2028 and assumed major project funding requests starting at \$12 million in 2029 with a 2.5% inflation factor. The 2026-2030 capital funding requested by Northern Health in November 2025 includes new capital funding requests of \$10.3 million in 2026, \$6.7 million for 2027 and \$6.2 million for 2028, excluding prior year commitments carried forward. The funding requests fluctuate from year to year and are likely to see increased annual costs in the outer years of the plan due to inflationary pressures.
- Funding Cap - 2025 was the first year that the Board considered limiting the annual funding with a funding cap. A limit of 21.63% of the 2025 NHA capital project funding requests was approved as compared to the 40% that was requested. This resulted in a 2025 budget of \$5.9 million as compared to the NH capital plan request amount of \$10.4 million. NH has noted that without a 40% funding commitment, projects are likely to be deferred until funding sources can be identified.

Interest Rate Uncertainty

A key assumption in previous versions of the FFGRHD Financial Plans and in this proposed Financial Plan, is the expected interest rates for future borrowing.

With expected borrowing for the UHN ACT Project estimated to start in the year 2029 and borrowing to occur in segments over a period of five (5) years, there is uncertainty surrounding the interest rates to be obtained on the expected borrowing. The interest rates obtained will be based on the MFA's long-term debt issuing rates at the various times of borrowing. These long-term interest rates will vary based on the Bank of Canada's overnight rate, upon which the major Canadian banks and MFA set their borrowing rates.

As of October 31, 2025, the Bank of Canada's overnight interest rate is 2.25%, the current prime rate of the major Canadian banks is 4.45% and MFA's indicative market rates for a 20, 25 or 30-year loan is 4.58%. The overnight and prime rates have been decreasing in recent months in an attempt to grow the economy and stabilize inflation.

As of the end of 2023, the Bank of Canada overnight interest rate was 5.0% and there were a number of rate reductions throughout 2024 and 2025 bringing the rate down to 2.25%. The Bank of Canada is actively attempting to tame inflation within the economy has a target overnight rate of between 2.0% and 3.0%, which typically results in the prime rates of the major Canadian Banks being in the 4.0% to 5.0% range. The Bank of Canada continues to monitor the economy closely to determine future adjustments. The projections expect there may be further reductions to the overnight rate in 2026 to maintain a policy neutral rate for both inflation and the overnight rate.

As a result, given the long-term nature of the required borrowing, interest rates for long-term borrowing could range anywhere from 4.0% to 6.0% by the time the FFGRHD looks to borrow for the major projects discussed above.

With the borrowing for the UHN ACT Project being contemplated over a longer term of 25 or 30 years, the interest rate that will be obtained will be valid for the first 10 years of the borrowing term and then will have to be renewed after the first 10 years (likely for another 10 years). This causes greater uncertainty in the interest rate for the years 11 to 30 of the loan term as the interest rate for the remaining term is determined based on the market interest rates when the loan comes up for renewal at the end of year 10. This could create an increase or decrease in the annual debt servicing obligation depending on the available rates when the first 10-year term comes due for renewal.

MFA is currently exploring options for a 20-year fixed term bond for larger borrowing amounts over \$100 million. This would allow for longer-term financial planning with a known interest rate for the first 20 years of the loan term.

Loan Term

The choice of loan term for the long-term borrowing required to fund the UHN ACT Project is another important strategic decision to be made.

With the scale of the borrowing required to fund the large project, the borrowing term must be sufficient to provide reasonable annual principal and interest payments on the debt incurred. Based on this, utilizing the longest borrowing term available of 30 years is the base assumption used in this version of the Financial Plan. When the time comes to borrow funds for the UHN ACT Project on a long-term basis, Financial Services Administration will prepare an analysis of loan term options and estimated interest rates to determine the most effective approach to taking on the debt. If a shorter loan term is used, this would result in higher annual principal payments and a reduction in the number of annual interest payments required to pay off the loan. This will be balanced against the cash flow needs of the FFGRHD to fund other projects and annual funding requests from the NHA while maintaining a minimum reserve balance.

Minimum Reserve Balance

The use of reserve balances is key to ensuring that FFGRHD is able to manage uncertainty in project costs and be prepared in the event that other capital priorities arise. Reserve funds are earning investment income which helps to offset inflation. For the purposes of this financial plan, Financial Services Administration recommends maintaining a minimum reserve balance of \$20 million in all scenarios. The amount is a reasonable minimum to ensure that FFGRHD can fund other significant priority projects on the horizon and maintain a strong financial position that can weather changes in assumptions such as interest rates or inflation.

Escalation of Capital Costs

Over the past number of years, there has been a significant increase in the cost of construction that has exceeded typical annual Consumer Price Index or inflation levels. There continues to be shortages on both the labour side and supply of construction related goods. These shortages could have a significant impact on the costs included in the NHA's future capital plans, both for large construction projects and the procurement of individual capital equipment. Any escalation in capital costs could be passed on to the FFGRHD as a funding partner based on the percentage of funding provided for a capital project by the FFGRHD.

Other Capital Projects

With the inclusion of the funding for the UHN ACT Project, the proposed Plan contemplates the most significant expected financial impacts to the FFGRHD over the next fifteen (15) years. While this project is a significant project, there is the potential that other Priority Investment Capital projects could be added to the NHA's capital plan over the next fifteen (15) years that require FFGRHD funding. This will depend on the Province's service priorities, the NHA's capital priorities and government funding availability. Additional Priority Investment Projects would require a negotiated contribution with NHA and the Province of BC. As these projects require more time to plan and schedule there is likely to be time to consider any large-scale priority projects in future versions of the FFGRHD Long-Term Financial Plan as more information becomes available.

Priority Projects on the horizon include:

- Prince George Laundry and/or Centralized Services
- Mackenzie Hospital Redevelopment
- McBride Hospital Redevelopment

Previously included in the NHA's future capital funding requests was the Residential Care and Alternative Dementia Beds Project (the "RCAD Project"). Based on the Ministry of Health announcement on November 14, 2023, this project was shifted to a partnership model with Providence Living to build and operate a 200-bed long term care facility in Prince George. There are additional phases of residential care expansion needed to increase the number of beds based on current and projected future need. At this time, the FFGRHD has not been asked to fund this project in a future year(s).

Assumptions

It is important to consider the assumptions upon which the financial modeling has been prepared. Consideration was given to various sources of information including discussion with the NHA Capital Department representatives and prevailing market information.

The proposed 2026 Financial Plan is based on the following key assumptions:

- projected capital funding requests for 2026 to 2028 have been included based on the Preliminary Capital Request from NHA;
- funding requests anticipated by the NHA for major capital projects (not including Priority Investment Projects) are included based with a base of \$12 million annually starting in 2029;
- funding for other significant capital projects will not be requested by the NHA during the course of this proposed Plan;
- the interest rate for the UHN ACT Project borrowing is estimated at 5.0% for the loan term;
- a 30-year loan term is used for major long-term borrowing;
- the minimum capital reserve balance throughout the course of the 15 years is \$20 million to ensure a base of sufficient funds are on hand at all times;
- investment earnings annually on reserve funding estimated at 2.50%;
- a 2.5% increase per year has been included for capital funding requests by the NHA for major projects starting in 2029;
- a 2.0% increase per year has been used for the minor equipment grant as per the NHA projections;
- a 2.0% increase per year has been used for the annual building integrity funding as per the NHA projections; and
- a 4.0% inflation rate has been used for increases in the FFGRHD overhead burden, which includes administration and Chair and Acting Chair remuneration.

The key assumptions outlined above utilize a conservative approach and the key financial metrics of the Base Model using these rates is outlined in the Financial Analysis section on Page 19. These rates are sensitive to change and would impact the proposed plan if significantly altered. To explore this further, this plan considers the impact of changing various key assumptions and highlights the related impact on requisition rates. Further detail is provided in the Sensitivity Analysis section on Page 23.

As economic conditions change and more updated information is available, it is important to revisit this Financial Plan document on a regular basis (every two (2) years at a minimum) to update the key assumptions and ensure that actual results are following in line with the proposed Plan that has been set out in this document.

Financial Analysis

The Financial Analysis is presented based on the assumptions listed above and utilizes a conservative approach. This conservative approach provides potential opportunities for lower tax requisition impacts if conditions become more favorable, but balances risk in the event that sensitivity factors negatively impact the plan.

Base Model

A 2.45% minimum increase in requisition each year would be required until 2056 to ensure cash flow and reserves are sufficient to pay back borrowing on the full ACT Project commitment of \$318,712,000 over a 30-year loan term. The tax rate per \$100,000 of residential assessment region-wide would increase by \$31.22 and the average residential household would see an increase of \$130.44 (43%) by 2040 as outlined in Figure 10(a).

Figure 10(a) – 2025 Actual vs. 2040 Financial Plan Estimates

Financial Metric	Actual - 2025	Estimate as of 2040 (15-year)	Difference
Residential Requisition Rate per \$100K	\$ 73.06	\$ 105.05	\$ 31.98
Requisition	\$ 23,405,530	\$ 33,650,996	\$ 10,245,466
Payment by Average House	Based on \$417,838 avg: \$305.29	Based on \$417,838 avg: \$438.93	\$ 133.64
Capital Reserve Fund	\$ 85,704,303	\$ 63,642,220	\$ (22,062,083)

Figure 10(b) compares the total requisition, total expenditure and total reserve balances each year from 2025 to 2040. Reserve balances would decrease in 2026 and 2027 due to funding the UHNBC Early Works Project with net reserve savings occurring between 2027 and 2031 and a steady decline once borrowing is completed. Requisition sees a slow and steady increase of 2.45% per year until requisitions increase enough to fully cover annual debt servicing costs.

Figure 10(b) – Base Model Projected Cash Flow

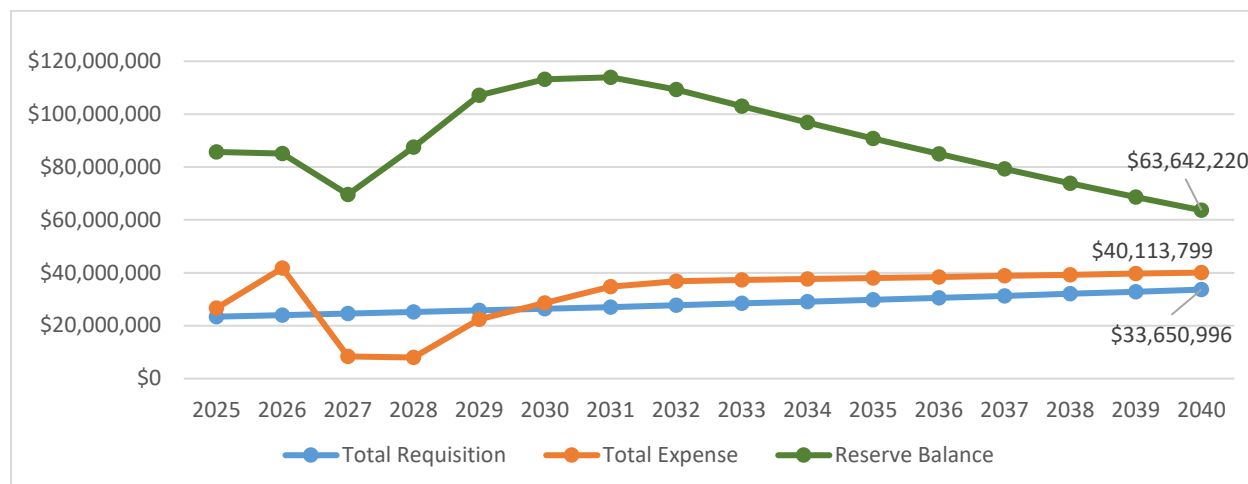
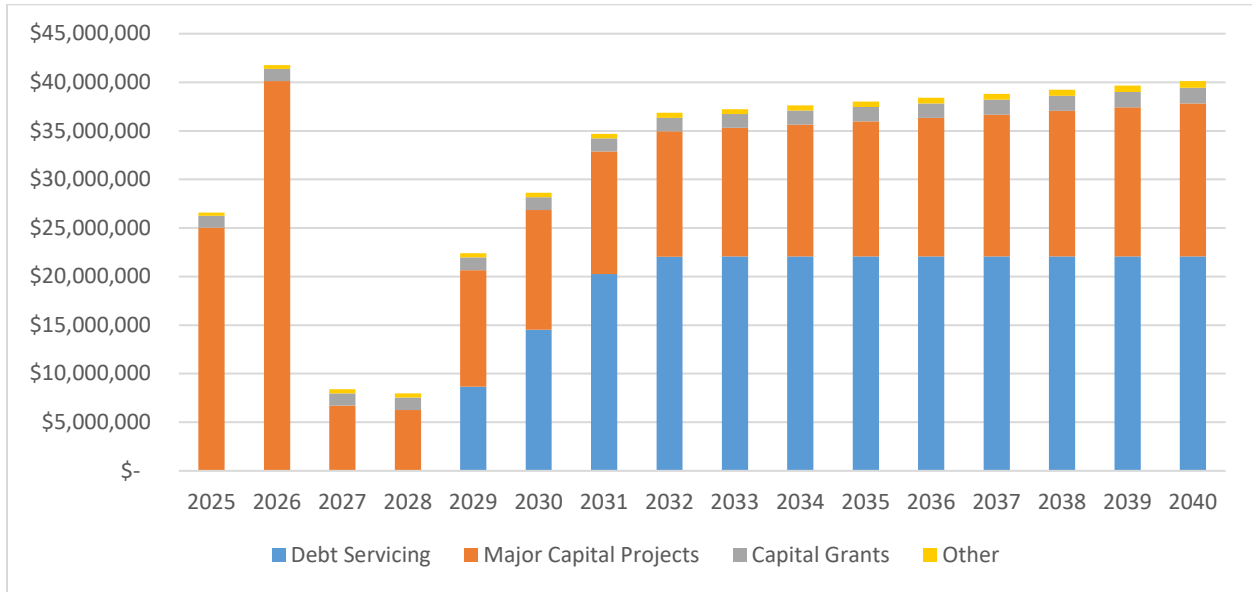


Figure 10(c) shows major capital project funding in years 2025 and 2026 based on the NHA funding request received in November 2025 and also includes the Early Works Project funding and prior year commitments as of November 2025. Debt increases through years 2029 to 2033 until the full \$318.7 million of funding is borrowed at which time, the debt servicing amount will be \$22.1 million per year.

Figure 10(c) – Base Model Projected Cost Estimates



BC Assessment

Tax rates are set based on BC Assessment property values each year. These values reflect two types of changes:

- Market changes: fluctuations in the value of existing properties due to real estate market trends.
- Non-market changes: Adjustments caused by new development, new businesses or property improvements that expand the overall tax base.

BC Assessment's Non-Market Change Roll Summary Preview Report (as of October 31, 2025) shows a 1.01% increase in property values from non-market factors within the Fraser-Fort George boundaries. For comparison, the 2025 Revised roll indicated 1.53% in non-market growth.

Historically, some non-market growth occurs each year, but the amount varies significantly across municipalities and electoral areas. These changes can include both increases and decreases, making it difficult to predict future tax rates for specific areas.

Generally, when non-market growth expands the tax base, the tax rate for an average taxpayer decreases because the same revenue requirement is spread across more properties. Holding non-market growth steady in financial models is a conservative approach, as some growth is likely but uncertain. Figure 11 below illustrates the impact of potential annual non-market growth rates on requisition rates per \$100k and payment by average house on the Base Model illustrated in the Financial Analysis section above.

Figure 11 – Non-Market Increase Impact on Requisition Rates per \$100K and Average Residential Household

Annual Non-Market Growth Rate	Actual – 2025 Residential Requisition Rate per \$100k	Estimate – 2040 Residential Requisition Rate per \$100k	Difference	Actual – 2025 Payment by Average House	Estimate – 2040 Payment by Average House	Difference
0.0%	\$73.06	\$105.05	\$31.99	\$305.29	\$438.93	\$133.64
0.5%	\$73.06	\$97.48	\$24.42	\$305.29	\$407.29	\$102.00
1.0%	\$73.06	\$90.48	\$17.42	\$305.29	\$378.07	\$72.78
1.5%	\$73.06	\$84.02	\$10.96	\$305.29	\$351.08	\$45.79
2.0%	\$73.06	\$78.05	\$4.99	\$305.29	\$326.13	\$20.84

To illustrate the impact of both market and non-market growth on tax rates the following growth rates were considered:

1. 0.0% Non-Market Change and 0.0% Market Change

Noted in blue in Figure 12 below, no changes to market or non-market rates would increase the tax rate per \$100k at a higher rate than if there were increases in assessment values over the next 15 years. This is reflective of the base model which calculates a tax rate of \$105.05 by 2040. With no changes in the market rate per average household would remain at \$417,838 and the rate per average household would be \$438.93 by 2040.

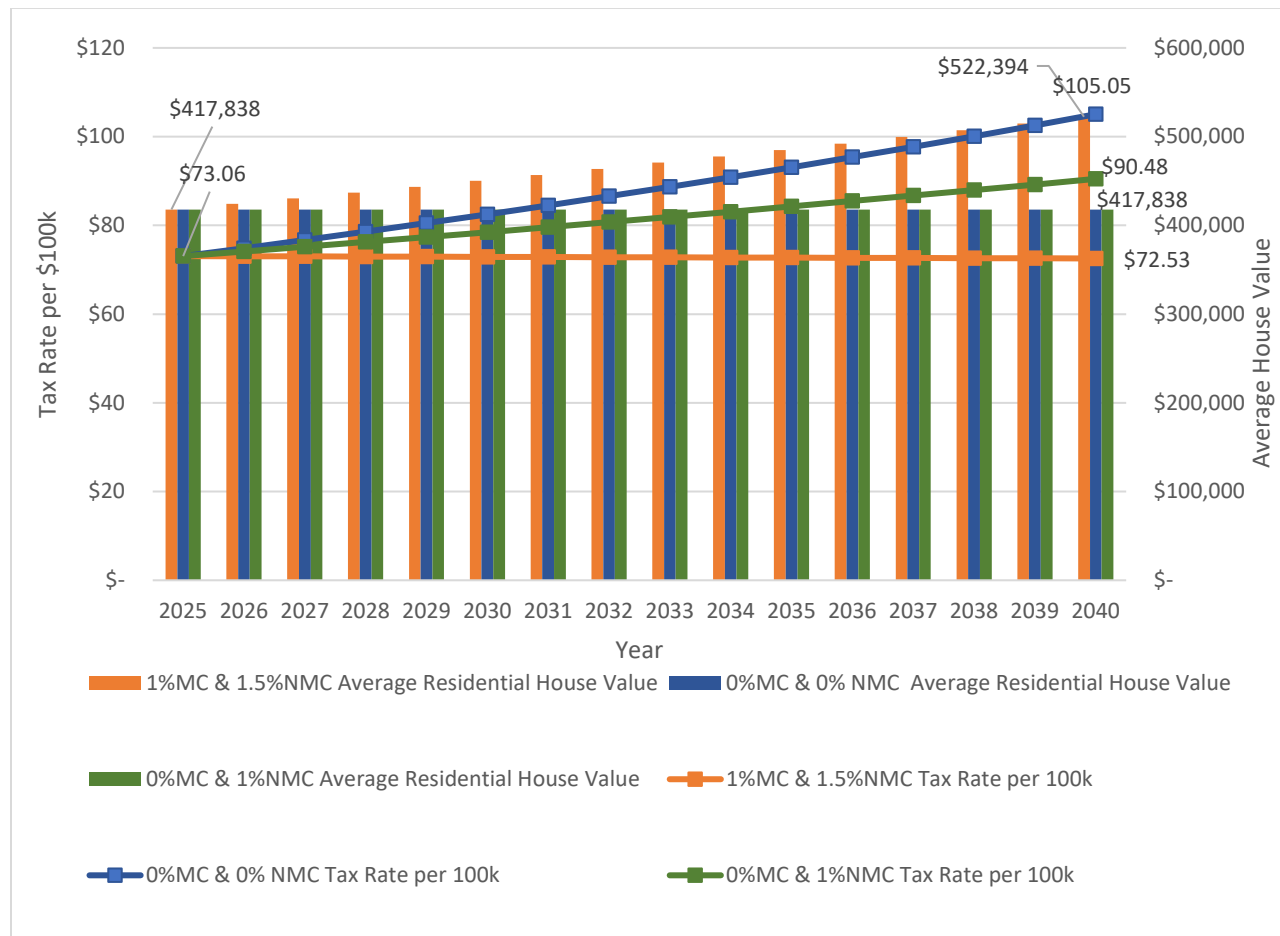
2. 0% Market Change and 1.0% Non-Market Change

Noted in green in Figure 12 below, adding a 1.0% non-market increase would reduce the tax rate per \$100k from \$105.05 to \$90.48 by 2040. With no changes in the market rates, the average household value would remain at \$417,838 and the rate per average household would be \$378.07 by 2040.

3. 1.0% Market Change and 1.50% Non-Market Change

Noted in orange in Figure 12 below, a 1.50% growth rate in market values plus 1.0% growth in non-market values would further reduce the tax rate per \$100k over the next 15 years. In this example you will note that the average house prices are also increasing per year at the market growth rate which results in an average household value of \$522,394 in 2040. The requisition rate per \$100k would be \$72.53 making the rate per average household \$378.90 by 2040.

Figure 12 – Compare Non-Market and Market Rate Increase Impact on Requisition Rates per \$100K



Depending on the rates of growth in BC Assessment values as compared to the requisition increase rates applied, we could in fact see the rates per \$100k decrease over time. A goal of the 2026 long-term Financial Plan is to maintain household requisitions close to the current averages. Non-market and market rate growth helps to achieve that goal.

Sensitivity Analysis

Changes to any of the key rates and assumptions used can impact the financial analysis and resulting requisition rates required to fund the proposed plan. As discussed above, conservative assumptions have been used in the Base Model, however the following assumptions were tested at different sensitivity ranges to determine the potential impact on requisition rates. Each factor has been isolated to reflect the individual impact on the financial model, however combining multiple factors can also be considered.

Detailed financial metrics for each scenario are found in Appendix A.

Scenario #1: Reduce borrowing amounts by utilizing reserves

- Base Rate for modelling: \$318.7 million borrowed
- Sensitivity Range: \$238.7 million borrowed

The FFGRHD capital reserve fund is anticipated to be over \$100 million by 2029 when the first payment towards the ACT Project is due. Some of these reserve funds can be utilized toward this first year payment and reduce the required borrowing. Reducing the borrowing amount will decrease the anticipated investment income earned on the reserve balance but will also significantly decrease the annual debt servicing payments. The modelling shows that up to \$80 million could be paid up front while maintaining minimum reserve levels and allowing for inflationary level requisition increases.

An \$80 million initial payment would decrease the requisition rate increase from 2.45% to 2.25% as a result of the lower annual debt payment and interest savings over the term of the loan.

Borrowing will be required in advance of issuing the first payment towards the UHN ACT Project in early 2029. Decisions related to borrowing amounts can be explored in future versions of the Plan closer to the time of borrowing based on rate information available at that time.

Scenario #2: Changes in the investment earnings rate

- Base rate for modelling: 2.5%
- Sensitivity range: Scenario #2A: 1.5% / Scenario #2B:3.5%

The average investment earnings on the FFGRHD capital reserve fund in 2024 was about 4.3% compared to 4.1% in 2023. Investment earnings are anticipated to decrease in 2025 with recent decreases in the Bank of Canada prime rate and resulting decreases in interest rates for guaranteed investments and high interest savings accounts. Administration closely monitors investment rates with the help of MFABC to ensure investment rates are maximized within acceptable risk levels and cash flow requirements.

A reduction in investment earnings rate down to 1.50% in the short term is unlikely, however a reduction in investment income rates below 2.50% would require an increase in requisition rates.

Decreasing the estimated investment earnings from 2.50% to 1.50% results in a requisition rate increase from 2.45% to 2.60%. On the other hand, an increase in estimated investment earnings rate to 3.50% would result in a decrease in requisition rates from 2.45% to 2.30%.

Scenario #3: Changes to anticipated annual funding requests for other NHA capital projects

- Base rate for modelling: Assume \$12 million starting in 2029
- Sensitivity range: \$10 million starting in 2029

The plan includes estimates for annual funding requests from NHA for Major Projects and Equipment starting in 2029. The latest preliminary figures from NHA for outer year project funding are around \$12 million per year, however considering a reduced annual funding amount will reduce the required requisition increases over the term of the proposed plan. Utilizing \$10 million in 2029 with inflation of 2.50% per year would result in a requisition increase of 2.00% compared to 2.45% in the base model. Having a set amount of funding per year for annual NHA funding requests may be helpful for long-term financial planning. There is an ability to absorb annual fluctuations in cash flow by allowing transfers to and from the reserve.

Scenario #4: Alternative Inflation Rates

- Base rate for modelling: 2.50%
- Sensitivity range: 4.00%

The plan uses a conservative inflation rate for Major Projects and Equipment costs based on anticipated estimated BC CPI rates, however medical equipment and construction projects are experiencing higher than average inflation. Increasing the estimated inflation from 2.50% to 4.00% results in an increase to requisition rates from 2.45% to 3.05%.

Scenario #5: Alternative loan term

- Base rate for modeling: 30-year amortization
- Sensitivity range: 25-year amortization

At this time MFA is not considering amortization periods longer than 30 years, however reducing the loan term from 30-year to 25-year amortization would increase the annual debt payment amounts but also reduce the amount of years of payments which reduces the overall interest costs compared to a longer-term loan. The required requisition increase for a 25-year borrowing term would result in an increase to requisition increases from 2.45% to 2.80%.

Scenario #6: Adjustment in estimated borrowing rates

- Base Rate for modelling: 5.00%
- Sensitivity Range: Scenario #6A: 6.00% / Scenario #6B 4.00%

MFA typically issues new Long-Term Debt for an initial 10-year term, and the rates at the time of borrowing will apply for the first 10 years. Typically, at the end of ten years, the relending rate will be reset at the current market rate for a period to be determined at that point. The base financial model uses an average interest rate of 5.00% for the full 30 year loan term, however it is likely that interest rates could be higher or lower than this amount at the time of borrowing or at various renewal terms.

If interest rates increase over the borrowing term, the annual debt payments will increase from the base model rate. If interest rates decrease over the borrowing term, the annual debt payments will decrease from the base modelling rate. To highlight the impact of potential changes to borrowing rates 6.00% and 4.00% scenarios have been used.

Increasing the estimated borrowing rate from 5.00% to 6.00% results in an increase to requisition rates from 2.45% to 2.80%. Decreasing the estimated borrowing rate from 5.00% to 4.00% results in an increase to requisition rates from 2.45% to 1.95%.

Proposed 2026 Financial Plan

Due to fluctuations in the BC Assessment Values of property in the Fraser-Fort George Regional Hospital District, it is recommended that the proposed 2025 Financial Plan consider a percentage increase on total requisition rather than a rate increase to the residential tax requisition mill rate.

A total requisition increase of 2.45% on an annual basis to ensure that the annual revenues of the FFGRHD meet the required funding commitments, debt servicing obligations, capital funding requests and administrative cost requirements.

There is a possibility that a different funding amount may be approved; however, an increase within the 1.95% to 3.05% range (See Figure 14) will help to ensure preparedness for funding in the event that other sensitivity factors change.

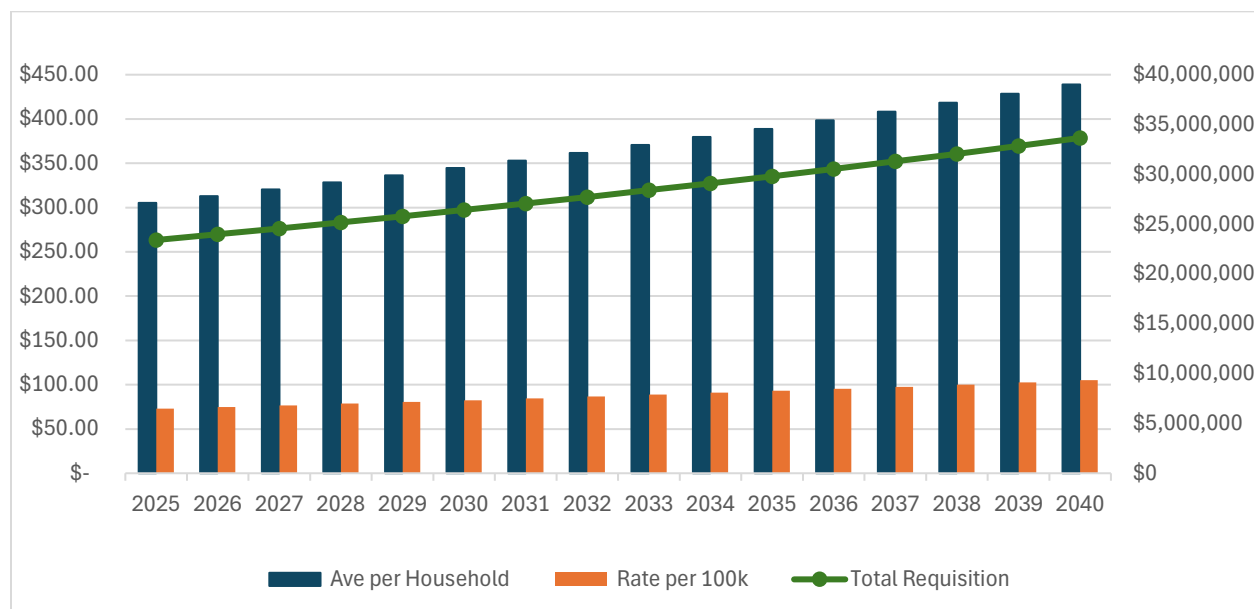
Balancing taxpayer affordability and provincial rate comparability, a requisition increase of 2.45% is recommended.

Impact of Proposed Financial Plan

The proposed Plan includes an increase in the annual requisition of 2.45% per year starting in 2026.

Figure 13 below shows the impact of the increases on the average residential home in the Fraser-Fort George Regional Hospital District valued at \$417,838 based on the 2025 revised assessment roll. A 2.45% increase to the total requisition amount would result in an average increase of \$8.91 per year based on the current assessment information.

Figure 13 - Impact of Proposed Financial Plan



Recommendations

Based on the consideration of the current funding model and consideration given to affordability and provincial comparability, Financial Services Administration recommends the following:

1. That the Board approve the proposed 2026 – 2040 Financial Plan with a 2.45% increase to the total requisition for 2026 and 2027.
2. That the FFGRHD Financial Plan be reviewed and updated every two years, creating a timeline for review in the fall of 2027.

The proposed Plan provides for a sustainable requisition strategy over the coming years which will allow the FFGRHD to be in a position to invest in improvements to health care infrastructure over the next twenty-five to thirty years.

Should significant changes to the assumptions or cost estimates used in the 2026 - 2040 Financial Plan occur prior to the required timeline to review the Financial Plan document, an update or revised Financial Plan will be provided to the Board for their consideration.

Appendix A

Sensitivity Analysis Summary

These scenarios are used to determine the minimum requisition rate increases required after exploring each of the sensitivity factors noted above. Actual rates can differ from these scenarios, but the amounts provided outline the potential impact on tax requisition if these sensitivity factors are realized. The lowest requisition rate can be achieved if borrowing rates over the 30-year term are at 4.0%. If the project and major equipment inflation reaches 4.0%, requisition increases would need to increase to 3.05% which is the highest increase based on the various scenarios in Figure 14 below.

Figure 14 – Requisition Increases Required under each Scenario

Scenario	Metric Adjusted	Minimum Requisition Increase	Minimum End Date of Requisition Increases
Base Model	Per assumptions above	2.45%	Until 2053
Scenario #1	Borrowing amount reduced to \$238.7 million	2.25%	Until 2044
Scenario #2A	Investment rate: 1.50%	2.60%	Until 2050
Scenario #2B	Investment rate: 3.50%	2.30%	Until 2057
Scenario #3	NH capital funding level starting in 2029: \$10 million	2.00%	Until 2058
Scenario #4	Capital project inflation rate: 4.0%	3.05%	Until 2055
Scenario #5	Loan term: 25-years	2.80%	Until 2049
Scenario #6A	Borrowing interest rate: 6.0%	2.80%	Until 2047
Scenario #6B	Borrowing interest rate: 4.0%	1.95%	Until 2058

Scenario #1: Reduce borrowing amount by utilizing reserves

An initial payment from reserves could be made up to \$80 million in 2029, while maintaining the minimum reserve level of \$20 million. Figure 15(a) shows the outcome of the 2.25% increase per year that would be required until 2044 when requisitions increase enough to fully cover annual expenses.

Figure 15(a) – 2025 Actual vs. 2040 Financial Plan Estimates

Financial Metric	Actual - 2025	Estimate as of 2040 (15-year)	Difference
Residential Requisition Rate per \$100K	\$ 73.06	\$ 102.06	\$ 28.99
Requisition	\$ 23,405,530	\$ 32,693,345	\$ 9,287,815
Payment by Average House	Based on \$417,838 avg: \$305.29	Based on \$417,838 avg: \$426.44	\$ 121.15
Capital Reserve Fund	\$ 85,704,303	\$ 23,765,587	\$ (61,938,716)

Figure 15(b) compares the total requisition, total expenditure and total reserve balances each year from 2025 to 2040. Reserve balances would decrease in 2026 and 2027 due to funding the UHNBC Early Works Project with net reserve savings occurring between 2027 and 2028. The sharp decline in the reserve balance in 2029 reflects the \$80 million direct payment towards the UHN ACT offset by an increase in expenses.

Figure 15(b) – Projected Cash Flow

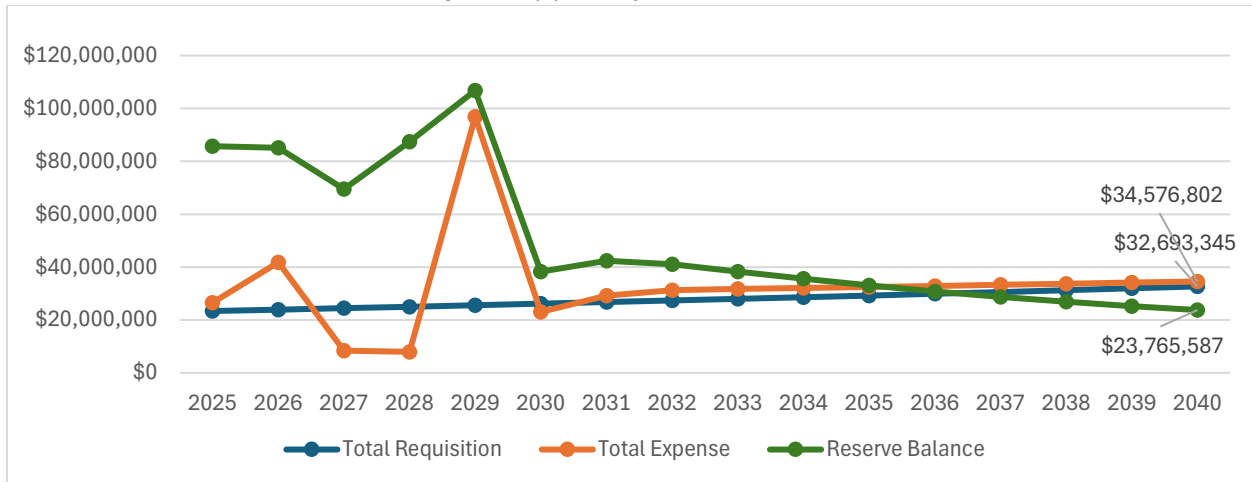
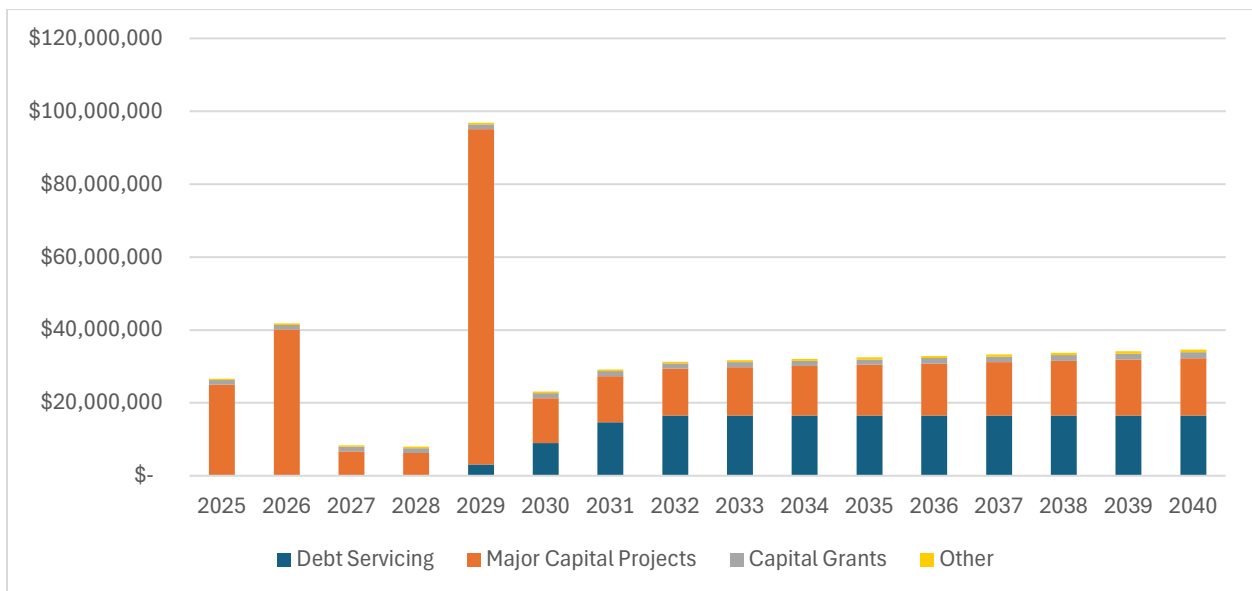


Figure 15(c) shows major capital project funding in years 2025 and 2026 based on the NHA funding request received in November 2025 and includes the Early Works Project funding and prior year commitments as of November 2025. There is a large expense for the \$80 million paid out from reserve at the start of the project spending with the rest being borrowed through years 2029 to 2033 until the full \$238.7 million is borrowed at which time, the debt servicing amount would be \$16.5 million per year.

Figure 15(c) – Projected Cost Estimates



Scenario #2A: Decrease in investment earnings rate

Though a conservative investment earnings rate of 2.50% has been used in the base mode, Scenario #2A considers the impact of a lower than expected investment earnings rate on reserve funds of 1.50%. Figure 16(a) shows the outcome of the 2.60% increase per year that would be required until 2050 when requisitions increase enough to fully cover annual expenses.

Figure 16(a) – 2025 Actual vs. 2040 Financial Plan Estimates

Financial Metric	Actual - 2025	Estimate as of 2040 (15-year)	Difference
Residential Requisition Rate per \$100K	\$ 73.06	\$ 107.38	\$ 34.31
Requisition	\$ 23,405,530	\$ 34,397,659	\$ 10,992,129
Payment by Average House	Based on \$417,838 avg: \$305.29	Based on \$417,838 avg: \$448.67	\$ 143.38
Capital Reserve Fund	\$ 85,704,303	\$ 54,323,104	\$ (31,381,199)

Figure 16(b) compares the total requisition, total expenditure and total reserve balances each year from 2025 to 2040. Reserve balances would decrease in 2026 and 2027 due to funding the UHNBC Early Works Project with net reserve savings occurring between 2027 and 2030 with a steady decline per year until requisitions increase enough to fully cover annual expenses.

Figure 16(b) – Projected Cash Flow

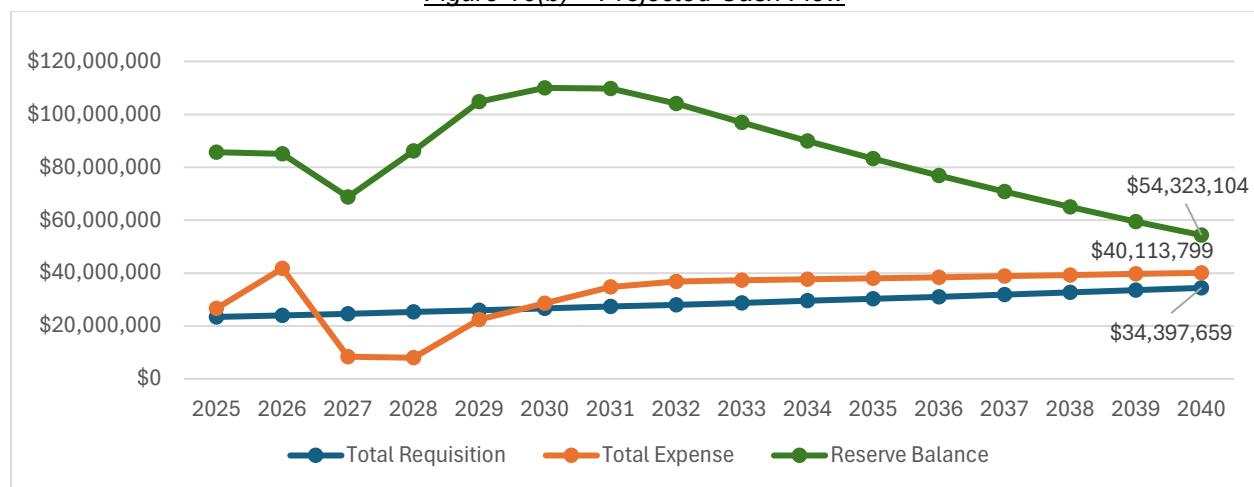
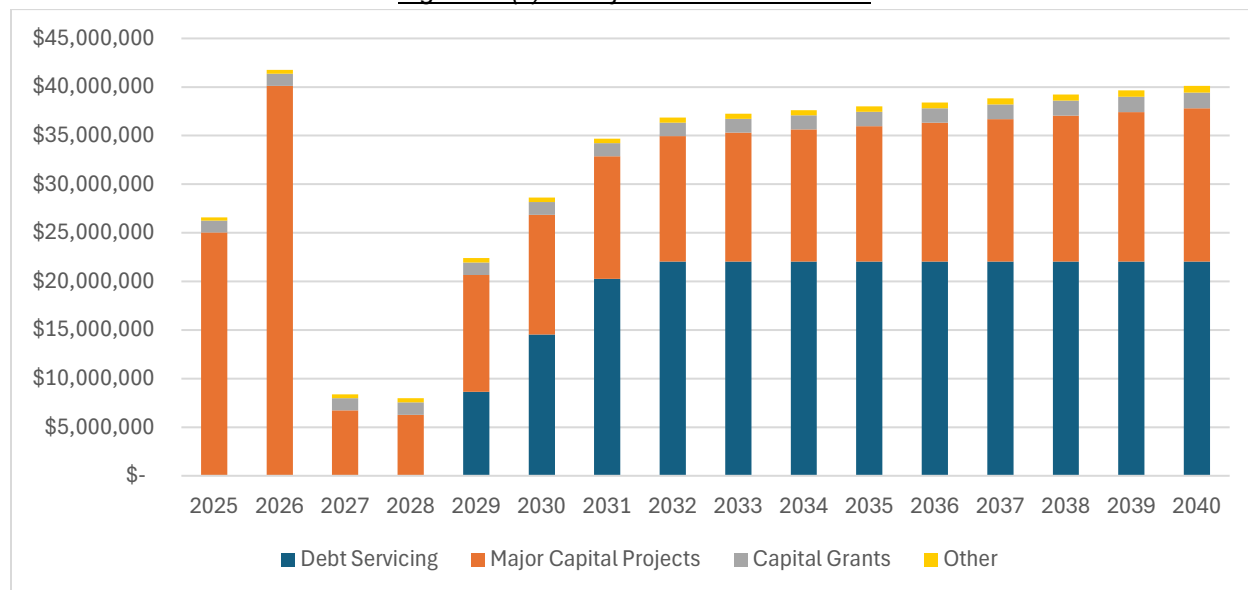


Figure 16(c) shows major capital project funding in years 2025 and 2026 based on the NHA funding request received in November 2025 and also includes the Early Works Project funding and prior year commitments as of November 2025. Debt increases through years 2029 to 2033 until the full \$318.7 million of funding is borrowed at which time, the debt servicing amount would be \$22.1 million per year.

Figure 16(c) – Projected Cost Estimates



Scenario #2B: Increase in investment earnings rate

Though a conservative investment earnings rate of 2.50% has been used in the base model, Scenario #2A considers the impact of a higher than estimated investment earnings rate on reserve funds of 3.50%. Figure 17(a) shows the outcome of the 2.30% increase per year that would be required until 2057 when requisitions increase enough to fully cover annual expenses.

Figure 17(a) – 2025 Actual vs. 2040 Financial Plan Estimates

Financial Metric	Actual - 2025	Estimate as of 2040 (15-year)	Difference
Residential Requisition Rate per \$100K	\$ 73.06	\$ 102.76	\$ 29.7
Requisition	\$ 23,405,530	\$ 32,919,481	\$ 9,513,951
Payment by Average House	Based on \$417,838 avg: \$305.29	Based on \$417,838 avg: \$429.39	\$ 124.10
Capital Reserve Fund	\$ 85,704,303	\$ 74,697,653	\$ (11,006,650)

Figure 17(b) compares the total requisition, total expenditure and total reserve balances each year from 2025 to 2040. Reserve balances would decrease in 2026 and 2027 due to funding the UHNBC Early Works Project with net reserve savings occurring between 2027 and 2030 with a steady decline once borrowing is completed.

Figure 17(b) – Projected Cash Flow

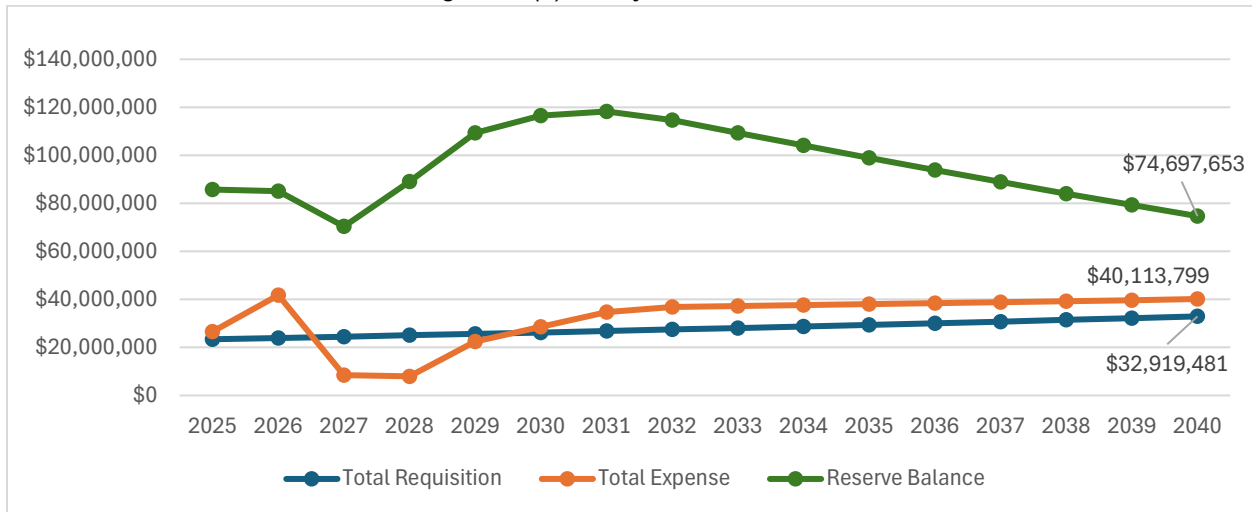
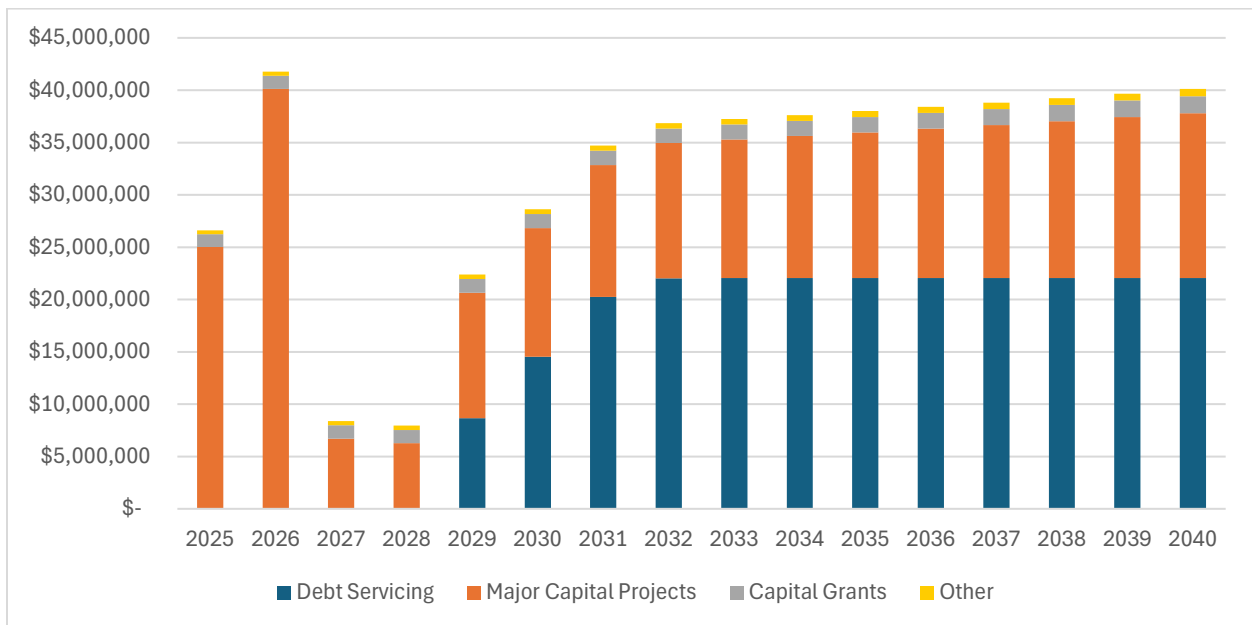


Figure 17(c) shows major capital project funding in years 2025 and 2026 based on the NHA funding request received in November 2025 and also includes the Early Works Project funding and prior year commitments as of November 2025. Debt increases through years 2029 to 2033 until the full \$318.7 million of funding is borrowed at which time, the debt servicing amount would be \$22.1 million per year.

Figure 17(c) – Projected Cost Estimates



Scenario #3: Change to anticipated annual funding requests for other NHA Projects

The Base Model estimates annual funding for NH starting at \$12 million in 2029 based on the current NHA estimates provided for outer years. Scenario #3 considers the impact of setting a \$10 million cap on NH annual funding requests starting in 2029 with a 2.50% annual inflation rate. Figure 18(a) shows the outcome of the 2.30% increase per year that would be required until 2058 when requisitions increase enough to fully cover annual expenses.

Figure 18(a) – 2025 Actual vs. 2040 Financial Plan Estimates

Financial Metric	Actual - 2025	Estimate as of 2040 (15-year)	Difference
Residential Requisition Rate per \$100K	\$ 73.06	\$ 98.34	\$ 25.27
Requisition	\$ 23,405,530	\$ 31,500,762	\$ 8,095,232
Payment by Average House	Based on \$417,838 avg: \$305.29	Based on \$417,838 avg: \$410.88	\$ 105.59
Capital Reserve Fund	\$ 85,704,303	\$ 76,908,271	\$ (8,796,032)

Figure 18(b) compares the total requisition, total expenditure and total reserve balances each year from 2025 to 2040. Reserve balances would decrease in 2026 and 2027 due to funding the UHNBC Early Works Project with net reserve savings occurring between 2027 and 2031 with a steady decline once borrowing is completed.

Figure 18(b) – Projected Cash Flow

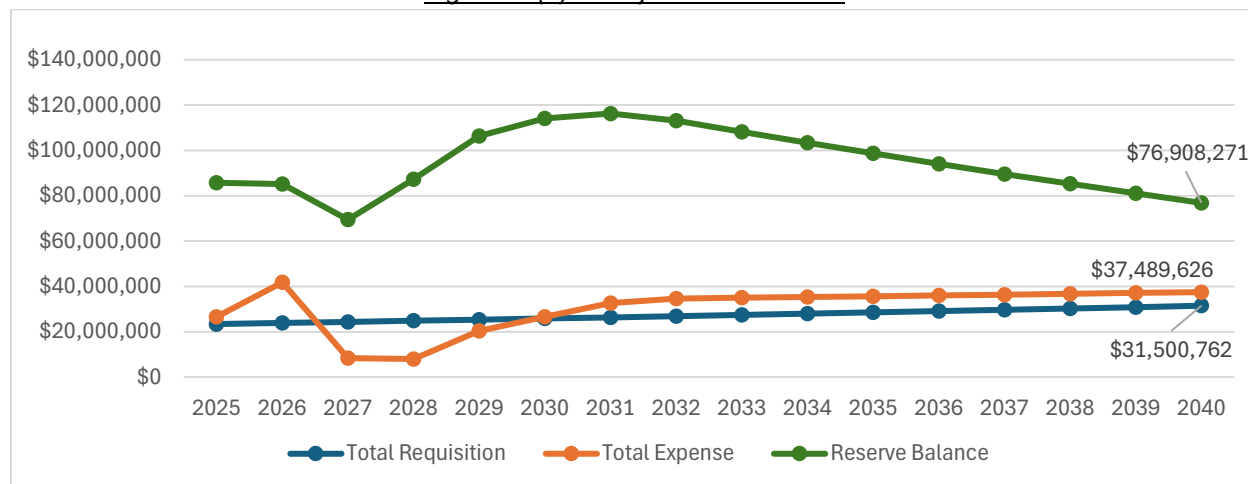
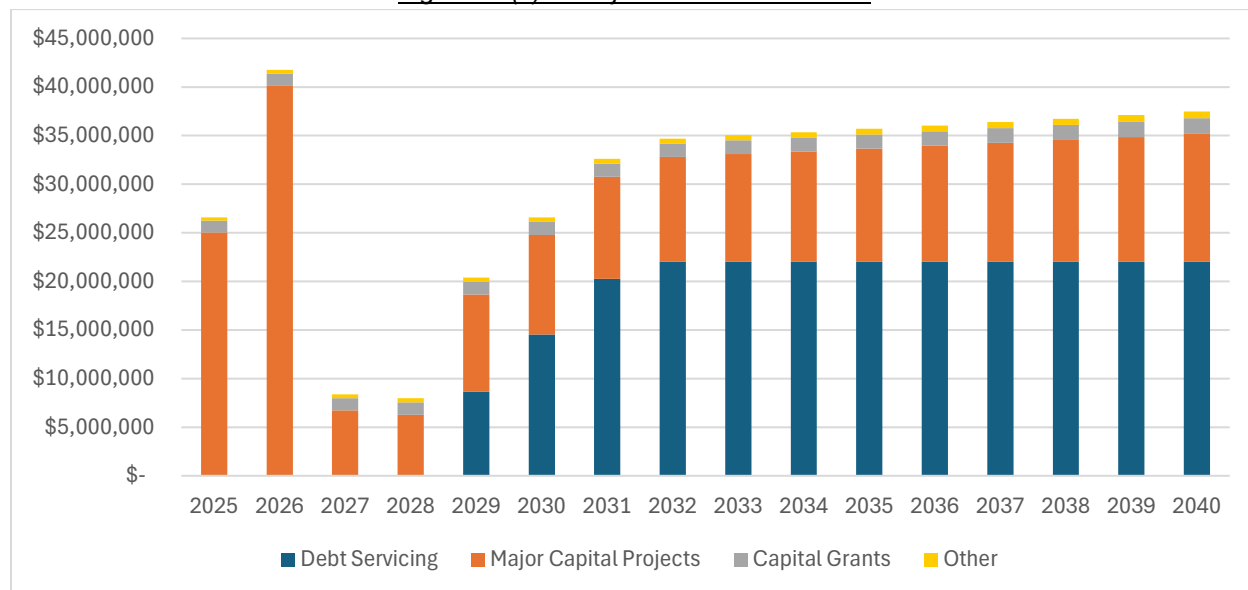


Figure 18(c) shows major capital project funding in years 2025 and 2026 based on the NHA funding request received in November 2025 and also includes the Early Works Project funding and prior year commitments as of November 2025. Debt increases through years 2029 to 2033 until the full \$318.7 million of funding is borrowed at which time, the debt servicing amount would be \$22.1 million per year.

Figure 18(c) – Projected Cost Estimates



Scenario #4: Alternative Inflation Rate

The Base Model estimates annual inflation for NH Major projects and equipment at 2.50%, Scenario #4 considers the impact of an annual inflation rate of 4.0% on funding for NH starting at \$12 million in 2029. Figure 19(a) shows the outcome of the 3.05% increase per year that would be required until 2055 when requisitions increase enough to fully cover annual expenses.

Figure 19(a) – 2025 Actual vs. 2040 Financial Plan Estimates

Financial Metric	Actual - 2025	Estimate as of 2040 (15-year)	Difference
Residential Requisition Rate per \$100K	\$ 73.06	\$ 114.66	\$ 41.60
Requisition	\$ 23,405,530	\$ 36,731,480	\$ 13,325,950
Payment by Average House	Based on \$417,838 avg: \$305.29	Based on \$417,838 avg: \$479.11	\$ 173.82
Capital Reserve Fund	\$ 85,704,303	\$ 71,483,008	\$ (14,221,295)

Figure 19(b) compares the total requisition, total expenditure and total reserve balances each year from 2025 to 2040. Reserve balances would decrease in 2026 and 2027 due to funding the UHNBC Early Works Project with net reserve savings occurring between 2027 and 2031 with a steady decline once borrowing is completed.

Figure 19(b) – Projected Cash Flow

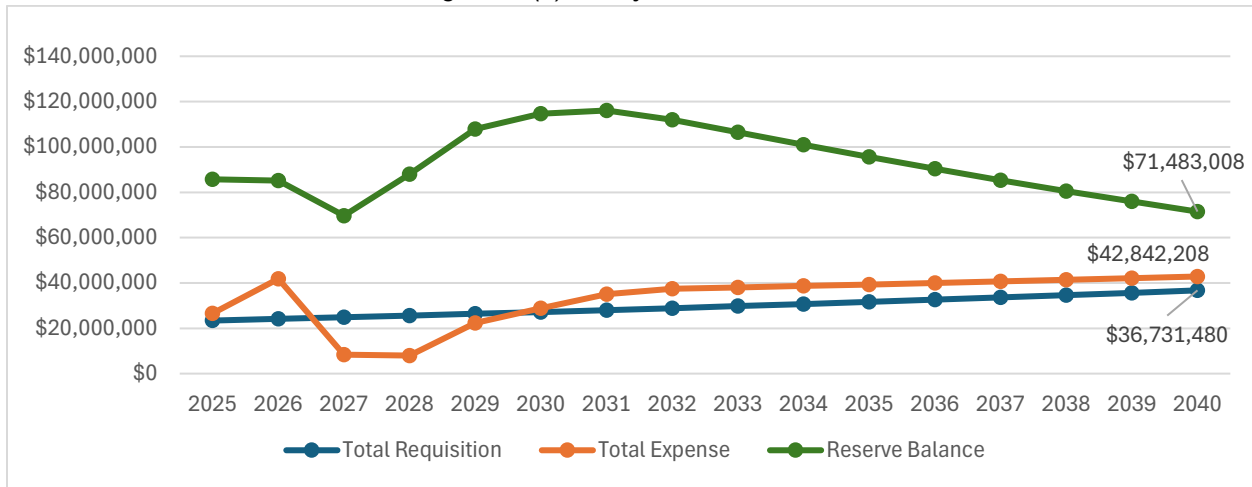
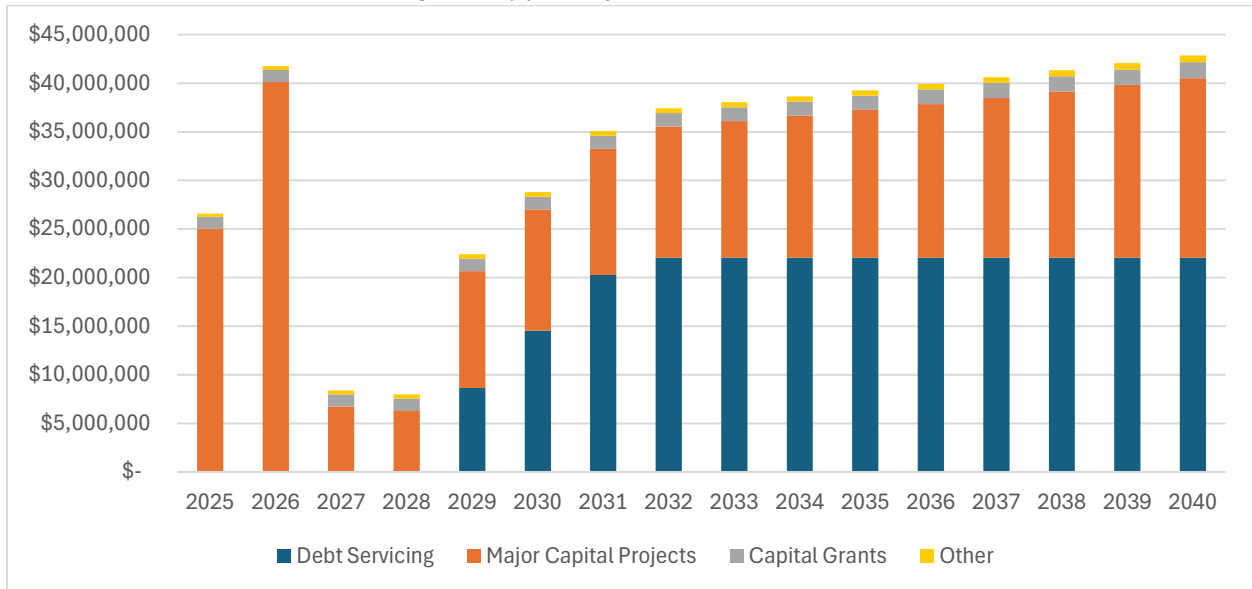


Figure 19(c) shows major capital project funding in years 2025 and 2026 based on the NHA funding request received in November 2025 and also includes the Early Works Project funding and prior year commitments as of November 2025. Debt increases through years 2029 to 2033 until the full \$318.7 million of funding is borrowed at which time, the debt servicing amount would be \$22.1 million per year.

Figure 19(c) – Projected Cost Estimates



Scenario #5: Alternative Loan Term

At this time the longest borrowing term MFA offers is 30 years. Scenario #5 considers the impact of borrowing over 25-years instead of the 30-years used in the Base Model. Figure 20(a) shows the outcome of the 2.80% increase per year that would be required until 2049 when requisitions increase enough to fully cover annual expenses.

Figure 20(a) – 2025 Actual vs. 2040 Financial Plan Estimates

Financial Metric	Actual - 2025	Estimate as of 2040 (15-year)	Difference
Residential Requisition Rate per \$100K	\$ 73.06	\$ 110.56	\$ 37.50
Requisition	\$ 23,405,530	\$ 35,417,280	\$ 12,011,750
Payment by Average House	Based on \$417,838 avg: \$305.29	Based on \$417,838 avg: \$461.97	\$ 156.68
Capital Reserve Fund	\$ 85,704,303	\$ 53,212,085	\$ (32,492,218)

Figure 20(b) compares the total requisition, total expenditure and total reserve balances each year from 2025 to 2040. Reserve balances would decrease in 2026 and 2027 due to funding the UHNBC Early Works Project with net reserve savings occurring between 2027 and 2030 with a steady decline once borrowing is completed.

Figure 20(b) – Projected Cash Flow

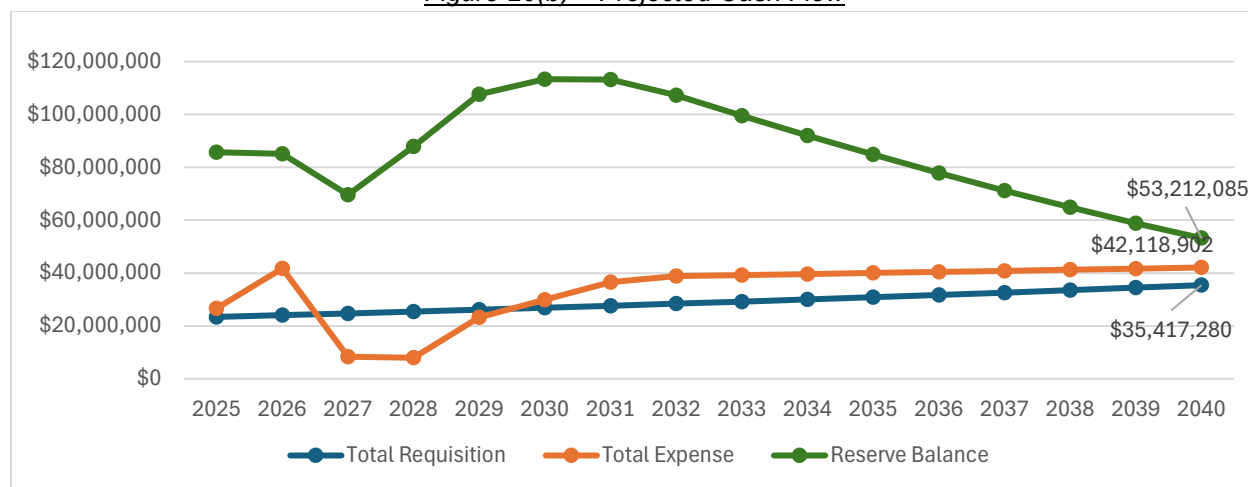
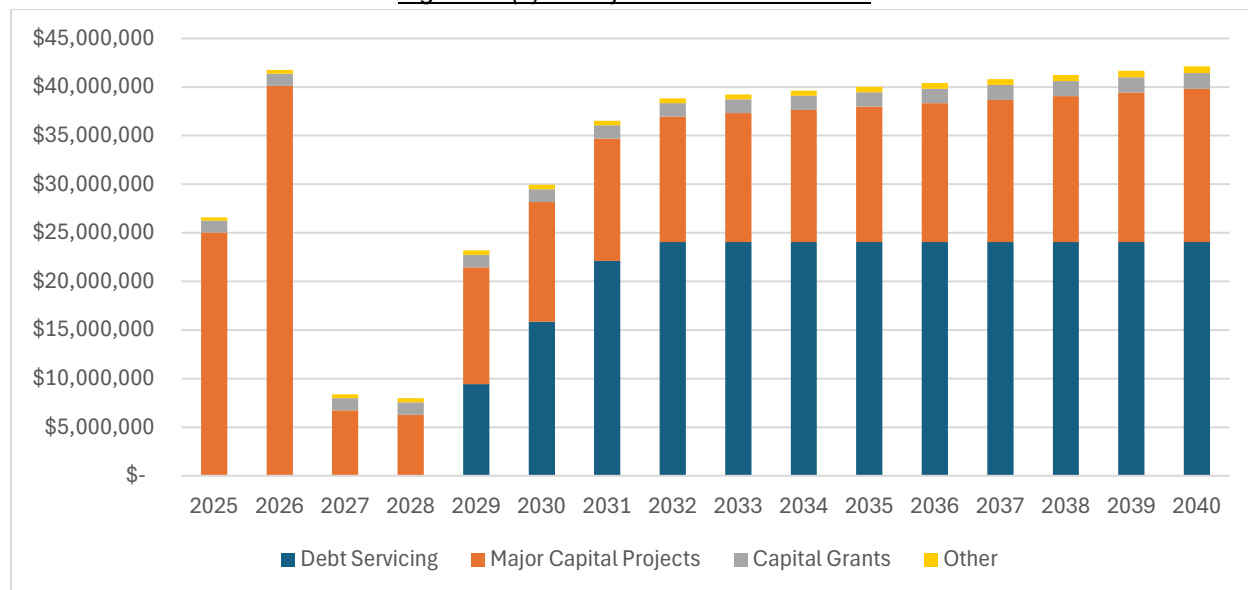


Figure 20(c) shows major capital project funding in years 2025 and 2026 based on the NHA funding request received in November 2025 and also includes the Early Works Project funding and prior year commitments as of November 2025. Debt increases through years 2029 to 2033 until the full \$318.7 million of funding is borrowed at which time, the debt servicing amount would be \$24.1 million per year.

Figure 20(c) – Projected Cost Estimates



Scenario #6A: Increase in estimated borrowing rate

Scenario #6A considers the impact of a higher than estimated borrowing rate of 6.00% over a 30-year loan term rather than the 5.00% used in the Base Model. Figure 21(a) shows the outcome of the 2.80% increase per year that would be required until 2047 when requisitions increase enough to fully cover annual expenses.

Figure 21(a) – 2025 Actual vs. 2040 Financial Plan Estimates

Financial Metric	Actual - 2025	Estimate as of 2040 (15-year)	Difference
Residential Requisition Rate per \$100K	\$ 73.06	\$ 97.61	\$ 24.55
Requisition	\$ 23,405,530	\$ 31,269,932	\$ 7,864,402
Payment by Average House	Based on \$417,838 avg: \$305.29	Based on \$417,838 avg: \$407.87	\$ 102.58
Capital Reserve Fund	\$ 85,704,303	\$ 82,752,998	\$ (2,951,305)

Figure 21(b) compares the total requisition, total expenditure and total reserve balances each year from 2025 to 2040. Reserve balances would decrease in 2026 and 2027 due to funding the UHNBC Early Works Project with net reserve savings occurring between 2027 and 2030 with a steady decline once borrowing is completed. Requisition can maintain a gradual increase of 1.95% per year until requisitions increase enough to fully cover annual debt servicing costs.

Figure 21(b) – Projected Cash Flow

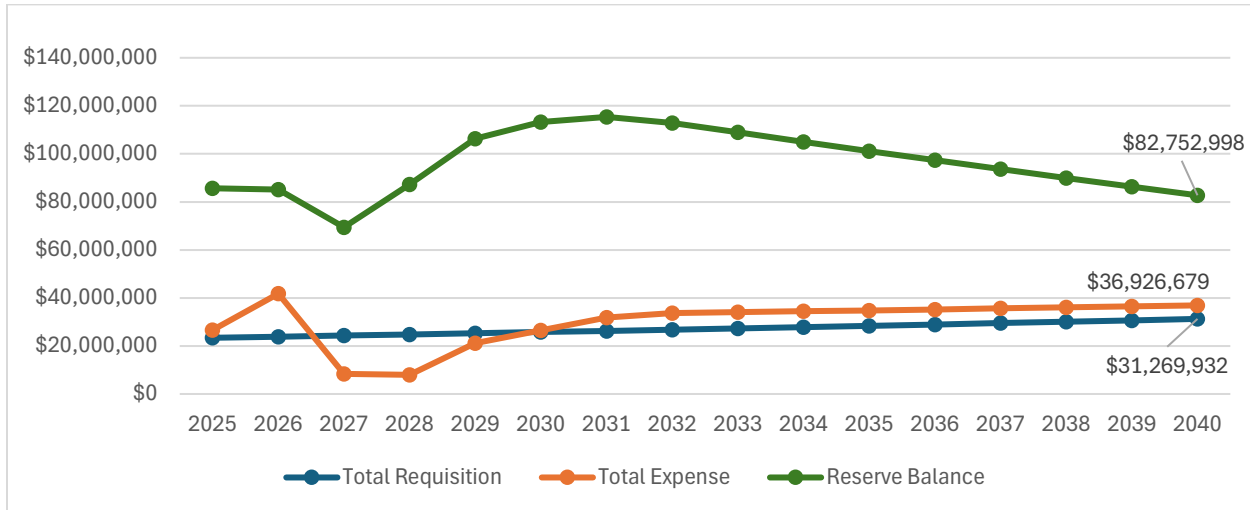
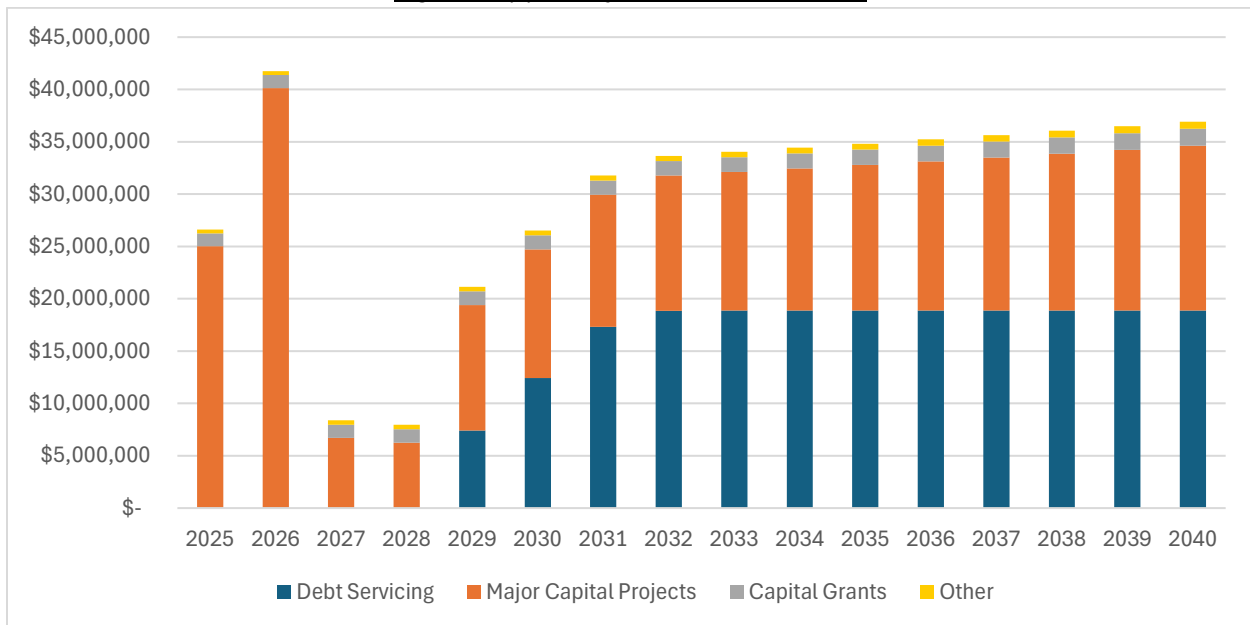


Figure 21(c) shows major capital project funding in years 2025 and 2026 based on the NHA funding request received in November 2025 and also includes the Early Works Project funding and prior year commitments as of November 2025. Debt increases through years 2029 to 2033 until the full \$318.7 million of funding is borrowed at which time, the debt servicing amount would be \$18.9 million per year.

Figure 21(c) – Projected Cost Estimates



Scenario #6B: Decrease in estimated borrowing rate

Scenario #6B considers the impact of a lower than estimated borrowing rate of 4.00% over a 30-year loan term rather than the 5.00% used in the Base Model. Figure 22(a) shows the outcome of the 1.95% increase per year that would be required until 2058 when requisitions increase enough to fully cover annual expenses.

Figure 22(a) – 2025 Actual vs. 2040 Financial Plan Estimates

Financial Metric	Actual - 2025	Estimate as of 2040 (15-year)	Difference
Residential Requisition Rate per \$100K	\$ 73.06	\$ 97.61	\$ 24.55
Requisition	\$ 23,405,530	\$ 31,269,932	\$ 7,864,402
Payment by Average House	Based on \$417,838 avg: \$305.29	Based on \$417,838 avg: \$407.87	\$ 102.58
Capital Reserve Fund	\$ 85,704,303	\$ 82,752,998	\$ (2,951,305)

Figure 22(b) compares the total requisition, total expenditure and total reserve balances each year from 2025 to 2040. Reserve balances would decrease in 2026 and 2027 due to funding the UHNBC Early Works Project with net reserve savings occurring between 2027 and 2031 with a steady decline thereafter once borrowing is completed.

Figure 22(b) – Projected Cash Flow

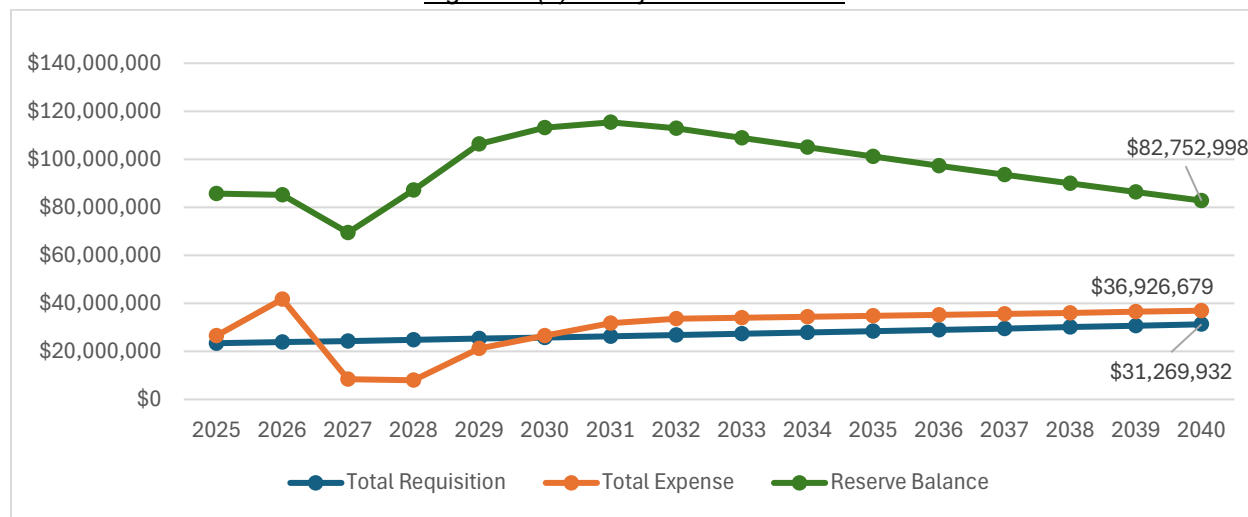


Figure 22(c) shows major capital project funding in years 2025 and 2026 based on the NHA funding request received in November 2025 and also includes the Early Works Project funding and prior year commitments as of November 2025. Debt increases through years 2029 to 2033 until the full \$318.7 million of funding is borrowed at which time, the debt servicing amount would be \$18.9 million per year.

Figure 22(c) – Projected Cost Estimates

