

# Staff Report



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To	<b>City Council</b>
Service Area	Office of the Chief Administrative Officer
Date	Wednesday, January 22, 2025
Subject	<b>The Elliott Fixed-Term Loan Update</b>

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## Recommendation

1. That Council confirm that, subject to the satisfaction of the City Treasurer and City Solicitor, City staff are authorized to execute a fixed-term loan agreement with The Elliott for the 29-bed long-term care expansion project, in the principal amount of approximately \$2.5 million.
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## Executive Summary

### Purpose of Report

To confirm Council's direction with respect to the fixed-term loan to The Elliott, increased to a principal amount of approximately \$2.5 million, for the 29-bed expansion project.

### Key Findings

In February 2023, Council approved financing from the City for The Elliott's 29-bed long-term care expansion project. The financing was comprised of an interim line of credit for construction, repayable in part by a Development Grant from the Ministry of Long-Term Care with the outstanding balance to be converted to a fixed-term loan estimated in the amount of \$1.9 million. The updated estimate of the fixed-term financing required is \$2.5 million, and staff are seeking confirmation of Council's approval to execute a fixed-term loan agreement, consistent with the previously approved parameters, in this updated principal amount.

### Strategic Plan Alignment

The Elliott's 29-bed expansion project supports the City Building objective of Improving Housing Supply by increasing the number of long-term care beds in our community.

### Future Guelph Theme

City Building

### Future Guelph Objectives

City Building: Improve housing supply

### Financial Implications

The Elliott has confirmed that debt servicing costs for the loan of \$2.5 million will be fully covered by the Construction Funding Subsidy from the Ministry of Long-Term Care, and there will be no budgetary impact for the City.

At this time the City has the cash flow to manage this updated loan amount through the reserve funds. Finance will monitor over time to determine if there is a need to issue debt related to this fixed-term loan at a later date.

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## Report

The City is the license holder for the long-term care beds operated by The Elliott, and the City and The Elliott have a service level agreement for the provision of long-term care services by The Elliott. This license holder and service provider relationship is separate from the statutory relationship between the City and The Elliott as a local board governed by *The Elliott Act, 2002*. The context of this report, and the fixed-term financing is specific to the 29-bed long-term expansion project that has increased the number of long-term care beds operating under the City's license from 85 beds to 114 beds.

On [February 28, 2023](#), Council unanimously approved City support for The Elliott's 29-bed long-term care expansion project, including a City financial contribution of \$862,780 and interim construction line-of-credit financing of up to \$6.2 million to be converted in part to a fixed-term loan, estimated to be \$1.9 million, to provide fixed term financing aligned with the Ministry of Long-Term Care's 25-year Construction Funding Subsidy per diem.

The Elliott has completed this project, received Ministry of Long-Term Care inspection and approval, and began to welcome new residents in November 2024. The Elliott has provided regular updates to the Committee of Management on the progress of the project, including updated financial projections as the project progressed from concept to design to construction, identifying in their [September 2024 report](#) that the updated projection for the fixed-term loan amount was expected to be in the range of \$2.5 million.

A total of just over \$3.4 million was advanced by the City to The Elliott through the interim construction line-of-credit loan agreement, and interest of approximately \$80 thousand is expected to have accrued on that up to the date of conversion to a fixed-term loan (depending on the date of receipt of the Development Grant). The accrued interest will roll into the fixed-term loan principal. The Elliott expects to receive a Development Grant from the Ministry of Long-Term Care of approximately \$1.0 million in late December 2024 or early January 2025, which will be transferred to the City to pay down the line-of-credit balance before it is converted to a fixed-term loan.

Council delegated authority to the City Treasurer and City Solicitor to execute the appropriate loan agreements with The Elliott, however, given the change in the estimate from \$1.9 million to \$2.5 million for the fixed-term loan, staff are seeking confirmation of Council's approval for the updated estimate of \$2.5 million, as of the time of writing this report.

## Financial Implications

The Elliott has confirmed that debt servicing costs for the loan of \$2.5 million will be fully covered by the Construction Funding Subsidy from the Ministry of Long-Term Care, and there will be no budgetary impact for the City.

At this time the City has the cash flow to manage this updated loan amount through the reserve funds and Finance will monitor over time to determine if there is a need to issue debt related to this fixed-term loan at a later date.

### **Consultations and Engagement**

None.

### **Attachments**

None.

### **Departmental Approval**

Jennifer Charles, General Manager, Legal and Court Services / City Solicitor

### **Report Author**

Shanna O'Dwyer, Acting General Manager, Finance / City Treasurer

### **This report was approved by:**

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### **This report was recommended by:**

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