

Subject: **Town of Trochu Senior’s Living Complex Borrowing Bylaw**
 Meeting Date: Tuesday, May 28, 2024
 Prepared By: Theresa Cochran
 Presented By: Theresa Cochran

RECOMMENDED MOTION:

That Council undertake the first reading of Bylaw 1898 as directed by the Council resolution on February 27th, 2024, which mandated the creation of a new bylaw to address timelines and interest rates associated with the Trochu Housing Corporation's loan guarantee agreement.

STRATEGIC PLAN ALIGNMENT: (Check all that apply)

	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
High-Quality Infrastructure		Economic Resilience		Quality of Life		Effective Leadership		Level of Service	

RELEVANT LEGISLATION:

Provincial (cite)- Provincial (cite) - *Section 266 of the Municipal Government Act (MGA)* outlines the legal framework concerning municipal loan guarantees. In essence, it specifies that a municipality can only guarantee the repayment of a loan between a lender and a non-profit organization or one of its controlled corporations if a municipal bylaw authorizes this guarantee.

Sections 251(3) and 606 of the Municipal Government Act (MGA) outline the requirement and process for advertising of borrowing bylaws.

BACKGROUND/PROPOSAL:

The Town of Trochu proposes the construction of a Senior Living Complex within its boundaries, estimated at \$41,000,000.00. The Trochu Housing Corporation (THC), a municipally owned corporation of which Trochu is the sole owner, will oversee the project.

THC and Trochu aim to finance the project through a mix of grant funding, life-lease sales, and financing. Anticipating the release of provincial grant funding soon, they plan to apply for approximately \$19 Million. However, Trochu cannot finance this borrowing without ministerial approval. Therefore, if needed, they seek financial backing from Kneehill County to enable financing and cash flow during project construction. The County's support is not just beneficial, but crucial for Trochu to submit a grant application.

It has been indicated that submitting a grant application may not be possible without county support. The Town of Trochu has stated that funding from the County would only be required as a last resort.

Timeline of Events

February 9, 2021	Council approved supporting the development of the Trochu Seniors Supportive Living Facility Project.
March 9, 2021	Bylaw 1833 received its first reading, a bylaw to authorize the guarantee of a loan by the Town of Trochu.



April 13, 2021	Bylaw 1833 received second and third reading in accordance with Municipal Government Act regulations.
September 28, 2021	Council approved the Reeve and CAO's signing of the Trochu Seniors' Supportive Living Facility Agreement with the Town of Trochu.
February 27, 2024	Trochu Housing Corporation updated Kneehill County Council on the project status.

As indicated, on February 27th, 2024, Trochu Housing Corporation provided an update to Kneehill County Council on the project status. letting KC Council know that they have received funding from the province and would like the County to amend the guaranteed loan agreement, update project timelines and review the interest rates. The project costs are estimated to be \$41 Million.

Presentation Summary:

- The town of Trochu has received capital grant letters equaling \$21 million from the province, with an additional \$3 million pending from CMHC.
- The RFP process has begun for both architectural design and construction management, with firms selected to start detailed project design, which will take approximately six months.
- A project tender will be issued in early summer, with a Guaranteed Maximum Price contract to follow once all project funding is secured.
- Work has commenced on the ASP and site services for the building site to be ready by October 2024.
- Formal approval from the ADM Municipal Affairs is being sought for a debt limit extension, which is necessary for the viable and sustainable business plan to proceed.
- Agreements with Kneehill County and Covenant Health, contracts with prime consultants, and capital funding agreements with the province are being finalized.
- Trochu Housing Corporation (THC) will plan, build, and own the project, while Covenant Health will operate and provide care delivery.
- The project is slated to open in spring 2027, increasing seniors housing capacity for Kneehill County.
- ***A borrowing agreement between the Town and County will permit borrowing up to \$20 million for interim financing. The parameters will be updated to include a 5-year timeline and a maximum 5.5% interest rate.***

Life lease sales are progressing, with ongoing community open houses, rate-payer consultations, and Kneehill County.

DISCUSSION/OPTIONS/BENEFITS/DISADVANTAGES/OTHER CONSIDERATIONS:

The council motion on February 27th, 2024, directed Administration to create Bylaw 1898, explicitly addressing timelines and interest rates associated with the Trochu Housing Corporation's loan guarantee agreement.

Upon legal consultation, it was recommended that Kneehill County prepare a new Loan Guarantee Bylaw that is specific about the loan repayment timing. Section 266(2)(b) of the MGA mandates that the bylaw outline the interest rate, term, and repayment terms of the loan.

Creating a new bylaw offers several benefits, including enhanced clarity and specificity regarding repayment terms. Precise timelines and interest rates ensure transparency and better understanding



among stakeholders. A new bylaw also allows for the incorporation of updated legal requirements, ensuring compliance with relevant legislation and regulations.

Moreover, a new bylaw enables tailoring the loan guarantee agreement to the project's specific needs, leading to effective risk management and safeguarding the interests of the municipality and the borrowing entity.

FINANCIAL & STAFFING IMPLICATIONS:

Adopting the loan guarantee bylaw is contingent upon the Town of Trochu entering into a new agreement that meets Kneehill County's satisfaction. This ensures the loan guarantee terms are aligned with the County's financial and operational objectives.

The county must consider potential financial implications. In the case of Trochu's loan repayment difficulties, the County may need to utilize cash reserves or raise funds through taxation to fulfill its obligations under the loan guarantee.

RECOMMENDED ENGAGEMENT:

Consultative Decision (Consulting the Public- Two Way Communication)

Tools:	Public Notification	Other:	
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ATTACHMENTS:

Bylaw NO. 1898, Loan Guarantee to Town of Trochu

COUNCIL OPTIONS:

1. Undertake the first reading of Bylaw 1898 as directed by the council resolution on February 27th, 2024, which mandated the creation of a new bylaw to address the timelines and interest rates associated with the Trochu Housing Corporation's loan guarantee agreement.
2. Accept as information.

FOLLOW-UP ACTIONS:

With the adoption of Bylaw 1898, Bylaw No. 1833, Loan Guarantee to Town of Trochu, is repealed in its entirety.

APPROVAL(S):

Mike Haugen, Chief Administrative Officer

Approved-

