

Subject: **Town of Trochu Senior’s Living Complex Borrowing Bylaw**
 Meeting Date: Tuesday, July 23, 2024
 Prepared By: Theresa Cochran
 Presented By: Theresa Cochran

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)- 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 requirements and process for advertising borrowing bylaws.

Council Bylaw/Policy (cite)- N/A

BACKGROUND/PROPOSAL:

The Council gave the first reading to Bylaw 1898 on May 28, 2024. The Bylaw was advertised on the County website and in the Capital on June 12th and 19th; no responses were received.

The Town of Trochu proposes to construct a Senior’s Living Complex within its boundaries, estimated at \$32,000,000.00. The Trochu Housing Corporation (THC), a municipal 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, they seek financial backing from Kneehill County to enable financing and cash flow during project construction if needed. The County's support is 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

- June 12 – 19 2024** – Bylaw 1898 was advertised in the Capital, and no responses were received.
- June 11 – 19** – Bylaw 1898 was advertised on the Kneehill County’s website, and no responses were received.



May 28, 2024	Council gave the first reading to Bylaw 1898.
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 to sign the Trochu Seniors' Supportive Living Facility Agreement with the Town of Trochu.
February 27, 2024	Trochu Housing Corporation provided an update to 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 is being sought from the ADM Municipal Affairs for a debt limit extension, necessary for the viable and sustainable business plan to proceed.
- Agreements with Kneehill County and Covenant Health are being finalized, along with contracts with prime consultants and capital funding agreements with the province.
- 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, with parameters to 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 and 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, specifically 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, specific about the loan repayment timing. Section 266(2)(b) of the MGA mandates that the bylaw outlines 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 both municipality and borrowing entity interests.

FINANCIAL & STAFFING IMPLICATIONS:

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

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

RECOMMENDED ENGAGEMENT:

Directive Decision (Information Sharing, One-Way Communication)

Tools:	Choose an item.	Other:	
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ATTACHMENTS:

Bylaw NO. 1898, Loan Guarantee to Town of Trochu

COUNCIL OPTIONS:

1. Undertake the second 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. Undertake the third and final 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.
3. Accept as information.

RECOMMENDED MOTION:

That Council give second reading of Bylaw # 1898 that being a borrowing bylaw for Town of Trochu Senior's Living Complex.



That Council give the third and final reading of Bylaw # 1898 that being a borrowing bylaw for Town of Trochu Senior's Living Complex.

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-

