



TO: Chair and Members of the Finance and Facilities Committee  
FROM: Emily Williams, Chief Executive Officer  
DATE: 2022 April 7

**FINANCIAL BORROWING UPDATE**

**Recommendation**

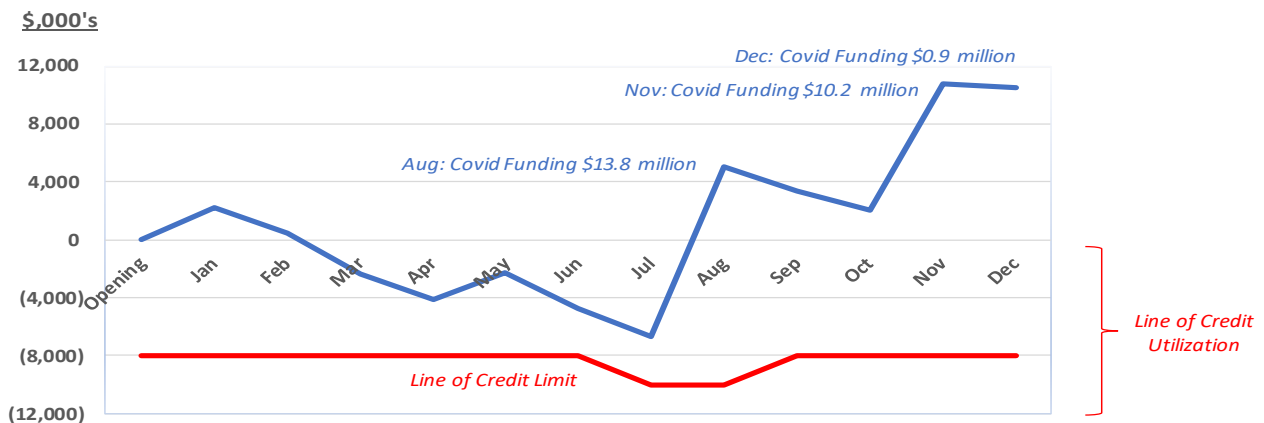
*That the Finance & Facilities Committee recommend to the Board of Health to receive Report No. 07-22FFC, re: Financial Borrowing Update for information.*

**Key Points**

- The MLHU bank balance is positive at \$10.5 million as of December 31<sup>st</sup>, 2021. The Ministry has provided COVID-19 extraordinary funding during 2021 in the amount of \$24.9 million over the following four instalments: August \$13,781,600; November \$9,714,601; November \$462,599; December \$925,200.
- The MLHU operating line of credit has an \$8 million limit and is not being utilized at present.
- The Health Unit continues to service a \$4.2 million demand instalment loan with annual repayments of \$260,000 for principal and interest.

**Background – Bank Balance (and COVID-19 Impact)**

The following graph represents MLHU monthly bank balances during 2021.



The initial budget for COVID-19 was estimated at \$28.7 million (\$7,275k for Case and Contact Management and \$21,423k for the Vaccine Program).

From February to July 2021, the line of credit supported operations as COVID-19 related expenses had depleted cash. The Ministry funded \$13,782k in August, approximately half of the original estimate.

During late November, MLHU received direction from the Ministry that surplus funds generated from mandatory programs were to be used to offset COVID-19 expenses. This direction halted plans to pay down variable debt with CIBC as surplus funds were shifted to support ongoing COVID-19 efforts.

Q4 draft estimates COVID-19 expenditures to total \$31,604,541 of which \$4,943,736 will be funded from mandatory program surplus, leaving a balance of \$26,660,805 receivable from the Ministry. To date, MLHU has received \$24,884,000 with an outstanding receivable of \$1,776,805 (*this receivable is still to be confirmed by the Ministry and/or offset with additional mandatory program surplus after finalizing 2021*).

### **Background – Operating Line of Credit**

The operating line of credit has an \$8 million limit and is currently not being utilized due to the positive cash position. As at Q4 – December 31<sup>st</sup>, MLHU has paid \$27,001 related interest which has been charged to COVID-19 and since reimbursed.

### **Background – Demand Instalment Loan**

During December 2020, the Health Unit entered into a loan agreement with CIBC to finance the fit-up and relocation costs related to consolidating offices to Citi Plaza. The loan was for \$4.2 million, 20-year amortization and had two components:

Variable: \$1,150,000. Interest is charged at prime less 0.75% per annum.

Fixed: \$3,050,000. Interest is charged at 1.915% per annum over a 5-year term, renewal December 2025.

All amounts are repayable immediately on demand by the bank. Annual payments are approximately \$260,000. The variable portion can be repaid at any time without penalties.

The repayment structure for 2022 is approximately:

Variable: \$ 75,625 (principal \$ 57,500 and interest is \$18,125)

Fixed: \$183,684 (principal \$128,823 and interest is \$54,861).

Approximate remaining loan amounts as at December 31, 2021:

Variable: \$1,092,500

Fixed: \$2,923,619.

This report was prepared by the Finance Team, Healthy Organization Division.



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Chief Executive Officer