



TO: Chair and Members of the Finance and Facilities Committee

FROM: Emily Williams, Chief Executive Officer
Dr. Alexander Summers, Medical Officer of Health

DATE: 2023 August 10

ANNUAL 2022 SURPLUS – ALTERNATE USE

Recommendation

It is recommended that the Finance & Facilities Committee recommend to the Board of Health to:

- 1) Receive Report No. 12-23FFC re: “Annual 2022 Surplus – Alternate Use” for information;*
- 2) Approve that the municipal portions of 2022 surplus funds be applied as payment on the Middlesex-London Health Unit’s variable loan; and*
- 3) Direct staff to engage in required proceedings with the City of London and the County of Middlesex to enable surplus funds to be redirected to the Canadian Imperial Bank of Commerce (CIBC) for payment to the Health Unit’s variable loan in the following amounts:*
 - a. City of London: \$611,898;*
 - b. The County of Middlesex: \$116,552.*

Key Points

- The 2022 surplus on Shared Funded Programs was \$2,016,902.
- Surplus would be split Ministry \$1,288,452; City of London \$611,898, and County of Middlesex \$116,552.
- The Ministry portion of the surplus will be used to reduced 2022 COVID-19 expenditures.
- Historically, surplus amounts have been refunded to City and the County.

Background

For the year ended December of 2022, there was a surplus for Shared Funded Programs in the amount of \$2,016,902. These programs are funded by the Province, City, and County. Historically, an end-of-year surplus is returned to the funders in the same ratio as initially contributed.

In 2020, the Health Unit entered into a loan agreement for a \$4.2 million demand instalment loan, which was subsequently converted into 2 non-revolving instalment loans consisting of a fixed loan for \$3,050,000 and a variable loan for \$1,150,000 to enable the fit up of the new location at Citi Plaza.

As of current, the amount outstanding on the variable rate loan is \$1,001,458. With the current interest rate on the variable rate loan (prime less 0.75%), the Health Unit is seeking Board approval to redirect the 2022 Municipal portion surplus from the Municipalities to CIBC to pay down the variable loan.

The City’s portion of \$611,898 and the County’s portion of \$116,552 would decrease the outstanding variable loan amount from \$1,001,458 to \$273,008.

Next Steps

With Board approval, staff would approach the respective municipalities and engage in relevant processes as required. This may include submitting a report to Council(s) asking for formal approval for the surplus to be redirected to the bank loan. Staff are seeking Board endorsement prior to engaging in these efforts.

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

Handwritten signature of Emily Williams in cursive script.

Emily Williams, BScN, RN, MBA, CHE
Chief Executive Officer

Handwritten signature of Alexander T. Summers in cursive script.

Dr. Alexander Summers, MD, MPH, CCFP, FRCPC
Medical Officer of Health