



Date 3 September 2010

City Council Committee Report

To: Mayor Compton & Members of Council

Fr: Karen Brown

Re: Paterson Medical Centre – Loan Advance

Recommendation:

That Council hereby authorizes total loan advance of \$122,000 to the Kenora Health Care Centre Corporation in accordance with the terms and conditions of bylaw Number 37-2009, issued as follows:

- August 6, 2010 - \$60,000
- September 3, 2010 - \$62,000

Background:

City Council has authorized a repayable loan to the Kenora Health Care Centre in the amount of \$7,475 million for the purposes of funding construction of a state of the art medical clinic. Advances are provided based on progress payments as approved by the KHCC, up to the maximum amount of the loan. In early August, the KHCC released a payment to Jarnel Contracting in the amount of \$58,459.97. In early September, two additional cheques were issued totaling \$61,215.72 related to this construction. A more detailed history on this loan, as provided by the City's previous CAO, Bill Preisenz, has been attached for your reference.

Current balance of the loan is as follows:

	<u>Total Advances</u>	<u>Repayments Received</u>	<u>Current Balance</u>
Debt due from KHCC			
Interest Bearing	2,800,000	400,000	2,400,000
Interest Free to Dec 31/10	4,423,000	-	4,423,000
Additional Advance Aug 6/10	60,000	-	60,000
Additional Advance Sep 3/10	62,000	-	62,000
	<hr/>	<hr/>	<hr/>
	7,345,000	400,000	6,945,000
Approved Maximum	<hr/>		
	7,475,000		
Balance Room Remaining	<hr/>		
	130,000		

Budget:

This is an advance of a repayable loan. The main impact on budget is the interest free nature of the loan, which will remain in place until December 31, 2010.

Communication Plan/Notice By-law Requirements:

This item should be considered housekeeping in nature. Loan advances are made as required based on construction advances and as approved under bylaw Number 37-2009.

History of the Paterson Medical Centre Loan Advance

In 2006 the City of Kenora funded renovations to the Kenora Medical Clinic(now known as the Paterson Medical Centre) in the amount of \$2.8 million through a repayable loan to the Kenora Health Care Centre, a not-for-profit corporation. To-date, KHCC has paid down the principal to \$2.4 million based on a 5 year commitment from Paterson Foundation of \$500,000.00. Subsequently, the Paterson Foundation has committed a further \$500,000.00 over 5 years to the Kenora Health Care Centre Board.

In May 2008 Council stated its initial support of a planned expansion of the Paterson Medical Centre which was to include a land ambulance and medical office facility complex. Subsequently, Bylaw No. 178-2008 was ratified by Council in December 2008 increasing the loan amount from \$2.8 million to \$6.550 million in response to initial tender amount for the planned expansion. In March 2009 Council increased the loan amount from \$6.550 million to \$7.475 million in response to the decision by KHCC Board to construct a stand-alone state-of-the-art medical centre without a land ambulance facility.

Construction of the new expansion commenced in the Spring of 2009 and since that time the City has advanced payments for the progress payments on a regular basis.