



Sault Ste. Marie Housing Corporation

District of Sault Ste. Marie Social Services

Administration Board

Conseil d'Administration des Services du District Sault Ste. Marie

Zhawenimi-Anokiitaagewin



AGENDA

Sault Ste. Marie Housing Corporation Meeting

Thursday, November 14, 2019 @ 4:30 PM

DSSMSAB Board Room, 390 Bay Street, Suite 405

1. CALL TO ORDER

2. APPROVAL OF AGENDA

Resolution #19-055

Moved By: M. Bruni

Seconded By: L. Dufour

- 2.1 “**BE IT RESOLVED THAT** the Agenda for the November 14, 2019 Sault Ste. Marie Housing Corporation Board meeting be approved as presented.”

3. DECLARATIONS OF PECUNIARY INTEREST

4. APPROVAL OF PREVIOUS MINUTES / ACCOUNTS

Resolution #19-056

Moved By: R. Niro

Seconded By: K. Lamming

- 4.1 “**BE IT RESOLVED THAT** the Minutes from the Sault Ste. Marie Housing Corporation Board meeting dated October 17, 2019 be adopted as recorded.”

5. MANAGER REPORTS

CORPORATE SERVICES

Resolution #19-057

Moved By: D. Edgar

Seconded By: M. Bruni

5.1 **"BE IT RESOLVED THAT** the Sault Ste. Marie Housing Corporation (SSMHC) accept the November 14, 2019 Line of Credit for Purchase of Surplus Generating Properties Report of the Director of Corporate Services and obtain a Demand Operating Facility (DOF) through TD Canada Trust for up to \$1,500,000 for the SSMHC to purchase rental properties and undertake related required improvements;

AND FURTHER BE IT RESOLVED THAT SSMHC obtain a Reducing Term Facility (RTF) through the TD Canada Trust in the amount of \$1,500,000 to provide long-term financing for properties acquired under a DOF."

6. OTHER BUSINESS / NEW BUSINESS

7. ADJOURNMENT

Resolution #19-058

Moved By: R. Niro

Seconded By: L. Dufour

7.1 **"BE IT RESOLVED THAT** we do now adjourn"

NEXT REGULAR BOARD MEETING

December 12, 2019 at 4:30 PM
390 Bay Street, Suite 405



Sault Ste. Marie Housing Corporation

District of Sault Ste. Marie Social Services

Administration Board

Conseil d'Administration des Services du District Sault Ste. Marie

Zhawenimi-Anokiitaagewin



MINUTES

Sault Ste. Marie Housing Corporation Meeting

Thursday, October 17, 2019 @ 4:30 PM

DSSMSSAB Board Room, 390 Bay Street, Suite 405

PRESENT:	S. Hollingsworth	J. Gawne	K. Lamming
	M. Bruni	R. Niro	L. DuFour
	D. Edgar		
ABSENT	P. Christian		
STAFF:	M. Nadeau	D. Petersson	J. Barban
	S. Ford	A. Kohler	L. Bruni
	C. Fairbrother	A. Borrelli	

1. **CALL TO ORDER** at 8:39 PM by J. Gawne, Board Chair

2. **APPROVAL OF AGENDA**

Resolution #19-050

Moved By: D. Edgar

Seconded By: L. Dufour

- 2.1 **“BE IT RESOLVED THAT** the Agenda for the **October 17 2019** Sault Ste. Marie Housing Corporation Board meeting be approved as presented.”
CARRIED

3. **DECLARATIONS OF PECUNIARY INTEREST**

NONE

4. APPROVAL OF PREVIOUS MINUTES / ACCOUNTS

Resolution #19-051

Moved By: S. Hollingsworth

Seconded By: K. Lamming

- 4.1 "BE IT RESOLVED THAT the Minutes from the Sault Ste. Marie Housing Corporation Board meeting dated August 15, 2019 be adopted as recorded."

CARRIED

5. MANAGER REPORTS

CORPORATE SERVICES

Resolution #19-052

Moved By: R. Niro

Seconded By: D. Edgar

- 5.1 "BE IT RESOLVED THAT the Sault Ste. Marie Housing Corporation (SSMHC) accept the October 17, 2019 Property Procurement Committee Information Report of the Director of Housing Services as information."

CARRIED

Resolution #19-053

Moved By: M. Bruni

Seconded By: S. Hollingsworth

- 5.2 "BE IT RESOLVED THAT the Sault Ste. Marie Housing Corporation (SSMHC) accept the October 17, 2019 report of the Director of Corporate Services and approve the 2020 operating budget as presented."

CARRIED

6. OTHER BUSINESS / NEW BUSINESS

Social Services' Halloween Happening on October 31, 2019 will be hosted at the former Funeral Home location. Details will be forwarded to Board Members.

7. ADJOURNMENT

Resolution #19-054

Moved By: K. Lamming

Seconded By: S. Hollingsworth

7.1 “**BE IT RESOLVED THAT** we do now adjourn”
CARRIED

Meeting Adjourned at 8:53 PM

NEXT REGULAR BOARD MEETING

November 14, 2019 at 4:30 PM
390 Bay Street, Suite 405



Social Services | Services Sociaux
Zhawenimi-Anokiitaagewin
Sault Ste. Marie District

SAULT STE. MARIE HOUSING CORPORATION BOARD REPORT



AUTHOR: David Petersson

DATE: November 14, 2019

RE: Sault Ste. Marie Housing Corporation Line of Credit for the Purchase of Surplus Generating Properties

RECOMMENDATION

The Corporate Services Division recommends the Sault Ste. Marie Housing Corporation (SSMHC) obtain a Demand Operating Facility (DOF) through TD Canada Trust for up to \$1,500,000 for the SSMHC to purchase rental properties and undertake related required improvements. It is further recommended SSMHC obtain a Reducing Term Facility (RTF) through the TD Canada Trust in the amount of \$1,500,000 to provide long-term financing for properties acquired under a DOF.

BACKGROUND INFORMATION

Demand Operating Facility

Demand Operating Facilities, also referred to as operating lines of credit, are revolving loans that are typically demand / uncommitted in nature. These operating loans have fluctuating balances that are used for day-to-day requirements of an organization in areas such as providing the working capital required to create current assets, primarily related to accounts receivable and inventory.

In the case of SSMHC, it will be used for the acquisition of properties for rentals and to cover interim construction costs required to ready properties for rent. The Demand Operating Facility will bridge these expenses until this facility is paid down from the proceeds of the bank advancing longer term lending as a reducing term facility.

Reducing Term Facility

A term loan implies that the funds advanced by the lender (bank) will be outstanding for a defined period of time (usually greater than 1 year) and a defined amortization period (which can be equal to or greater than the term of the loan). Repayment of term loans occurs from cash generated by SSMHC over this defined period of time.

DATE: November 14, 2019

Housing Services recommended to the Board to utilize the equity of the SSMHC properties in order to obtain a DOF allowing the Board to purchase apartment buildings rented at current market rental rates that generate surpluses. Once the purchases were complete and all required improvements were made the DOF would be paid back through a RTF. The surpluses would be revenue to the SSMHC and would assist in lowering the operational costs of the existing subsidized housing units.

SUMMARY/OVERVIEW

Financing rates were obtained from two financial institutions with the following information has received:

Demand Operating Facility

- TD Canada Trust (TD) offers the current interest rates for the demand loan of Prime less 5%, which equates to 3.45% based on a Prime Rate of 3.95% (September 16, 2019). TD does not require a security mortgage on a current asset which will save closing costs of approximately \$8,000. The savings can be used for required environmental assessment and building appraisal. These costs will be waved with a loan guarantee from the DSSMSSAB.
- Royal Bank (RBC) offered the same demand loan rate as TD, but also requires our building located at 55 Chapple Ave. to be utilized as security.

Reducing Term Facility

Cost of Funds - Comparison					
TD Canada Trust (TD)			Royal Bank of Canada (RBC)		
Term	Amortization	All-in Rate	Term	Amortization	All-In Rate
5	5	2.933	1	5	3.77
5	10	2.995	2	5	3.88
5	15	3.008	3	5	4.04
5	20	3.013	4	5	4.11
5	25	3.016	5	5	4.29

STRATEGIC PLAN IMPACT

The strategy to purchase rental properties that generate a surplus aligns with the pillar of Organizational Excellence and Innovation.

RE: Sault Ste. Marie Housing Corporation Line of Credit for the Purchase of Surplus Generating Properties

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DATE: November 14, 2019

FINANCIAL IMPLICATIONS

The SSMHC will incur one-time costs to set up the DOF for a five (5) year term of \$1,500.00. All costs when acquiring the RTF after the purchase of a building will be rolled into the RTF. All building purchases will generate revenue to cover all costs incurred.

CONCLUSION

The DOF and RTF loan facilities will allow the SSMHC Procurement Committee to finance the purchase of apartment buildings that generate a revenue surplus utilized to offset increasing social housing costs and stabilize revenues.

Respectfully submitted,

Approved by:



Dave Petersson
Director of Corporate Services

Mike Nadeau
Chief Administrative Officer