

**ADMINISTRATIVE REPORT**

**TO:** Okanagan-Similkameen Regional Hospital Board

**FROM:** J. Zaffino, Chief Administrative Officer

**DATE:** July 17, 2025

**RE:** **Capital Bylaw No. 173, 2025**

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**Administrative Recommendation:**

THAT Bylaw 173, 2025 Okanagan-Similkameen Regional Hospital District Capital Bylaw be read a first, second and third time and be adopted.

**Purpose:**

To obtain long-term financing through the Municipal Financing Authority to support funding for the relocation of the Oncology Department at the Penticton Regional Hospital.

**Strategic Priorities:**

1.3 Support Families

**Background & Analysis:**

On February 17<sup>th</sup>, 2022, the Board approved the Interior Health Capital Funding request for 2022/23 which included the relocation of the Oncology Department at the Penticton Regional Hospital (OSRHD share: \$3.2 million) project.

On April 17<sup>th</sup>, 2025, the Board approved the Okanagan-Similkameen Regional Hospital District (OSRHD) 2025-2029 Five Year Financial Plan which included estimated debt servicing costs reflecting borrowing for the relocation of the Oncology Department at the Penticton Regional Hospital.

To date, the OSRHD has paid the full \$3,200,000 to Interior Health for the project.

**Financial Implications:**

We require a capital bylaw to establish borrowing for the project expenses. The bylaw establishes borrowing up to a maximum of \$3,200,000 for the relocation of the PRH Oncology Department.

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A summary of the debt servicing costs, and total interest paid for the terms are as follows:

Term	Total Interest Paid*	Annual Debt Servicing Costs
20	\$3,059,200	\$265,535
25	\$3,824,000	\$234,572
30	\$4,588,800	\$214,440

\*Indicative interest rate per MFA: 4.78%

The difference in estimated total interest paid between terms is \$764,800 respectively.

The bylaw establishes repayment of the loan over a term not exceeding 20 years.

The 20-year term was used for calculating the estimated annual debt servicing costs in the 2025-2029 Five Year Financial Plan.

In general, new MFA loans are financed with a 10-year debenture and subsequently re-financed with a series of 5-year debentures for the remainder of the loan term.

**Communication Strategy:**

Information will be posted on RDOS web and social media channels and sent to local media via email.

**Alternatives:**

The Board chooses not to authorize long-term financing through MFA.

Will a PowerPoint presentation be presented at the meeting?      No

**Respectfully submitted:**

"Katharina Ernst"

K. Ernst, Manager of Financial Operations

**Endorsed by:**

"Noelle Evans-MacEwan"

N. Evans-MacEwan, Chief Financial Officer