

ADMINISTRATIVE REPORT

TO: Okanagan-Similkameen Regional Hospital Board

FROM: J. Zaffino, Chief Administrative Officer

DATE: July 17, 2025

RE: **Capital Bylaw No. 174, 2025**

Administrative Recommendation:

THAT Bylaw 174, 2025 Okanagan-Similkameen Regional Hospital District Capital Bylaw be read a first, second and third time and be adopted.

Purpose:

To obtain financing through the Municipal Financing Authority to support funding for the Keremeos Primary Care Network Project.

Strategic Priorities:

1.3 Support Families

Background & Analysis:

On February 16th, 2023, the Board approved the Interior Health Capital Funding request for 2023/24 which included the Primary Care Network Project (OSRHD share: \$520,000) at the South Similkameen Health Centre in Keremeos.

On April 17th, 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 Keremeos Primary Care Network Project.

To date, the OSRHD has received claims of \$390,934 from 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 \$520,000 for the Keremeos Primary Care Network Project.

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

Term	Indicative Interest Rates per MFA	Total Interest Paid	Annual Debt Servicing Costs
10	4.13%	\$214,760	\$66,110
15	4.54%	\$354,120	\$50,757
20	4.78	\$497,120	\$43,150

The difference in estimated total interest paid between terms is approx. \$140,000 respectively.

The bylaw establishes repayment of the loan over a term not exceeding 15 years.

The 15-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 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