

# City of Mississauga

# Corporate Report



<p>Date: May 12, 2025</p> <p>To: Chair and Members of General Committee</p>	<p>Originator's files:</p>
<p>From: Marisa Chiu, CPA, CA, Commissioner of Corporate Services, Chief Financial Officer and Treasurer</p>	<p>Meeting date: June 4, 2025</p>

## Subject

**Hospice Mississauga Memorandum of Agreement**

## Recommendation

1. That the City Manager and Chief Administrative Officer be authorized to execute the Memorandum of Agreement, between Hospice Mississauga and the Corporation of the City of Mississauga, in connection to the City agreeing to lend the Hospice up to \$16.25 million dollars to build the hospice facility at 2176 Speakman Drive, Mississauga, and any necessary amendments, as outlined in the report entitled "Hospice Mississauga Memorandum of Agreement" dated May 12, 2025, from the Commissioner of Corporate Services, Chief Financial Officer and Treasurer.
2. That the City Manager and Chief Administrative Officer and the Commissioner of Corporate Services, Chief Financial Officer and Treasurer be authorized to execute any subsequent loan agreements and documents as may be necessary to allow the City and the Hospice to proceed with the loan arrangement as outlined in the Memorandum of Agreement, in a form satisfactory to the City Solicitor.
3. That all necessary by-laws be enacted.

## Executive Summary

- The Hospice is planning to build a new twelve-bed hospice facility in the City of Mississauga to serve the needs of the terminally ill community. Based on the current facility design, the construction cost of the new Hospice facility is estimated to be roughly \$28 million to \$33 million dollars.
- To fully fund the construction costs of the new Hospice facility, the Hospice requires a long-term loan, in addition to proceeds from their ongoing fundraising activities.
- The Hospice has been unsuccessful in obtaining a commercial loan from financial institutions. To qualify for a commercial loan, they require a third-party loan guarantor with a solid and reputable standing.

- Council was presented with two options at the April 23, 2025 General Committee meeting in response to the request made by the Hospice for financial assistance. Option 1 was for the City to act as the Hospice's loan guarantor. Option 2, which was the option unanimously approved by Council, was for the City and the Hospice to enter into a Memorandum of Agreement, to allow the City to provide a loan of up to \$16.25 million dollars to the Hospice, for up to 30 years.
- This Memorandum of Agreement would help the Hospice meet its financing requirement for the project, so that they can commence the construction retendering process. The final loan agreement will be finalized and executed in the Fall of 2025, or at such other time as may be mutually agreed by the parties.
- The final loan amount will depend on Hospice's construction bid result, which will be finalized in August 2025. According to the Hospice, they will likely require a lower loan amount than the \$16.25 million approved. The final loan agreement will capture the loan required and the total contract costs based on the construction bid award.

## Background

The Hospice is a not-for-profit organization that is celebrating 40 years of operations in Mississauga. It operates as a community-based service that provides counselling and care to terminally ill patients in hospitals or at their home.

The Hospice currently does not own a facility with beds and Mississauga is currently the largest city in Canada without a purpose-built hospice facility for the terminally ill community. If the construction of this proposed new facility proceeds, it will be staffed around the clock, providing 12 suites with gathering spaces and clinic rooms. It will also enhance care for patients and their families while easing the pressure on our local health systems.

## Comments

Following Council's approval of the Hospice construction loan arrangement on April 30, 2025, City staff has engaged in negotiations with the Hospice and their legal counsel to finalize the Memorandum of Agreement, as outlined in Appendix 1.

This Memorandum of Agreement sets out the basic terms and conditions that the parties have agreed upon in principle and will help inform and align expectations for the final loan agreement that will be executed in early Fall of 2025.

Under the current terms of the Memorandum of Agreement, the loan will be disbursed under two separate arrangements:

- 1) A construction line of credit of up to 3 years (estimated timeframe from October 1, 2025 to February 1, 2028), that would allow the Hospice to engage in monthly progress draws based on their construction milestones and payment obligations.

- 2) The Hospice will convert the final balance of the construction line of credit to a long-term loan arrangement upon substantial project completion (estimated time frame February 1, 2028). The estimated 25-year loan will be renewed every 5 years, with the balance to be repaid by January 31, 2053.

## Financial Impact

Both the construction line of credit and the long-term loan to the Hospice will be granted under a variable interest rate arrangement. The interest will be applied monthly and calculated based on the Bank of Canada's Target Overnight Rate plus 1.0%. As the City will be charging the Hospice at a rate that approximates the City's annual rate of return on its cash and investment balances, the financial impact to the City would be minimal. The loan will be secured through a leasehold mortgage and general security agreement to mitigate any risk of material losses to the City in the event the Hospice defaults on the loan.

This loan arrangement will provide greater flexibility and significant savings to the Hospice over the life of the loan, as the interest rate that is charged by the City will be lower than the market interest rate that the Hospice would pay under any typical commercial bank loan. Under the agreement, the City also offers the Hospice prepayment privileges, allowing them to prepay the loan in whole or in part without any added fees or penalties. This allows them to shorten their loan payment schedule and save on borrowing costs if they experience significant increases in external funding or fundraising proceeds in any given year.

## Conclusion

Staff are seeking Council approval of the Memorandum of Agreement so that the Hospice can solidify the funding requirement to proceed with the construction project. Once the construction is complete, the new Hospice will be the first Hospice centre in Mississauga and will provide end-of-life care to residents, bringing the total number of hospice beds available in Peel and Halton from 18 to 30.

## Attachments

Appendix 1: Memorandum of Agreement between the Corporation of the City of Mississauga and Hospice Mississauga Inc.



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Marisa Chiu, CPA, CA, Commissioner of Corporate Services, Chief Financial Officer and Treasurer

Prepared by: Marisa Chiu, CPA, CA, Commissioner of Corporate Services, Chief Financial Officer and Treasurer