



**Silvera For Seniors
New Borrowing and Loan Bylaws
EC2022-0137**

2022 March 15

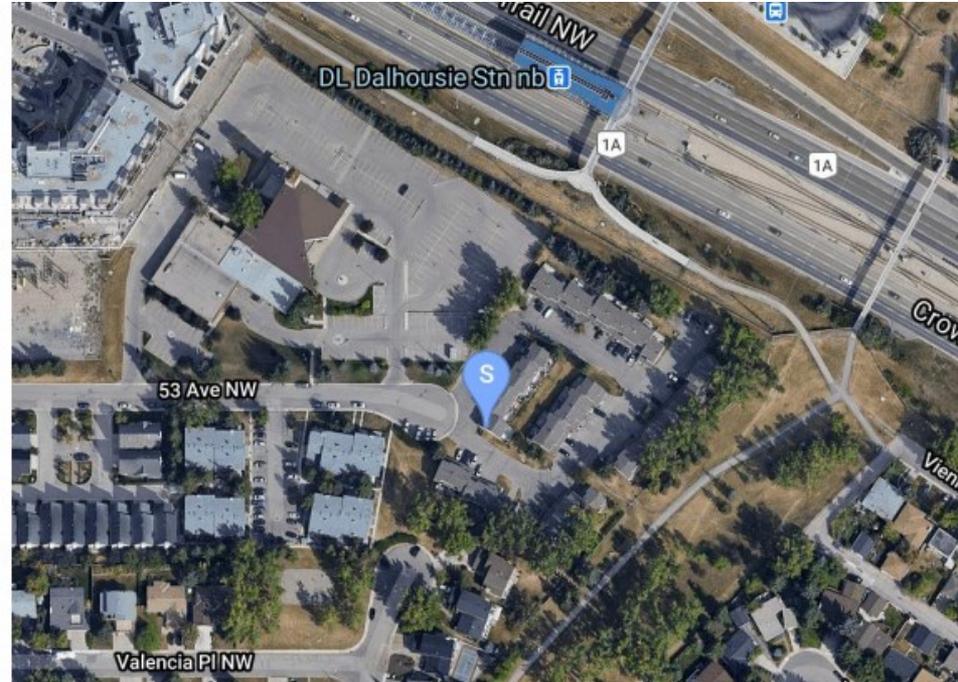


Background

- Silvera For Seniors (“Silvera”) is Calgary’s largest seniors affordable housing provider, providing affordable housing to more than 1,350 seniors in 28 properties.
- Silvera is a non-profit housing management body under the Alberta Housing Act and operates a Municipal Lodge Program in Calgary for low income seniors under a Ministerial Order issued by the Government of Alberta.
- Silvera also delivers other seniors affordable housing options as part of their own portfolio of assets.
- Silvera has requested a new on-lending relationship with The City of Calgary.

Purpose of the financing

- Lower Silvera’s cost of financing
- On 2020 November 1 Silvera entered into an agreement to acquire a 39 unit townhome property on 2.92 acres located at 5200 53 Avenue NW, commonly referred to as “Varsity Estates Village”.
- The vendor note’s interest rate will increase to 5.5% at 2022 July 15 compared to the current borrowing rate of 2.94% as indicated from the Government of Alberta site.



Sources (\$ millions)		Uses	
Vendor promissory note	\$16.9	Purchase of Varsity	\$16.9
City loan	\$8.1	Payout of vendor note	\$16.9
Silvera donor's funds	\$8.8		



Financial Highlights

	2022 Budget	2021 Preliminary	2020	2019	2018
Number of suites occupied	1,089	896	887	943	891
Unrestricted cash at year end *	N/A	\$ 3,167	\$ 5,985	\$ 1,315	\$ 3,190
Total revenue	32,594	31,957	32,703	27,418	26,385
Expenses	(30,260)	(30,452)	(30,948)	(25,617)	(23,948)
EBITDA **	2,334	1,505	1,755	1,801	2,437
Amortization of deferred capital contributions	(1,116)	(1,205)	(1,140)	(1,113)	(1,115)
Adjusted EBITDA **	1,218	300	615	688	1,322
Debt Service Requirements	874	888	477	452	452
Annual DSCR***, minimum of 1.25 : 1	1.39	0.34	1.29	1.52	2.92

* Silvera forecasts future cash but the budget does not designate between restricted and unrestricted. The 2022 restricted amount will be designated by the Board in the future.

** EBITDA stands for Earnings Before Interest, Taxes, Depreciation and Amortization. Adjusted EBITDA removes non cash amortization of deferred capital contributions included in total revenue.

*** DSCR stands for Debt Service Coverage Ratio. Equals Adjusted EBITDA / Debt Service Requirements.

- The 2021 preliminary Annual DSCR would not have met The City's minimum of 1.25 : 1, however is forecast to be above this level for the term of the proposed loan. Agreements with Silvera's other lenders do not have a DSCR.
- Revenues expected to be consistent at \$32 million for 2021 which is flat from 2020 rates.
- Silvera is expected to meet future debt service obligations.



Recommendations

The Executive Committee recommend that Council:

1. Give first reading to Bylaw 5B2022 on 2022 March 29, authorizing The City of Calgary to incur indebtedness by the issuance of one or more debentures in the total amount of \$8.1 million for refinancing existing debt for Silvera For Seniors;
2. Give first reading to Bylaw 7M2022 on 2022 March 29, being a bylaw of The City of Calgary authorizing municipal loans of \$8.1 million to Silvera For Seniors;
3. Withhold second and third reading until the advertising requirements have been met; and
4. Should the proposed borrowing be fully approved by Council, direct Administration to enter into and execute agreements between The City of Calgary and Silvera For Seniors as applicable and in accordance with the Credit Documentation – Loans and Loan Guarantees Policy.