Long-Term Care COVID-19 Commission Meeting

Morrison Park Advisors
on Friday, March 5, 2021

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MEETING OF THE LONG-TERM CARE COVID-19 COMMISSION

--- Held via Zoom Videoconferencing, with all participants attending remotely, on the 5th day of March, 2021, 1:00 p.m. to 2:11 p.m.

BEFORE:

The Honourable Frank N. Marrocco, Commission Chair
Angela Coke, Commissioner
Dr. Jack Kitts, Commissioner

PRESENTERS:

EXPERTS ON PUBLIC FINANCING PANEL:
Dave Santangeli, Managing Director, MPA Morrison Park Advisors Inc.
Pelino Colaiacovo, Managing Director, MPA Morrison Park Advisors Inc.
Daniela Barros, Associate, MPA Morrison Park Advisors Inc.

PARTICIPANTS:
Alison Drummond, Assistant Deputy Minister, Long-Term Care Commission Secretariat
Ida Bianchi, Senior Legal Counsel, Long-Term Care Commission Secretariat
Kate McGrann, Co-Lead Commission Counsel,

Long-Term Care Commission Secretariat

Derek Lett, Policy Director, Long-Term Care Commission Secretariat

Adriana Diaz Choconta, Senior Policy Analyst, Long-Term Care Commission Secretariat

Angela Walwyn, Senior Policy Analyst, Long-Term Care Commission Secretariat

Amanda Byrd, Commission Lawyer

John Callaghan, Co-Lead Commission Counsel, Gowling WLG

Lynn Mahoney, Counsel, Gowling WLG

Peter Gross, Counsel, Gowling WLG

ALSO PRESENT:

Judith M. Caputo, Stenographer/Transcriptionist

COMMISSION CHAIR FRANK MARROCCO: Let me say formally for the transcript, first of all, thank you for doing this. It will be quite informative from our perspective. There is a transcript; a transcript will be posted on the website shortly after we're finished.

We tend to ask questions as we go along. Mr. Callaghan will be responsible for running the thing, but we will ask questions as it occurs to us to do that, if that's okay, rather than trying to go back.

With that, I think we're ready to go.

JOHN CALLAGHAN: So, today we have the benefit of having Morrison Park Advisors, who have taken a look at some of the financial aspects of the construction and development of long-term care beds and have done some work.

There was a draft report that was circulated that you might, hopefully, have had a chance to look at.

Dave Santangeli is the principal who is leading this work, and I'll leave it to Dave to introduce his team. And I suspect I'll stay in the background, thanks.

DAVE SANTANGELI: Thank you, John.

Thank you, Commissioners.

Let me start by, first of all, thanking you for the opportunity to be involved with this project. We've been following it actively and I, as an Ontarian, do want to thank you for your efforts and all that you've done. This is a very difficult, important piece of work and we consider it to be a bit of a privilege to be involved, to be honest.

What we hope to do is help you along in your journey, however that may occur. We've written a draft report. I think we're pretty comfortable that it's a good representation of our work, although, of course, we're happy to take your guidance on any additional work or redirections that might come out of that.

For the purpose of today, again, if this format works for you, what I'd like to do is do a short introduction of the people from MPA that we have on the call and also go through the -- sort of highlight items from the report at more of a conversation level.

And, again, please feel free to ask questions at any time. We are much more comfortable with a more conversational format as opposed to reading through PowerPoint slides.

We do have the report available to share, if there are any particular questions that come out or anything of a more specific nature, but I would propose to start off doing this a bit conversationally.

My name is David Santangeli, one of the original founders of Morrison Park Advisors. We started the business in 2004. In preparing for this, I did think about when I first started working on Bay Street, and I hate to admit that it started in the '70s, 1979, which shows you how old I am.

Before founding Morrison Park with my partner, Brent Walker, I was at Scotiabank. The last role I had there, I was the Industry Head for Infrastructure and Power, intimately involved in the intersection between government and the capital markets in terms of assisting governments to access capital markets and private sector procurement.

The most relevant assignment that I had at Scotiabank was, I was the lead financial advisor and underwriter for the Toronto Hospital Public Bond, which was the precursor to the Infrastructure Ontario Procurement Program that led to, largely, the reconstruction of the hospital sector in Ontario.

After founding Morrison Park in 2004, we were given the opportunity to act as financial advisor to Toronto Community Housing, as they designed and implemented the financing program for the reconstruction of Regent Park, which led to, really, led us on a journey; and me personally on a journey, of working with mission-driven organizations. And like, you know, housing and a variety of other not-for-profits charities, which has become a bit of a specialty for MPA.

Pelino Colaiacovo is our colleague to my lower left here. Pelino joined us in 2007, I believe -- 2005. Pelino comes to us with a background of having been the Chief of Staff to an Ontario Cabinet Minister prior to joining MPA.

Since 2005 -- and now I understand it's 2005 -- he has really specialized in the power and utilities space and has advised a number of governments at all levels in Canada, ranging from, you know -- Pelino did work for the Province of Newfoundland in looking at sort of the forensic analysis of the Muskrat Falls Project. Advised the Nova Scotia Utilities Board on the undersea link from that project. Advised the Province of Alberta on the capital implications of decommissioning the coal fleet. The list goes on and on and on.

Pelino's specialty, amongst many things, one of his specialties is assisting provincial municipal and federal governments with interacting with the capital markets and private sector provider of infrastructure assets and services.

The third member of our team is Daniela Barros. Daniela joins us from TransCanada Power, where she spent eight years in project development, which in many ways has been relevant to this project. Daniela will be the person to help us with any technical questions on the numbers or on the financial aspects in the report. So that's our team.

You'll note, if you've had a chance to look at the report, it is a bit longer than we expected; it's about 60 pages odd. We have done an executive summary which is, by its nature, an editorial exercise. What I thought I would do, rather than read through the executive summary, is to touch on the highlights of the work and sort of the conclusions that we came to.

Those conclusions are really segmented into three subsets. First, we try to look at the sector and try to figure out what's been going on from a commercial point of view, and boil it down to the essential elements for the benefit of the Commission. I think we have some relatively conclusive thoughts on that.

Secondly, in looking at the gap that exists between existing infrastructure and anticipated infrastructure requirements, what are the challenges and opportunities in regard to actually filling those gaps.

And thirdly, we've come to the conclusion that the province does have a number of really important assets at its disposal to be able to fill that gap. So I thought we'd talk about some of those.

JOHN CALLAGHAN: One thing I'm not sure you spoke about is your work in the not-for-profit housing sphere. I don't know if you plan to touch on that as you go, but I think that the comparisons might be of interest.

DAVE SANTANGELI: Yes. So coming out of the Regent Park Project with Toronto Community Housing, we've done extensive work in what I would characterize as the mission-driven sector. I think the majority of that work has been in social and affordable housing. But there has been a number of other assignments we've had where, whether they be profits or cooperatives or specialized companies, that have really focused on a mission, you know, commercial activity that propagates a mission. I think we've become, I don't know, at the risk of sounding immodest, sort of Canada's leading advisor in the mission-driven sector.

The most recent example is we acted for BC Housing, Manitoba Housing, and Housing Services Corporation, which is the Ontario designated service provider in the social and affordable housing space, to create a dedicated capital markets platform which is able to access the public capital markets to raise senior debt funding for mission-driven housing, and it is across the country.

We've worked in affordable ownership scenarios. The list sort of goes on and on, and it's become a very important and growing space. We've been just very lucky to have been exposed to it early on, and so I think it's a bit of a specialty for us.

I think, John, to your point, I think that there are a lot of similarities between that space and what is going on here, particularly in regard to understanding the actions of mission-driven entities. And I'll come back to that.

So the first category of discussion -- of analysis is, you know, what's going on? What's happening here? Because the issues are actually many and complex, and a number of the issues are, you know, tentative, emotional, and, frankly, from a commercial point of view, not well understood by the man on the street.

So, in taking a look at what's been happening, I count five or six different significant points that came through.

The first is there is a very, very large infrastructure gap here. That if the policy objective is to fill that gap, it is important to understand that that gap is very, very big.

So how big? So, if you just take a look at the basic -- I mean, it's very difficult to really forecast this with precision, but there are some benchmarks and some goalposts. If you just take a look at, for example, just the number of beds which need to be redeveloped, and the waitlist, and multiply that by the estimate of the current cost to construct. Just that, is about $19 billion in today's numbers, a very big number.

If you are to expand that number to look at the expected trends and demographics of aging population, etcetera, etcetera, you can get to a number which is two or three times that size quite easily.

I think there's some debate. I think, you know, Don Drummond did a lot of good work, which we actually thought was a very interesting and compelling piece of work. You can make an argument that there's other ways to service delivery, which would decrease that number; but it's a bit of a moot point, because even $19 billion is a massive number. So that's a very big problem if the policy objective is to fill that gap.

That's kind of the first thing to really keep in mind, that's very important context here.

The second piece which is a speech that I give a lot, and that's, in our view, in our experience -- you know, this is not a philosophical point. In our experience, describing participants in these spaces as either not-for-profit or for-profit is actually an unfortunate oversimplification. It depends -- technically, a not-for-profit is just an entity which doesn't pay tax.

In fact, the way we would describe and have found -- you know, we've found some alternate terminology which is actually much more effective and much more useful; and that is, the distinction is really mission-driven versus commercial.

And when we talk about mission-driven entities, one perfect example was Jamie Schlegel, who did provide evidence and testified with the Commission.

So I would characterize the Schlegel family as a mission-driven organization, although they are also for-profit. So, you know, the reason that that distinction, I think is important, is because it describes behaviour, as opposed to corporate structure. Because behaviour can and does vary, based on different corporate structures. You can have for-profit entities that act in a mission-driven basis, the same way you can have a charity.

So describing the two different segments as mission-driven versus commercial, I think is a more useful distinction to make in terms of understanding behaviours, as events have unfolded in this phase. That's kind of the first point.

COMMISSION CHAIR FRANK MARROCCO: Just a second, Mr. Santangeli.

Commissioner Kitts?

COMMISSIONER JACK KITTS: Just a quick question.

We had a presentation from a young lady named Jackie Brown, who talked about "mission-driven" versus "financialized".

Is "commercial" and "financialized" similar in your vocabulary?

DAVE SANTANGELI: I don't want to go down a rabbit hole on financial terminology. I don't really think that "financialized" is a meaningful expression, frankly.

I think what it's really saying is that the importance of finance has grown. I just don't think that's factual.

I think that, realistically, mission-driven -- I mean, the reality is that mission-driven organizations, they have to turn a profit. And they do work hard to turn a profit. It's just what they do with the profit that's the difference. So mission-driven entities all across the country, they raise bonds, they raise capital.

So, I understand that terminology. I'm just not sure that it's particularly useful in this context. And I don't mean to be critical. I just think that if you were to ask a mission-driven organization, "Are you mission-driven?" They will quite proudly say, "Well, yes, I am."

If you were to ask a commercial operator, "Are you commercially oriented?" They would quite happily say, "Well, yes, I am." So that really better describes how they see themselves and how they see their role.

I don't know if that answers the question.

COMMISSIONER JACK KITTS: No, that's clear. Thank you.

DAVE SANTANGELI: The third point, which is a really important one in our view is: There is no healthcare business here. Okay?

There's no healthcare business happening in LTC in Ontario. What there is, is a healthcare activity. Nobody is making profits off of healthcare; that's just not how the system works. This is a flow-through. This is a contracting out exercise by the province to get, you know, various folks to provide care services. They provide money. If you don't spend the money, it gets clawed back. There's reporting that happens twice a year, down to the penny. There's no healthcare profit. No one is profiting from healthcare.

The way we see this is, essentially, what the province is saying to LTC owners is: If you provide a service, if you provide an activity and you do it prudently and according to our rules, that will give you the licence to operate a business, which is the hoteling and accommodation piece of this.

That's a very important distinction. In fact, it's actually a fundamental point because --

COMMISSION CHAIR FRANK MARROCCO: Can I just stop you for a minute?

"Hoteling"; how do I make money out of "hoteling" in this context?

DAVE SANTANGELI: Well, there's the

bucket of funding that comes from the province on a per-bed basis, which is allowed to be spent on utilities, management services, rent, if you're renting a building, appreciation, the CapEx.

And, yes, at the bottom, if you do that well, you can make a bit of money out of it, right? So it's the non-care activities.

I mean, "hoteling" is actually a fair term. That's what people would say, it's an accommodation business. That's where the opportunity to make a return in LTC is. There really isn't an opportunity to make money out of the "care" piece of this.

COMMISSION CHAIR FRANK MARROCCO: All right.

DAVE SANTANGELI: I know that's a confusing point, and I know it's a loaded topic. But we weren't sure ourselves until we actually dug into the formula and looked at how it really works and talked to a bunch of participants.

There is no healthcare business here, it's a healthcare activity, right? Which is the kind of requirement to be in a position to potentially earn a return on the other piece of the business. So I'll come back to that.

So where we next went was, okay, what do the returns look like? If you can understand how the business works, who is making money and how much, and where are they making it from, and what does it actually look like?

So we did two things. We did an analysis -- using the royal "we" -- Daniela did an analysis on the public companies and did a deep dive on the segmented financials of the major public companies who operate in Ontario.

We also had the benefit of confidential access to financial results and pro formas from some nonpublic services, from LTC operators in Ontario. What you'll see in the report is, we've actually -- we've anonymized those to an extent, but we've actually gone through and shown a sample of P&L for, you know, a typical new and ten-year old LTC facility.

And you know, thankfully, the results from the public company analysis and the results from the private analysis actually did sort of, they did jive. So that was -- we're happy with that.

The high level conclusions is that -- sorry. And the comparison basis was, let's look at

LTC versus private pay retirement. Right? Because with LTC, it's government funding, you know, there's no occupancy risk, you would expect that the returns would be lower, or should be lower in the LTC space versus private pay retirement. And sure enough, they are.

Margins are 60 to 80 percent lower. Returns on equity are half, third to a half. So the actual financial results that are produced through LTC, in our view, they're actually sort of appropriate for what you'd expect, given it's government business. Right? So that's good. And I think that's a positive result.

But it does beg the question of, why does this not seem to be an attractive business. Because if you talk to some of the mission-driven folks, you know, they kind of say, well, this is tough, this is a tough business. Yes, we do it, but it's tough.

If you talk to the folks who are, you know, are the research analysts, or the public announcements of the public companies who are in the LTC space, they view it as sort of a difficult business. Why is that? Because the returns are sort of in line with what you'd expect.

We've come to the conclusion that the reason that is the case is, because for the given amount of return, the risk that's associated with operating in the LTC space, doesn't line up with the returns.

So it's not that the returns are unsatisfactory, it's that there are a bunch of risks that are involved in operating an LTC facility, which the returns don't support.

What kind of risks are we talking about? Well, you hear it over and over again, reputational risk. You're a target if something goes wrong. There's massive -- and I'm not saying it's inappropriate -- but there's massive regulations upon regulations as to how the care needs to be provided.

And don't forget, it's being done on a service basis; there's no profit in the care piece. So you have the burdens of operating healthcare activity, according to appropriately tight regulations; but if you mess up, well, there's all kind of bad implications to that.

The third major thing is that since the system was designed 20, 25 years ago, providing this care has become more complicated. It's become more complicated. It's become more of a management issue. And, you know, over time, costs of operating in, you know, the GTA and the bigger cities in Ontario, it's become more expensive.

So, you know, we believe that the problem is actually not the returns, it's that the risks that they are assuming are higher than what you would expect for that level of return.

Another great example has to do with the development risks. So, if you're awarded a licence, there's a number of risks that you have to take on to actually get your facility built. In a lot of cases, facilities just don't get built because of those risks.

So the conclusion we came to is the returns are probably in the range, but the risks that these people are undertaking to produce those returns are much higher than, I think they would like.

Now, you can say to yourself, well, you know, tough, you signed up, all good; it's your problem. And there may be some merit to that. But when it comes time to fill in the infrastructure gap, that's not a good enough answer. Because if it's not an attractive deal, it's just going to be difficult to attract sufficient people into the space.

COMMISSION CHAIR FRANK MARROCCO: If I can interrupt for a second.

Do you have a sense why they got into the business in the first place then?

DAVE SANTANGELI: Well, you know, there is -- this is one of the questions that John had asked us on a number of occasions: If we were to get this risk return profile right, would there be capital for this space?

And the answer is: Unequivocally, yes. You know, having a stable, you know, low risk, low return opportunity is extremely popular, and investors want that.

So, you know, I can't transport myself back 20 years ago, but I'm assuming that the reason I got into it is because it seemed like something investors would want to support.

Even today, you know, if that risk return profile can be tweaked to the point where it's appealing, there is a mountain of money that is looking for lower risk, lower return based activities.

I can only assume, and I don't mean to

be flippant about it, I can only assume that people looked at it at the time and thought it was a good deal. Probably things have evolved in a way that are --

COMMISSION CHAIR FRANK MARROCCO: They sized it up as a low risk, modest return on your money and people found that attractive.

But today, the risks are greater, or the risks have increased; is that the idea?

DAVE SANTANGELI: I think that's a fair characterization of our observation, yes.

COMMISSION CHAIR FRANK MARROCCO: Don't let me take you out of what you want to say, I'll be happy to wait. But how is it that the risk became more than it was, it got worse?

DAVE SANTANGELI: Well, I think, you know, it's the expectations of care have become higher. It's a more complicated requirement than it was.

Constructing the facilities has become much more burdensome from a pure development point of view.

There's been very significant cost escalations in different areas of the province. So you know, I think it's just -- our assessment is that this business has become riskier and, you know, the funding formula has not changed.

Again, I can come back to the procurement aspects of that, because in 2020 there was a big change.

You know, and again, we're not saying that the province has any obligation to go back and change the old deal. I mean, a deal is a deal. But in terms of filling that gap, again, that doesn't really answer the question as to how you fill that gap if the current deal that's on the table seems to be a difficult one from a risk return point of view.

Perhaps I can bring this to light a little bit. It's a bit of a segue into our second category of observations, but a couple of very specific comparisons which I think might bring this to light, that are really how the same risks are dealt with in a different sector in the Province of Ontario.

So, you know, and there are a number of examples, but the one that we think is sort of interesting is comparing this space to the regulated utilities space. We have a number of, you know, different types of energies providing services to different segments of the value chain in the two city space, and the Province of Ontario through its directions to the OEB, determine policy. It's a heavy capital business. It is integral to the safety and security of Ontarians. Not in the same way, but as we've seen in Texas recently, if you don't manage the system right, great cost and damage can come to your citizens.

So let's look at two particular risks: Construction risk and crisis spending, and how those are handled in electricity.

So, in the regulated rate environment that the OEB monitors in Ontario, if a new transmission line, generation facility is constructed, and there are unexpected costs along the way, those unexpected costs firstly are reviewed for prudency by the OEB, and if they are deemed to have been prudently incurred, those are included in their return calculation.

So compare that to LTC, where it's, once the licence is granted, it's really up to the provider, the owner, to solve that problem. And if you can't solve the problem, well, the facility just doesn't get built.

In electricity, there is a mechanism

where those costs can be judged to be either prudent or imprudent, and then the electricity utility, based on some confidence that they will recover those capital costs, proceeds.

And, you know, we have a waitlist in LTC; we don't in electricity. Because that method of procurement just provides the province with a much more effective tool to manage the pace of construction. So that's one example.

Another example comes in the recent pandemic. There's been a requirement, a need, for a surge of spending to deal with safety issues.

Well, in electricity, we have ice storms. In the Caribbean, there are hurricanes. And what happens in those situations, interestingly -- it's a fascinating business -- what happens is, if there's an ice storm in Ontario, if there's a utility within a thousand mile radius, they send their linemen to Ontario. They just do it. Like, they mobilize them overnight and they get the trucks rolling to solve the problem.

Now, you might ask yourself, well, why are they willing to do that? They're willing to do that because they have an expectation, based on the regulatory environment, that once deemed prudent, those additional expenses will be recovered. They don't sit around and wait for approvals from the regulator to send the trucks; they just send them. But that's on the basis that there's a reasonable expectation that, if deemed prudent, they will collect those costs. And this is, it's widespread, it's accepted, and that's how the electricity utility does it.

The one story I remember from our days in dealing with Fortis, which is a Newfoundland-based utility, which has grown to be one of the biggest in the world, that they own a -- I think at the time they owned a partial interest in the utility in Central America, and they had an earthquake.

So they put all their linemen on planes and they sent them down to Costa Rica. Again, they didn't wait for approval, they just did it, knowing that ultimately they would recover those costs.

Compare that to LTC where, under the current mechanism, there is no mechanism to recover those costs. And so, as a result, certain providers chose to spend more money, others didn't.

So, at a minimum, what you end up with under the current system is you have no assurance of equal outcomes across the province. And you're reliance on people's voluntary spending of extra money. Again, that is full credit to the mission-driven organizations who did that, but then from a policy point of view, it does not provide the province with the tools to ensure that that spending takes place.

So that's a couple of examples. We can actually go on and on, in terms of --

COMMISSION CHAIR FRANK MARROCCO: So the idea would be that -- are these healthcare expenses, too, or only related to infrastructure?

DAVE SANTANGELI: In the case of the electricity utility space?

COMMISSION CHAIR FRANK MARROCCO: No, no.

DAVE SANTANGELI: I'm sorry.

COMMISSION CHAIR FRANK MARROCCO: As you see it playing itself out in long-term care. If the operator decides that they want to improve the quality of life by having one extra physiotherapist per 200 people, whatever -- I'm just making those numbers up -- was the idea that they would then be able to say that was a reasonable cost under the circumstances, and we should be able to recover it? There would be some kind of determination about whether that was correct or not?

I'm just trying to understand. I get, you know, if you put linemen on a plane, you have those costs, and you go to the OEB and you say, "I want to increase everybody's electrical bill by ten cents", whatever, and that's how you...I can understand something like that.

I was just trying to understand how it plays back into when you're dealing with long-term care.

DAVE SANTANGELI: Well, I think we will -- I'm sort of getting to that, but --

COMMISSION CHAIR FRANK MARROCCO: No, no. Well, then I'll wait until you get there.

DAVE SANTANGELI: No, no, it's okay.

But I think the real answer to your question is that making any kind of a change like this has to be very carefully done, because there are a whole lot of unintended consequences. And any sort of change to the regime, would have to be carefully studied first, and there would have to be a transition, etcetera.

But as I get into some of the other, the kind of the announcements on the procurement options, I think some of that might be a little more clear.

Well, I'll just talk about that now. I mean, in Ontario, the province has been contracting out services to the private sector forever, and it's very commonplace. It's not easy, but there are a variety of different models which had been used, even within the Province of Ontario, to deal with these risks in various different ways.

So, the current process, we described it as a tariff system, okay? And that's for the common language, but it's a tariff system.

So, you know, the province says: Okay, well, here is what we're willing to pay. If you're interested in constructing an LTC facility, we'll look at you, we'll make sure that you're qualified and you meet the, you know, the kind of ethical and quality test that we need. If you're interested in this tariff, then we will give you a licence and you can build the facility.

Now, there's some real benefits to that system for the province. Firstly, it creates, basically, a whole bunch of certainty, right? You know exactly what you're going to spend. And so from a public accountability and from a budgeting point of view, it's very, very helpful in that regard. But what it doesn't do is, it doesn't give the province the tool to control the pace of development. Unless we've missed it. If, let's say, an LTC provider, you know, is granted a licence, if they don't actually build a facility, I don't think there's any consequences to that. There's no penalties. There's no legal requirement.

So the tariff is kind of put out there, and then people are given the opportunity to build against that tariff, but there's no real enforcement capability on the part of the province to really ensure that that happens, because all they're doing is they're providing a tariff. So that's one of the main issues.

The second issue is, again, there's no -- the tariff system, because it's a fixed tariff, if you want behaviour to change, it's very difficult to enforce a change in behaviour because you set a tariff out, and that's the deal.

Okay. Well, let's look at some of the other options. And it's sort of interesting --

COMMISSION CHAIR FRANK MARROCCO: Before you go on, Commissioner Kitts, did you want to ask a question on this before...

COMMISSIONER JACK KITTS: Yes. I'm back to the care. I just want to see if I've understood or whether I've oversimplified what you've said.

So the risk a decade ago was less, maybe significantly less, than it is today. To me, the biggest change is the acuity of the patient and the risk is that there is, I think, not enough funding in the patient care envelope.

So you have the municipal homes using municipal taxes to beef up the care envelope. You have the not-for-profit charities raising money to beef up that envelope. Then you have the mission-driven for-profits reinvesting and beefing up that envelope.

Is it as simple that the envelope, if the government is paying everybody the same and supposed to cover the care, is it that all of them are underfunded and that would explain why some have to top up and others -- I think the for-profit or the commercial ones have to pay dividends in addition that the others don't. Is that too simplified?

DAVE SANTANGELI: I don't think it is.

I think that's probably accurate, yes.

And, you know, we're not healthcare cost experts, so I don't think we can be definitive and say, you know, the money is not enough.

But if different providers, different categories of providers, are having to voluntarily top up the care dollars, I think the logical conclusion is that the care dollars are insufficient. I think that's the logical conclusion.

Just to touch on another piece. I don't want to go down the rabbit hole of private versus nonprofit, but I think when you look at -- if you talk about dividends, here is how it actually happens.

If you have a mission-driven entity, whether it's a charity or a not-for-profit, or whatever it happens to be. Let's look at the way they build these things. Is that they go and get the same debt as the commercial players, from an insurance company or a bank. You get the same debt. That's no problem.

The difference is the equity piece. In a not-for-profit or a charity, they have certain sources of the risk capital, the equity capital.

It can be a grant. It could be an accumulated surplus, and some of these entities actually have significant accumulated surpluses. It can be a charitable donation. It can be fund-raising. They get the equity from the sources that they have available to them.

They build a facility, and then as they go along, the mortgage that they have, ends up getting paid down. Okay? So, as the mortgage amount gets paid down, the equity value in the facility goes up, just like a house. So if at year 18, there's a significant reconstruction required, or a significant CapEx, what a mission-driven entity does is it will then either re-mortgage, so bump their debt back up again, and that's how some of them actually do it to fund that, or they go out and start fund-raising again. That's how they do it.

The difference with the commercial operators is that based on providing investor returns, when it comes time to reconstruct or build new, they have infinite access to capital. But that's having been accomplished through developing an investor following.

So I think it is fair to say that, yes,

there are dividends paid, and that's just the way that system works. But, by virtue of providing, hopefully, an attractive investment opportunity, when it comes time to rebuild or build the capacity, it's the commercial guys who have infinite connections to capital, by virtue of having provided a satisfactory investment opportunity.

I mean, at MPA, we live a big part of our lives in the mission-driven world. We're big fans, right? A tremendous positive social benefit. But the practical reality is, they don't have any access to money. They got to go and beg for it. They have to go out and scrape it up. It's just not easy, right?

So, yes, I would argue that you can look at, you know, these commercial operators to say, yes, they're paying dividends and that's money leaving the system. But what it does for them is it allows them to raise, basically, infinite amounts of money for good investment opportunities, if they were to decide that they're interested to build more capacity.

So it's -- you know, I think that, why we are saying mission-driven versus commercial? Is because that's the important distinction. Not for-profit or not-for-profit.

COMMISSIONER JACK KITTS: Well, I think what you're saying is that, you know, there's a common phrase now that profits shouldn't go instead of care.

But I think you've shown us how care is separated from the finances, and so it's much more complex. And it's not reducing care to pay dividends, they're not really connected.

DAVE SANTANGELI: There's no money leaking into that boat. It's a separate function. Right? It's a separate function. I think we'll get to that. That's actually a bit of an asset and an opportunity for the province.

PELINO COLAIACOVO: Just to jump in for a second to supplement what Dave's been saying.

I think it's actually useful to flip your statement in reverse, Commissioner, and say that: Commercial entities are not sacrificing dividends to top up care.

Because that's what they would have to do in order to top up the care, is that they would have to sacrifice dividends. And because they are a commercial entity, it's not in their interest, it's not in their corporate DNA to do that.

So that goes to the issue of whether the care funding envelope is right-sized, and as Dave said earlier, if all of the providers other than commercial providers are topping up the care envelope, it raises that question of whether the care envelope is sufficient.

But blaming commercial enterprises for not sacrificing dividends, which were part of the deal in getting in the business in the first place, blaming them for doing that, I think is questionable.

COMMISSIONER ANGELA COKE: May I ask a question? And it's a little further back, I should have jumped in earlier.

You had mentioned something about, there's no mechanism in long-term care; or no assurance that if they spend extra money, they'll get it back.

So is the thought there that, if people are delivering this service and they realize that they legitimately need to spend more, they don't have the flexibility to go ahead and do that, and then make a justification after as to why that cost should be covered? Is that what you were --

DAVE SANTANGELI: That's correct. That's correct.

COMMISSIONER ANGELA COKE: Thank you.

DAVE SANTANGELI: So you're waiting form them to -- the province is essentially relying on them to voluntarily do that.

COMMISSIONER ANGELA COKE: Yes.

DAVE SANTANGELI: And they even have. But in terms of ensuring equal outcomes, and ensuring that the spending happens, under the current system, the province does not have the tools at its disposal to do that.

COMMISSIONER ANGELA COKE: Okay. Thank you.

DAVE SANTANGELI: Just in terms of Commissioner Marrocco's question about systems. You know, there's, I think, two main alternatives -- and correct me if I'm wrong here -- to the tariff system. You can either go with a regulated rate system, or you can go with an auction model.

Pay the tariff, where you put the tariff out there and people decide to build against that tariff or not. Give the regulated rate model, which is how electricity works in Ontario. Or the third main option really is the auction system.

And the auction system is how the province got all these hospitals built, okay? So what happens is, the province says: Well, we want to build a hospital in North Bay; and here is what it's going to look like. We're going to put the opportunity to build and potentially operate the physical part of the hospital, out for bid. And then you have all these consortia lined up, four or five different bidding groups lining up to bid a price to build that hospital.

And that is how 23, I think, hospitals have been rebuilt in Ontario, with care separate. Care is still provided by the hospital corporations, but the actual physical infrastructure has been built by EllisDon and Fengate and PCL, and people like that. Big capitalized companies have lined up and spent millions of dollars on big costs, eagerly anticipating the right to build those facilities. It's been a frenzy to do this.

So there's good news and bad news about that. The good news is, because of the nature of the auction process, the province has got the ability to manage the pace of the development.

That's the good news.

Bad news is, they're paying the market clearing price. Whatever the price ends up being in the auction, they have to pay that price. So they have control over the pace of development, but not control over the actual cost, the auction in terms of the costs are.

So it's kind of, you know, you got to go one way or the other, right?

COMMISSION CHAIR FRANK MARROCCO: Can I stop you there? Can you explain that? You're assuming that I know something that I don't know.

What happens in the auction scenario, the province loses control? Can you explain it again?

DAVE SANTANGELI: In the auction scenario?

COMMISSION CHAIR FRANK MARROCCO: Yes.

DAVE SANTANGELI: Okay. So, let's -- you can pick any hospital you wanted to.

COMMISSION CHAIR FRANK MARROCCO: Yes, that's fine.

DAVE SANTANGELI: So pick William Osler in Brampton. So there's a hospital corporation which is responsible for care. They have an annual budget negotiation with the Ministry of Health, and they budget for a certain number of cases, and there's a budget of negotiation process that happens.

The physical building used to be part of the same negotiation. And then 20, 25 years ago, when the new procurement process was created under the purview of Infrastructure Ontario, that was all changed. So, rather than have the hospitals themselves hire contracting firms and hire construction firms, and hire the architects, essentially, what the hospital is responsible for doing is designing the facility that they wanted, and then getting the ministry to agree that that configuration that was appropriate for, let's say Brampton, in the case of William Osler.

In the old days, what would happen is, the hospital would then have a subcommittee of their Board and have a development officer and they would start to build. And the problem that occurred was that you got the organizations that are focused on healthcare, building these big complicated facilities and then there's overruns and delays, and it's just difficult for them to manage that complex a project; never mind 23 in

Ontario about the same time. So that was the main concern at the time.

So the way that that infrastructure was effectively procured, right -- I mean, it was technically by the hospital, but really by the province through the hospital -- is that design. "Here is the building we want", okay, it was put out on MERX in their RFP saying: We're looking for private sector candidates to build this facility. And either, you know, the building is then transferred to us once it's been completed; or, in certain circumstances -- you know, they were paid over time, based on availability of the rooms, etcetera. It doesn't really matter.

Basically, what happened was that that opportunity to build the infrastructure was put out to the private sector. Then, I mean, you talk about billion dollar projects here. So each of the consortium would get a financial advisor, they would get an architect, they would get a planning firm. They put together a consortium, who will look at the design, come up with a price, and then on the bid date, they would all submit bids to the hospital, saying, you know, "here's our price".

COMMISSION CHAIR FRANK MARROCCO: So

now the private sector contractor has built this facility, built this hospital, and the province pays, like, rent for the building until the contractor or the developer, whatever you call them, has got the appropriate return on their investment?

DAVE SANTANGELI: Close. In certain circumstances, it was really a design-build transfer. So they just design it, the detail design, build and then transfer it to the hospital corporation for a fixed price.

In other circumstances, and this was expected to be more common than I think it actually played out, because there was a periodic payment made to the private sector developer, based on the number of -- the kind of occupancy rate over a period of time. Then that became a bit complex. But in some cases, that's how it actually works. So there's an annual amount that is paid.

Even in the case of the build transfer, part of the deal is that the private sector consortium raises the money from the capital markets. The government doesn't do it. The hospital doesn't do it. So the payments that the hospital make are actually annual payments, effectively for occupancy cost, like rent.

That funding, the major link to the government is that that annual occupancy cost was essentially preapproved by the province to be included in the hospital budget. So the private sector operator knew they were going to get the money from the province through the hospital.

I guess the real point is that often when we do these analyses -- we were kind of laughing about this -- that often you need to look at other countries, at models where you can do things differently. Sometimes you have to look to other provinces to see how things are handled differently.

In this particular case, you just have to look at a different ministry to come up with other models that would have been effective. And that's easy for a private sector person like us to criticize. Government is, you know, big, big, and ministries are big organizations that have their own ways of doing things.

I think the conclusion we come to is the province actually had the tools in Ontario to at least analyze and assess other alternatives which can potentially handle these risks and the big funding gap we have more effectively than the tariff model does.

COMMISSION CHAIR FRANK MARROCCO: So then to follow this model through, there would be a separate corporation that provides the healthcare services?

DAVE SANTANGELI: So that's actually the interesting part, and we've characterized that as a big opportunity. Essentially, the current model has economically segregated the care piece already. So, you know -- and it's easy for us to say, oh, it changed the model. I mean, I'm sure that people at the Ministry of Health and Long-Term Care, you know, when they read this, that the hair on the back of the neck is going to stand on end.

But the fact that the economics on the care piece are already economically subrogated, does give the province the flexibility to allocate those monies to different places in different ways. It's already separate. Often, often, when you try to reconstruct these scenarios, everything is intermingled. It's already separate. So, it is, in our view, certainly that's possible.

COMMISSION CHAIR FRANK MARROCCO: So if you have this gap, you fill the gap through this process, and what it costs the province is the rent -- whatever the appropriate word is -- but the operating -- however you describe that number, that amount of money you pay every year, blows through the long-term care home to the developer that constructed, and what you're out -- so the province has postponed the hit that would come from building it and paying for it, and turn that into an annual payment, and then have a separate corporation that knows how to provide healthcare, and that's interested in providing healthcare to people who need it; provide the care or run the place, that sort of thing?

DAVE SANTANGELI: Certainly we think that's a viable option and should be looked at, yes.

You know, we look at these things from the point of view of, okay, the question is always: Okay, what do we do? What do we do? And so you have to look at the assets that you have.

And you've come to the final part of our presentation. The province has, we think, some very big opportunities, right? The province has a lot of assets here to solve this problem. So any --

COMMISSION CHAIR FRANK MARROCCO: Sorry.

Commissioner Kitts?

COMMISSIONER JACK KITTS: Just before you go on, Dave. Did I understand correctly that what we're saying here is we should use the same model that is used for the hospitals, for long-term care?

DAVE SANTANGELI: What we're saying is that any recommendation should involve a period of serious study, because the last thing you want to do is create unintended consequences, and this is complex. But we do believe that the province has, within the Province of Ontario, it does have other models that it has very successfully used, which we think stand a better chance of, you know, solving this problem in the long-term than the current model.

COMMISSION CHAIR FRANK MARROCCO: And one of those models is the hospitals model?

DAVE SANTANGELI: One of those models, right.

COMMISSION CHAIR FRANK MARROCCO: Thank you.

DAVE SANTANGELI: Have I characterized that right? I talk a lot and I look at my partners to make sure I haven't said anything stupid.

COMMISSION CHAIR FRANK MARROCCO: Nobody is franticly trying to mute your microphone or making gestures, so I think you must be doing okay.

DAVE SANTANGELI: Yes, but I'm the boss so you never know.

So, I think we should read our report as actually an optimistic report, because the province does have a lot of assets at its disposal and a lot of real strengths to solve these problems.

The first is, and this may sound, you know, unusual for an investment banker on Bay Street to say, but the fact that there are as many mission-driven entities in Ontario, focused on providing these services, is a tremendous asset for the province.

We do a lot of work with mission-driven people in various sectors. These are committed, devoted people who, in our view, should be encouraged and supported. Full stop. I mean, these are a real asset to the province, to the citizens.

I don't want to get too emotional about it, but these are great people, doing great work, and they should be supported. What do they need? They need equity capital, and they need risk capital, because they're scraping it together.

Now, what has happened in the housing space, in the affordable and social housing space, is that the Federal Government has gone from providing program funding to providing targeted capital grants on a facility-by-facility basis, to give them the leg up to actually be able to get the total amount of money that they need to build these facilities.

It just seems to us that that has been a highly effective -- again, we're not a public accountability officer, we haven't done that study, but our instinct is that government has gotten good bang for the buck in the housing space by switching from program subsidies to targeting capital grants; because those are really the lifeblood of the mission-driven organizations in housing.

So I think, if you were to ask a registered charity, a mission-driven LTC provider, what is their biggest problem with building to capacity? It's grant money. So that's an option.

I think, you know, and again, this is an initial report, further work needs to be done to quantify this. I think you'd get more capacity built in the mission-driven space if that was to happen. That's the good news.

The bad news is, and you know, again, this is not an empirical study we've done, but if you were to ask me: Is there enough capacity in that sector to create $19 billion of capital spending?

I would say the answer is: Unequivocally, not a chance.

COMMISSION CHAIR FRANK MARROCCO: You would agree though, perhaps, that you have to have access to the $19 billion if you're going to address the gap?

DAVE SANTANGELI: Yes.

COMMISSION CHAIR FRANK MARROCCO: So if there's not that availability in a particular sector, then that particular sector cannot help you fill the -- well, can help you, but cannot bridge the gap.

DAVE SANTANGELI: Correct. I agree 100 percent. Because there's just no way.

I mean, you know, your typical mission-driven organization is extremely strong on the ground. It's extremely client-focused, full of caring people who -- there's incredible morale in mission-driven organizations. What they don't have is, they don't have, typically, the kind of higher order capability, raising capital, the development activity, managing multiple -- that's where they tend to break down. They just don't have the capacity, typically, to take on more than one project at a time.

So you're looking at, you know, some very useful constructive, positive, socially beneficial development; but not enough to fill in the $19 billion gap, there's just no way.

COMMISSION CHAIR FRANK MARROCCO: Excuse me, Mr. Santangeli, just a minute.

Commissioner Kitts?

COMMISSIONER JACK KITTS: You're going to think I've kind of missed the whole boat here, but I just want to get clear in my mind.

So you talked about mission-driven versus commercial. You've talked about mission-driven being like Schlegel. So both are for-profit.

When you talk about mission-driven at large, are you talking about municipal and not-for-profit homes as well as the for-profit mission-driven?

DAVE SANTANGELI: I think we split the municipal out as a separate category. I think we categorized that as just different government spending at a different level. I think just the reality is that, you know, if the municipality puts a bunch of money into LTC, that they're making a policy decision; they're making a programming decision on their own. They've decided that their municipal tax base is deserving of being spent on LTC. I think we put them off to the side.

I think, you know, when I'm talking about targeted capital grants, realistically, you are looking at the component of the mission-driven sector which is, you know, not-for-profit, just because they don't have access to retained earnings. And they typically operate on the basis that, to make more construction happen, they have to actually go raise money from wherever.

Actually, when I was thinking about this this morning, that's one of the really interesting questions that you have to get to on implementation. If you're going to provide capital grants, to whom? On what basis? You know, how do they have to qualify? I think that's one unintended consequence I think you run into when people like us say you should look at a certain solution. You really have to dig into it and figure out: What would the eligibility be? What is the hurdle? Who would qualify? So it's not a -- it's a simple idea that actually has to be very carefully implemented.

COMMISSIONER JACK KITTS: Then the hospitals today are not-for-profit mission-driven, and they have to rely on fund-raising to pay so...

DAVE SANTANGELI: Well, and this is an important point, which I wasn't planning on talking about in this forum. But, you know, one of the issues of LTC, is they're just not high enough in the food chain to attract those sorts of donors.

If you talk to -- I've got friends who are involved in raising money for -- pick something -- liver cancer. Way harder to raise money for liver cancer than it is for SickKids, right? There's different hierarchies. And LTC is the bottom rung, right? And so it's much more difficult for them to raise that kind of money, that type of money. It can be done, but it's far more difficult.

That just slows down the pace of development because you can agree to sign off for a licence and then spend three years fund-raising. And then you spend your three years fund-raising, and development costs have gone up, land costs have gone up. That's the difficulty that the mission-driven entities have. So the idea of targeted capital grants is really just to give them a leg up to get going.

Our sense of it is that, I think, that would actually be corrective and helpful. So that's the first --

PELINO COLAIACOVO: If I can jump in for one sec. It's important to remember how much we're actually talking about here.

When you're building a long-term care home, anywhere from 60 to 80 percent of the cost is going to be covered by debt. But it's that 20 to 40 percent gap that has to be filled in some other way.

You know, for a mission-driven organization, if you're looking at a sizeable home that's going to cost $100 million or something, you know, it's $20 million to $40 million that you have to fill, right? And that is an enormous gap for what are usually quite small organizations.

DAVE SANTANGELI: Yes. The program

becomes scraping the money together, and that takes the time that it takes.

Which is, there's nothing wrong with that. Again, we're big fans of the mission-driven space. We do a lot of work with them. We love those people. But in terms of giving the province the tools to control the pace of development, it just doesn't do it. So that's the real problem, if the context is $19 billion in spending.

COMMISSION CHAIR FRANK MARROCCO: Yeah, I'm not a big fan of this, because of the state that it's in. Because we're sitting here dealing with a situation where there's a 38,000-person waiting list, and no reasonable prospect of ever solving that problem.

And we're dealing with a problem that virtually everybody in the province will confront, either because they have a loved one in a long-term care facility, or they're going to end up there themselves. And they should perhaps think about what they want to go into.

But notwithstanding all that, as we sit here today, we have an intractable, insoluble problem. This waiting list can't be addressed under the present circumstances. This government cannot come up with -- what did you say, 20? $17 billion?

DAVE SANTANGELI: $19 billion.

COMMISSION CHAIR FRANK MARROCCO: 19 billion. What's a billion one way or the other?

$19 billion tomorrow to start building long-term care homes to get to the appropriate inventory.

DAVE SANTANGELI: So that's a great segue into my next point. Which is, one of the other assets the province actually does have in actually bridging that gap, is it actually has four big companies who are very keen to build more capacity.

If you talk to Sienna, Extendicare, Chartwell, that group, they will build more capacity. The deal has to be tweaked so that it's more attractive, and they'll do it.

COMMISSION CHAIR FRANK MARROCCO: Well, it has to be run then. You have to figure out who's going to run it.

DAVE SANTANGELI: And I think that we talked about a lot of the problems with the risk allocation. You know, you can either rejig the risk allocation through tweaking the current system; or, you can look at a different model. One of which might be having a different provider of healthcare.

But if you solve this risk allocation problem, make it a deal that is more consistent with what their core business is, you know, there is a wall of money out there looking for investment in low risk, low return activities, just like this.

So I don't think we would say that there's no way the province can fill this gap. There is a way to do it, and the people who could do it, are in the province right now.

COMMISSION CHAIR FRANK MARROCCO: Now, when I said "no way"; no way that the province in its current financial approach can fill this gap. Because until you started talking about this, that was one of the questions that we had.

We still take your point that you have to be careful about this, but there was just no reasonable prospect of this problem ever being solved, and that is not a positive outcome.

DAVE SANTANGELI: Right. And just to finish the story.

So the first asset that the province has is all these mission-driven entities, they're great.

It has very capable, well capitalized, motivated companies in the province that, if the deal was right, you know, would build.

And then the fact that the care is currently and obviously segregated, it just gives the province, we think, some tools, some options as to how to deal with the care piece on its own, whatever that might be.

So, you know, I think we like to finish reports, but don't tell them what you can't do; tell them what you can do. I think that there are some real assets that the province has which they could use to help solve this problem.

And that closes my introductory remarks, which have taken the whole time we have allocated, so...

COMMISSION CHAIR FRANK MARROCCO: Well, I mean, if Ms. Barros or Mr. Colaiacovo had something else that they want to say, we're quite happy to listen.

PELINO COLAIACOVO: There's one point that Dave touched on earlier, and there was some interest and then I don't think we kind of closed the book on it.

But that was the point that in July of this past year, the province substantially increased the tariff, in effect. They announced both an increase in the permit subsidy for development and the development grant, which was a new feature that was introduced in July.

And so Daniela's financial analysis is in our presentation, but we actually have crunched the numbers on how much of a difference that makes to a developer that's looking at potentially building a long-term care home. And it's significant. There was a significant increase in the funding announced.

But to Dave's point earlier, we actually don't know what the result of that is going to be. We know that after that funding announcement in July, there has been a series of entities coming forward saying, yes, we're building. And Daniela has documented in the presentation that it's something on the order of about a third of the required new spaces that the government said they wanted. It was 15,000 new and 15,000 redeveloped spaces.

Since then, there's been an announcement of about 4,000 or 5,000 new or redeveloped spaces that people are working on. And that's reasonable, given that the tariff just went up. You increase the tariff, some people are going to have projects that make sense at that new tariff.

But what we don't know is whether there's actually going to be 15,000 new projects based on that new tariff, and that won't be apparent for quite some time. Are they going to have to increase the tariff again? We don't know.

And it goes to Dave's point about, you know, that's what happens in tariff systems. You announce the tariff, and you wait to see what happens, but you don't really have many control levers on the actual case of development, other than raising or lowering the tariff again.

DAVE SANTANGELI: It's just kind of like chasing the price around.

PELINO COLAIACOVO: Exactly.

COMMISSION CHAIR FRANK MARROCCO: So we had a presentation from the financial accountability office. I don't know if you saw it in your preparation for here, but they basically said, as I understood it, these 15,000 beds will not change anything. There's 15,000 more beds, and that's good. But in terms of the growth of the population looking for long-term care facilities, as the baby boomers get older and older, this won't make any difference. This may help you maintain the status quo, which is a 38,000-person waiting list. But it won't get you -- it won't reduce it.

DAVE SANTANGELI: I think what you're really saying is that that 19 billion is really the lower end of the range.

If you look at the Drummond work, which again, we thought that was a good piece of work, you know, the number is probably more like 50 billion, not 19 billion. If you actually look at demographics and the aging population, it's more like 50, really.

19 is a more objective number. It's easier to kind of hang your hat on, and it's pretty big, but I don't think 19 is really going to do it. It's probably a much bigger number.

COMMISSION CHAIR FRANK MARROCCO: You need a mechanism whereby the funding is available to continue to build, and the province cannot just pay up all the money, that it cannot find that kind of money, and provide all the other services that it's supposed to provide, yes.

Ms. Barros, did they get it all right or is there something...?

DANIELA BARROS: They did. They've got all the numbers right, so we are good.

COMMISSION CHAIR FRANK MARROCCO: Okay.

DAVE SANTANGELI: It's okay, Chairman, I will find out afterwards how I did. They will tell me.

COMMISSION CHAIR FRANK MARROCCO: I understand.

DAVE SANTANGELI: I have no doubt about that, they will tell me.

COMMISSION CHAIR FRANK MARROCCO: Mr. Santangeli, I understand your predicament better than perhaps you appreciate.

Yes, go ahead. You were going to conclude.

DAVE SANTANGELI: I was just going to say that, you know, I did want to reinforce that we really do feel very, the word is "proud" or "privileged" to do this work. It is important work. And I just want to compliment the Commission on the job you've done. We've watched some of it. I've read a lot of the transcripts, and I just want to compliment the group on having taken a very professional, unemotional kind of systematic approach to this. And I just want to thank you for doing that on behalf of Ontarians.

COMMISSION CHAIR FRANK MARROCCO: Well, thank you for that. I don't think the other Commissioners have any questions.

We want to thank you, because we were missing some insight into this aspect of the matter, but yet we were confronting it quite regularly because the problem seemed insoluble.

I can truthfully say that as a result of what you said, at least for me, it's somewhat less insoluble than it was an hour ago. And for that, on behalf of all of us, I thank you very much.

DAVE SANTANGELI: If there's follow-up work you'd like us to do, we'd be pleased to help with that.

COMMISSION CHAIR FRANK MARROCCO: Thank you.

COMMISSIONER JACK KITTS: Thank you.

COMMISSIONER ANGELA COKE: Thank you very much.

-- Concluded at 2:11 p.m.

REPORTER'S CERTIFICATE

I, JUDITH M. CAPUTO, RPR, CSR, CRR, Certified Shorthand Reporter, certify;

That the foregoing proceedings were taken before me at the time and place therein set forth;

That the statements of the presenters and all comments made at the time of the meeting were recorded stenographically by me;

That the foregoing is a Certified Transcript of my shorthand notes so taken.

Dated this 6th day of March, 2021.

Judith M. Caputo, CSR, CRR

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C L A R I F I C A T I O N S

Page 7, line 25: "Nova Scotia Utility and Review Board" not "Nova Scotia Utilities Board"

Page 8, line 8: "providers" not "provider"

Page 10, line 9: "advisors" not "advisor"

Page 24, line 25: "entities" not "energies"

Page 39, line 19: "bid costs" not "big costs"

Page 45, line 17: "segregated" not "subrogated"

Page 46, line 4: "flows" not "blows"

Page 58, line 11: "with" not "but"

Page 60, line 15: "pace of development" not "case of development"

WORD INDEX