



REPORT TO

## STUDENT ACHIEVEMENT AND WELL BEING, CATHOLIC EDUCATION AND HUMAN RESOURCES COMMITTEE

### ONTARIO FINANCING AUTHORITY DEBENTURE BY-LAW #187

#### *Colossians 3:12*

*Therefore, as God's chosen people, holy and dearly loved, clothe yourselves with compassion, kindness, humility, gentleness and patience.*

Created, Draft	First Tabling	Review
February 23, 2016	March 3, 2016	
D. Bilenduke, Senior Coordinator, Finance P. Matthews, Legal Counsel P. De Cock, Comptroller, Business Services & Finance		
<b>RECOMMENDATION REPORT</b>		

#### **Vision:**

*At Toronto Catholic we transform the world through witness, faith, innovation and action.*

#### **Mission:**

*The Toronto Catholic District School Board is an inclusive learning community rooted in the love of Christ. We educate students to grow in grace and knowledge and to lead lives of faith, hope and charity.*



G. Poole  
Associate Director of Academic Affairs

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Director of Education

## **A. EXECUTIVE SUMMARY**

The Ministry of Education (MOE) has approved an \$11,401,589 debenture issue through the Ontario Financing Authority (OFA) at its next offering on March 16, 2016 to reimburse the Board for capital expenditures. The Board must first pass a borrowing by-law to be eligible for the funds.

## **B. PURPOSE**

1. The TCDSB is eligible for capital funds administered under the following programs:
  - Primary Class Size (PCS)
  - Prohibitive to Repair (PTR)
  - Capital Priorities
  - Growth Schools
  - New Pupil Places (NPP)
2. In the case of PCS, PTR, NPP, Growth Schools and Capital Priorities the Ministry will only flow funds when the project is 95% complete.
3. *O. Reg. 41/10 Part III of the Education Act* only permits a Board to borrow for permanent improvements from the OFA by way of a borrowing by-law. The OFA will only issue a debenture on TCDSB's behalf if it is first endorsed by the MOE.

## **C. BACKGROUND**

1. The OFA will only issue debentures on behalf of the MOE once or twice a year depending on other borrowing requirements of the Provincial Government.
2. The MOE will only approve financing after reviewing the Board's year-end audited financial statements.
3. This request for financing is based on expenditures reported in the Boards 2014/15 audited financial statements.
4. The MOE reimburses TCDSB for short term financing of its not permanently financed capital expenditures at the rate of 1%.

5. After the by-law is passed, the MOE commits to fund the TCDSB for principal and interest payments over the life of the debenture.

#### **D. EVIDENCE/RESEARCH/ANALYSIS**

Attached as Appendix A is the confirmation from the MOE for debenture financing and the corresponding amounts by program.

1. At August 31, 2015 the Board had 12 new school and addition capital projects in progress.
2. These projects accounted for \$18,095,736 in not permanently financed (NPF) capital expenditure. The NPF figure is net of cash applied by the Board from Full Day Kindergarten (FDK), Proceeds of Disposition (POD) and Renewal Funds.

The MOE recognized 8 of the 12 projects as 95% complete and eligible for \$11,401,589 in debenture financing.

#### **E. METRICS AND ACCOUNTABILITY**

1. The Board's external counsel, Borden Ladner Gervais LLP has prepared Debenture By-Law #187, consistent with the transactions for approval. The By-Law is attached as Appendix B. The loan agreement with the Ontario Financing Authority provides for a 25 year amortizing debenture with a principal amount of \$11,401,589 to be repaid with 50 equal instalments of \$336,039.64. The Ministry is fully committed to reimburse the TCDSB for 100% of these principal and interest payments. The effective interest rate is 3.242% which also includes an administration fee of .025%.
2. The Board solicitor has advised that all closing documents must be fully executed by March 09, 2016 as requested by the Ontario Financing Authority, in order to receive the funds by the closing date of March 16, 2016.

#### **F. STAFF RECOMMENDATION**

That the By-Law #187 in Appendix B, a by-law for Ministry of Education approved capital projects started before August 31, 2015 authorizing the issuance of \$11,401,589 in debentures, be approved.