



REPORT TO

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

### ONTARIO FINANCING AUTHORITY DEBENTURE BY-LAW #189

*Psalm 51:6*

*Surely you desire truth in the inner parts; you teach me wisdom in the inmost place.*

Created, Draft	First Tabling	Review
February 21, 2017	March 2, 2017	

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#### RECOMMENDATION REPORT

##### **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 uniting home, parish and school and rooted in the love of Christ. We educate students to grow in grace and knowledge to lead lives of faith, hope and charity.*



R. McGuckin

Associate Director of Academic Affairs

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Associate Director of Planning and Facilities

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Executive Superintendent of Business Services and Chief Financial Officer

Angela Gauthier

Director of Education

## **A. EXECUTIVE SUMMARY**

The Ministry of Education (EDU) has approved a \$246,715 debenture issue through the Ontario Financing Authority (OFA) at its next offering on March 14, 2017 to reimburse the Board for NPP 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 EDU.

## **C. BACKGROUND**

1. The OFA will only issue debentures on behalf of the EDU once or twice a year depending on other borrowing requirements of the Provincial Government.
2. The EDU 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 2015/16 audited financial statements.
4. The EDU 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 EDU commits to fund the TCDSB for principal and interest payments over the life of the debenture.

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

1. At August 31, 2016 the Board had 5 new school and addition capital projects in progress requiring debenture financing.
2. These projects accounted for \$404,044 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.
3. The MOE recognized all 5 of the projects as at least 95% complete and eligible for \$246,715 in debenture financing. The balance of NPF is funded from other sources.

## **E. METRICS AND ACCOUNTABILITY**

1. The Board's external counsel, WeirFoulds LLP has prepared Debenture By-Law #189, consistent with the transactions for approval. The By-Law is attached as Appendix A. The loan agreement with the Ontario Financing Authority provides for a 25 year amortizing debenture with a principal amount of \$246,715 to be repaid with 50 equal instalments of \$7,552.66. The Ministry is fully committed to reimburse the TCDSB for 100% of these principal and interest payments. The effective interest rate is 3.594% which also includes an administration fee of .025%.
2. The Board solicitor has advised that all closing documents must be fully executed by March 07, 2017 as requested by the Ontario Financing Authority, in order to receive the funds by the closing date of March 14, 2017.

## **F. STAFF RECOMMENDATION**

That the By-Law #189 attached as Appendix A, a by-law for Ministry of Education approved capital projects started before August 31, 2016 authorizing the issuance of \$246,715 in debentures, be approved.