



REPORT TO

REGULAR BOARD

## ONTARIO FINANCING AUTHORITY DEBENTURE BY-LAW #181

*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 10, 2015	February 19, 2015	
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

**A. Sangiorgio**

Associate Director of Planning and Facilities

**Angela Gauthier**

Director of Education

## **A. EXECUTIVE SUMMARY**

The Ministry of Education (MOE) has approved a \$24,440,067 debenture issue through the Ontario Financing Authority (OFA) at its next offering on March 11, 2015 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 from the Board's year-end audited financial statements.
3. This request for financing was made with expenditures from the Boards 2013/14 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, 2014 the Board had 29 new school and addition capital projects in progress.
2. These projects accounted for \$36,566,036 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 12 of the 29 projects as 95% complete and eligible for \$24,440,067 in debenture financing.

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

1. The Board's external counsel, Borden Ladner Gervais LLP has prepared Debenture By-Law #181, consistent with the transactions for approval. The By-Law is attached as Appendix B which also includes schedules detailing eligible projects, the loan agreement and a repayment schedule. The Board solicitor has advised that all closing documents must be fully executed by March 04, 2015 as requested by the Ontario Financing Authority, in order to receive the funds by the closing date of March 11, 2015.

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

That the By-Law #181 in Appendix B, a by-law for GPL and MOE approved capital projects started before August 31, 2014 authorizing the issuance of \$24,440,067 in debentures, be approved.