

2006: SB27

**MEMORANDUM TO:** Senior Business Officials

**FROM:** Nancy Whynot  
Director  
Business Services Branch

**DATE:** December 12, 2006

**SUBJECT:** **Short Term Financing for Good Places to Learn  
Stage 1 and Stage 2**

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I am writing to clarify the short-term financing arrangements for school boards that are in place for the Good Places to Learn remaining Stage 1 allocations (that were not converted to long-term financing with the Ontario Financing Authority in November 2006) and the Stage 2 allocations.

As detailed in the 2006-07 Grants for Student Needs (GSN), the Government will continue to recognize and pay boards' short-term financing costs based on the three-month bankers' acceptances (BA) rate plus 13 basis points applicable at the time of borrowing or the actual interest costs – whichever is lower. Funds borrowed internally from reserves or other cash will be recognized for funding at the three-month BA rate as of September 1, 2006 which was 4.34571 percent.

Memorandum 2005:B7 Short-term Financing for Stage 1 of Good Places to Learn, released August 30, 2005, provides background information and the rationale for this financing rate. The National Bank of Canada has agreed to continue to provide a short-term credit facility for this purpose on the same terms as the previous facility which includes the following terms:

- The loans would be available to all school boards;
- The loans would be unsecured (based on the Province's GPL commitments);
- The rate would be based on the Bankers' Acceptance (BA) rate at time of issuance plus 13 basis points for a one, two or three month term;

- The minimum allowable draw would be \$50,000;
- There would be no administrative fees; and
- School boards will not be required to transfer any of their banking business in order to qualify for the financing arrangement.

I would note that school boards have the flexibility to approach any financial institution and to negotiate terms and conditions of their choice.



Nancy Whynot  
Director  
Business Services Branch