

2009: SB 17

MEMORANDUM TO: Senior Business Officials

FROM: Nancy Whynot
Director
Capital Programs Branch

DATE: May 1, 2009

SUBJECT: NPP and Other Capital Projects Arrangements for Long Term Financing through the Ontario Financing Authority (OFA)

This memo provides information on the process and timelines for boards to transition NPP-based and other capital projects (excluding those covered under Good Places to Learn) to long-term financing through the Ontario Financing Authority (OFA) similar to the process outlined in Memorandum **2008:SB30**.

This reflects our on-going commitment to work with school boards and the OFA to provide an effective long-term financing vehicle. This approach reduces the cost of financing capital projects, helping school boards make the most efficient use of available capital funds. In addition, the standardized loan application and administration process simplifies school board borrowing.

The Ministry will need to provide the OFA with assurances that a board can support the repayment of NPP and other supported borrowing. This will be based largely on the Ministry's review and approval of the Capital Liquidity Template. In addition, boards will be required to submit information regarding the NPP and other projects that make up the non-permanently financed amount that is to be transitioned to long-term financing (which should be supported by information contained in your board's approved Capital Liquidity Template).

A number of boards have indicated that they are ready to transition existing non-permanently financed NPP and other capital debt to long-term financing at this time. To accommodate this, **the OFA is planning two long-term financing debentures – one for the end of June 2009 and the other expected to be in Fall 2009.**

June 2009 Issue

The OFA has informed us that, due to other commitments, it will proceed with the long-term financing of only a limited number of boards with non-permanently financed NPP and other capital debt at this time. Therefore, it is expected that the Ministry will recommend approximately six (6) boards for long-term financing in this issue. Because of the tight timelines involved, the Ministry will only consider the costs of those boards with projects that are **substantially complete* as of April 30, 2009** which also meet one of the following criteria:

- Projects with large dollar values that are ready to proceed

OR

- Urgently require long-term financing of existing non-permanently financed capital debt. Boards are to provide a rationale for why long-term financing is needed urgently.

***Note: Substantially complete means that a board has completed at least 95% of the total construction costs of a project.**

The Ministry is requiring that boards interested in participating in the OFA's June 2009 financing issue notify Mathew Thomas (Mathew.P.Thomas@Ontario.ca) by submitting the following information **by May 15, 2009**: (please complete the attached June 2009 template)

- Main contact at the Board for this long-term financing initiative
- Banking information – same as the last debenture or will it change?
- Name of school/project including SFIS number
- Project description
- Project tender/start date and completion date
- Total cost of the project and funding sources (e.g., NPP, other)
- Amount requested to be long-term financed

Requests received after May 15, 2009 will be held until the Fall 2009 OFA financing issue.

Fall 2009 Issue

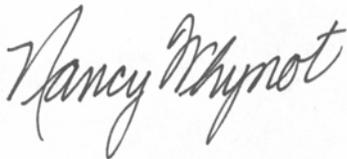
For those boards that are interested in transitioning non-permanently financed NPP and other capital debt to the OFA but will not be ready for the June 2009 issue, the Ministry intends to work with the OFA to arrange another financing issue in Fall 2009. Costs associated with projects expected to be **substantially complete as of August 31, 2009** will be considered for long-term financing. Boards interested in participating in the Fall 2009 financing issue are

also encouraged to complete and submit the above information, using the attached Fall 2009 template, to the Ministry **by June 15, 2009**.

For further information, please contact:

Mathew Thomas
Capital Programs Branch
Ministry of Education
416-326-9920
Mathew.P.Thomas@Ontario.ca

Sincerely,

A handwritten signature in black ink that reads "Nancy Whynot". The signature is written in a cursive style with a light blue circular stamp behind it.

Nancy Whynot
Director
Capital Programs Branch