Ministry of Education

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Ontario

2009: SB33

MEMORANDUM TO: Senior Business Officials

FROM: Nancy Whynot
Director, Capital Programs Branch

DATE: August 20, 2009

SUBJECT: **Long-Term Financing Arrangements for Capital Projects for the 2009-10 School Year**

I am writing to inform you of proposed dates for the 2009-10 school year for boards to transition capital projects to long-term financing through the Ontario Financing Authority (OFA). This reflects our ongoing commitment to work with school boards and the OFA to provide an effective long-term financing vehicle and reduce the cost of financing capital projects, thereby helping school boards make the most efficient use of capital funds. Below is a summary of the financing timelines for the 2009-10 school year.

Summary of Timelines for Long-Term Financing Issues

Issue Date	Type of Capital Project
November 27, 2009	New Pupil Places Programs (including NPP, Enrolment Pressures, Old Prohibitive to Repair, Old French Capital Tansitional, 2005 Policy Transitional Funds, Best Start)
March 10, 2010	Good Places to Learn Programs (including GPL Renewal, Primary Class Size, Prohibitive to Repair, Growth Schools, French Capital Transitional, Capital Priorities)
June 2010	NPP Programs (as above)

New Pupil Places Capital Projects Financing

There will be two financing issues for NPP related capital in 2009-10:

1. As previously announced in memorandum **2009:SB17**, there will be a long-term financing issue this fall for those boards interested in transitioning eligible non-permanently financed NPP capital debt. Costs associated with projects expected to be substantially complete (95%) as of **August 31, 2009** will be considered for long-term financing. The Ministry has already received a number of submissions for consideration for this financing issue and will also accept any new submissions for this financing issue until **September 4, 2009**. The Ministry will need to provide the OFA with assurances that a board can support the

repayment of NPP-supported borrowing. This will be based largely on our review and approval of the Capital Liquidity Template. The OFA has proposed an issue date of **November 27, 2009** for this tranche.

2. As in the past two years, there will also be an opportunity to proceed with a long-term financing issue in June 2010 for a limited number of boards with non-permanently financed NPP capital debt. Costs associated with projects expected to be substantially complete (95%) as of **April 30, 2010** will be considered for long-term financing. Further details will be provided in early spring of 2010.

Please note that capital costs funded by Education Development Charges (EDC's) are <u>not</u> eligible to be long-term financed through the OFA.

<u>Good Places to Learn Capital Projects Financing</u>

As in previous years, boards will be able to transition construction costs incurred under the Good Places to Learn capital programs into a long-term financing vehicle:

- GPL Renewal Stage 1, Stage 2, Stage 3 and Stage 4
- Prohibitive to Repair (PTR)
- Primary Class Size Capital (PCS)
- Growth Schools
- Capital Transitional Adjustment Program for French-language boards
- Capital Priorities

The principal amount eligible for long-term financing should reflect the value of work for permanent improvements undertaken prior to August 31, 2009 under each of the eligible capital projects. Only projects **substantially complete (95%) by August 31, 2009** are eligible for financing under PCS, PTR, French Capital Transitional, and Growth Schools. For GPL Renewal Stage 1, Stage 2, Stage 3 and Stage 4, projects **completed or underway by August 31, 2009** are eligible for transition into a long-term financing vehicle. Specific details on the process to transition this debt into a long-term financing vehicle will be provided this fall in a subsequent memorandum. The OFA has proposed an issue date of **March 10, 2010** for this tranche.

Once again, please note that the deadline for any new submissions to long-term finance NPP-based projects for the next OFA financing issue is **September 4, 2009**. For assistance with any of the long-term financing issues with the OFA, please contact Mathew Thomas, Capital Programs Branch, at 416-326-9920, or at <u>Mathew.P.Thomas@Ontario.ca</u>.

for

Nancy Whynot
Director
Capital Programs Branch