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2013: SB29

MEMORANDUM TO: Senior Business Officials

FROM: Grant Osborn
Director
Capital Policy and Programs Branch

DATE: **October 15, 2013**

SUBJECT: **Release of the Updated Capital Analysis and Planning Template and Information on the March 2014 Long-Term Financing of Ministry-Supported Not Permanently Financed Capital Debt**

This memo is to provide you with information about the latest version of the Capital Analysis and Planning Template (CAPT) and the proposed timelines and submission requirements for boards to transition capital projects to long-term financing through the Ontario Financing Authority (OFA).

Highlights:

CAPT:

- The updated, board-specific CAPT is now available in EFIS.
- The CAPT is populated with the board's most recent capital activity, including approvals to proceed, as of August 31, 2013.
- Boards must update the CAPT to reflect their 2012-13 Financial Statements.

Page 1 of 5

Release of the Updated Capital Analysis and Planning Template and Information on the March 2014 Long-Term Financing of Ministry-Supported Not Permanently Financed Capital Debt

- The completed CAPT is to be submitted to the Ministry by November 29, 2013.

OFA Long-Term Financing:

- Long-term financing submission request forms are now part of the CAPT and are due November 29, 2013.
- Projects must be substantially completed (95%) as at August 31, 2013 for OFA eligibility purposes.
- OFA will flow funds to boards on March 12, 2014.

Capital Analysis and Planning Template (CAPT)

The template is a financial and planning tool that is used to track capital projects and assess a board's current capital financial position as well as the financial implications for any new capital projects.

The template has been populated with a board's most recent capital activity, including approvals to proceed for approvals issued as of August 31, 2013. Boards are expected to update the following forms in the template to reflect their 2012-13 Financial Statements:

- Project Eligibility Worksheet
- Project Debenture Matrix Worksheet: Ensure the debenture(s) issued in 2012-13 to the associated project(s) has been correctly pre-populated as per the OFA document.
- Proceeds of Disposition Schedules
- Financial Position and Recovery Worksheet
- OFA Request Forms (if applicable).

The CAPT can be downloaded from EFIS by following these steps:

- 1) Select "Reports" under the heading "Submission" on the home page of EFIS.
- 2) Under "Static Reports", select "Capital Analysis and Planning Template".
- 3) Select "2012-13 Financial Statements".
- 4) Download template.

An updated instructional manual for the CAPT can be found on the following link:

<http://faab.edu.gov.on.ca/CapitalPrograms.htm>

The manual includes detailed instructions for completing the CAPT for year-end purposes and for when a board submits a request for an approval to proceed with a capital project.

If you have any questions regarding the CAPT, please contact either your Capital Analyst or your Finance Officer, as indicated below:

| For Questions Regarding | Contact |
|---|-----------------|
| Project Eligibility Worksheet | Capital Analyst |
| Project Debenture Matrix Worksheet | Capital Analyst |
| Proceeds of Disposition Worksheets | Finance Analyst |
| Financial Position and Recovery Worksheet | Finance Analyst |
| OFA Request Form (Part 1 & 2) | Lise Bolduc |

The CAPT is to be submitted by **November 29, 2013**. Please send your template to the following address: Financials.edu@ontario.ca

The naming convention for the CAPT file for the year end submission will be:
XX_CAPTV3_1213FIN_Board Name.xls (XX is the board number)

To assist boards with the requirements for requesting an approval to proceed with a capital construction project, Appendix A (Summary of the Capital Approval to Proceed Process) has been included with this SB memo as well as in the training manual. If you have any additional questions with this process, please contact your capital analyst.

March 2014 Long-Term Financing

The Ministry requires all school boards to participate in the long-term financing arrangements for eligible capital programs through the OFA. Boards are to access long-term financing for projects supported by Good Places to Learn (GPL) Renewal and eligible Ministry-supported capital programs not permanently financed up to the maximum principal amount allocated to their board (less any amounts that have been previously long-term financed). Once the long-term financing has been set, the Ministry will reimburse boards for their actual principal and interest costs associated with the long-term financing.

Eligible Capital Projects

For the March 12, 2014 long-term financing issue, the principal amount eligible for financing should reflect the value of work for permanent improvements undertaken **prior to August 31, 2013**, under the eligible capital projects. All capital projects that were **substantially completed (95%)** as at August 31, 2013, and reflected as Ministry-supported not permanently financed debt on the board's CAPT, are eligible to be financed through the OFA.

As a reminder, the capital programs eligible for long-term financing arrangements through the OFA are GPL renewal and other eligible Ministry-supported capital projects (e.g. NPP, PCS, PTR, Growth Schools, Capital Priorities (2008), Best Start, \$120M Capital Funding and Capital Transitional Adjustment Program for French-language boards.)

As part of the Ministry's wrap-up of the GPL Renewal funding program, please note that the March 2014 issue will be the final opportunity for boards to request OFA long-term financing for the capital expenditures funded by the GPL Renewal.

For the purpose of the CAPT, the Ministry requires that boards submit the financing request on a consolidated basis for the projects selected. Boards should be aware when completing the long-term financing submission form in the CAPT to keep track of the amounts to be financed from each specific capital funding source (except GPL Renewal), as the OFA loan documents will require this information. The Ministry is working to streamline the OFA loan documents for future financing issues to align the reporting requirements to those in the CAPT for all Ministry-supported NPF capital projects.

Boards that still have available pupil accommodation grant reserve balances will be required to apply these funds to either GPL Renewal projects or other OFA eligible projects, in advance of receiving OFA financing. If you are one of these boards, you are required to indicate on the OFA Request Form (Part 1) how these reserves are applied and if not, the Ministry will adjust and communicate the final amount eligible to be long-term financed.

Please refer to the CAPT instruction manual for additional information regarding detailed instructions for completing the OFA Request Forms.

Timeline for the Transition to Long-Term Financing

Listed below is the estimated timeline for the transition from short-term to new long-term financing for the March 12, 2014 issue. It is important that school boards meet the deadlines for providing information. The immediate priority, as described in detail below, is for school boards to confirm the value of substantially completed capital projects in

order to enable the OFA to begin making arrangements for the long-term financing. These amounts should be consistent with information reported in your board's 2012-13 Financial Statements and the *Project Eligibility Worksheet* of the CAPT.

| Timeline | Tasks |
|-----------------------------------|---|
| November 30, 2013 | All school boards are required to submit the information through the CAPT, under " <i>OFA Request Form (Part 1) and (Part 2)</i> ". |
| February 6, 2014 | Pre-filled, personalized loan agreement packages will be sent directly to each school board by the OFA. |
| February 6, 2014 to March 5, 2014 | School boards are required to pass the necessary authorizing by- laws, review and verify the loan agreement and other documents, and then sign and return all loan agreement packages to the OFA. OFA contact information and address will be provided when the documents are sent. <i>Please ensure that the long-term borrowing approvals are scheduled as part of board meeting agendas.</i> |
| March 12, 2014 | Funds flow from OFA to school boards. |

Assistance

For further clarification about the financing submission requirements or OFA Request Forms in the CAPT, please direct any questions to Lise Bolduc at (416) 326-9925 or Lise.Bolduc@ontario.ca.

Contact information for both Capital Analysts and Finance Officers is provided on the following website: http://faab.edu.gov.on.ca/Contact_Us.htm

Original signed by:

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cc. Michael Smith, OFA
 Susan Guinn, OFA
 Marie Li, Director (A), Financial Analysis and Accountability Branch