

Ministry of Education

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2016: SB32

MEMORANDUM TO: Senior Business Officials

FROM: Grant Osborn
Director
Capital Policy and Programs Branch

DATE: October 12, 2016

SUBJECT: Release of the Updated Capital Analysis and Planning Template and Information on the March 2017 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), Approval to Proceed Process reminder and the proposed timelines and submission requirements for boards to transition capital projects to long-term financing through the Ontario Financing Authority (OFA).

1. Highlights

CAPT

The updated, board-specific CAPT is now available in EFIS with each board's most recent capital activity as of August 31, 2016.

The completed CAPT is to be submitted to the Ministry by November 30, 2016.

OFA Long-Term Financing

Long-term financing submission request forms are part of the CAPT and are due November 30, 2016. OFA will flow funds to boards on March 14, 2017.

The March 2017 OFA issue will be the final opportunity for boards to request for OFA long-term financing.

Unspent NPP and GPL Funding Allocations (Remaining Build Room)

In the 2016-17 school year, the ministry will wrap up the New Pupil Places (NPP) and Good Places to Learn (GPL) programs. As a result, the ministry will finalize the unspent NPP and GPL capital allocations for boards and convert them into capital grants.

Approval To Proceed reminder

Effective October 1, 2014, boards are required to submit the Approval to Proceed (ATP) Request Form.

2. Capital Analysis and Planning Template (CAPT)

The CAPT is a financial and planning tool that is used for various purposes including: tracking capital projects; assessing a board's current capital financial position and identifying the financial implications for any new capital projects.

The CAPT can be downloaded from EFIS 2.0 by following these steps:

1. Log into Planning System.
2. Select "Explore" from the Navigation bar.
3. Select "Facilitating Documents" folder and then the DSB folder.
4. Select and open the CAPT file to download.

The CAPT has been populated with a board's most recent capital activity, including all Approvals to Proceed granted up to August 31, 2016. Boards are expected to update the following forms in the template to reflect their 2015-16 Financial Statements:

- Submission Sign-Off Worksheet including error messages
- Capital Financial Position Worksheet
- School Renewal Schedule
- Proceeds of Disposition Schedules
- Capital Project Worksheet (Active)
- Project Debenture Matrix Worksheet: Ensure the debenture(s) issued in 2015-16 for the associated project(s) has been correctly pre-populated as per the OFA document.
- OFA Debenture Financing Requests for March 2017 (if applicable).

An updated instructional manual for the CAPT can be found at the Capital Programs Branch Area of the [FAAB website](#). The manual includes detailed instructions for completing the CAPT for year-end purposes.

If you have any questions regarding the CAPT, please contact either your Capital Analyst or your Financial Analyst, as indicated below.

For question regarding:	Contact
Submission Sign-off	Capital Analyst or Financial Analyst
Capital Financial Position	Financial Analyst
School Renewal Schedule	Financial Analyst
Proceeds of Disposition	Financial Analyst
Project Master – Project Active	Capital Analyst
Project Debenture Matrix	Capital Analyst
OFA Debenture Financing Request (Part 1&2)	Diamond Tsui
ATP Request Form	Capital Analyst

Contact information for both Capital Analysts and Financial Analysts is provided on the [FAAB website](#). We encourage boards to visit the “Contact Us” area of the website for updates on any Capital Analysts and Financial Analysts changes.

The naming convention for the CAPT file for the year end submission will be: [XX_CAPTV6_FIN_Board Name.xls](#) (XX is the board number).

The CAPT is to be submitted by November 30, 2016 to the following address: financials.edu@ontario.ca.

3. March 2017 Long-Term Financing

Where applicable, boards are required to request long-term financing arrangements through the Ontario Financing Authority (OFA). The capital programs eligible for long-term financing arrangements through the OFA include GPL renewal, New Pupil Place (NPP), Primary Class Size (PCS), Prohibitive to Repair (PTR), Growth Schools, Capital Priorities (2008), Best Start, \$120M Capital Funding and Capital Transitional Adjustment Program for French-language boards. The total amount to be long-term financed is limited to the maximum Ministry allocation. 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.

For the March 14, 2017 long-term financing issue, the principal amount eligible for financing should reflect the value of work undertaken prior to August 31, 2016. All capital projects that were substantially completed (95%) as at August 31, 2016, and reflected as Ministry-supported not permanently financed debt on the board’s CAPT, are eligible to be financed through the OFA.

Boards with 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 your board intends to apply these reserves.

The OFA long-term financing submission forms can be found in the CAPT. Please refer to the CAPT instruction manual for additional information regarding detailed instructions for completing the OFA Debenture Financing Request Form.

4. Timeline for the OFA Long-Term Financing

Listed below is the projected timeline for the transition from short-term to new long-term financing for the March 14, 2017 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 must be consistent with information reported in your board's 2015-16 Financial Statements and the *Capital Project (Active) Worksheet* of the CAPT.

Date	Information/Action Required
November 30, 2016	All school boards are required to submit financing request information through the CAPT, under “ <i>OFA Debenture Financing Request Form (Part 1) and (Part 2)</i> ”.
February 7, 2017	Pre-filled, personalized loan agreement packages will be sent directly to each school board by the OFA.
February 8 to March 7, 2017	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. Please ensure that the long-term borrowing approvals are scheduled as part of board meeting agendas.
March 14, 2017	Funds flow from OFA to school boards.

For further clarification about the financing submission requirements or OFA Request Forms in the CAPT, please direct any questions to Diamond Tsui at (416) 325-2017 or Diamond.Tsui@Ontario.ca.

5. Unspent NPP and GPL Funding Allocations (Remaining Build Room)

In 2009-10, the Ministry concluded the New Pupil Places and Good Places to Learn programs (capital wrap-up). At that time, the Ministry identified the remaining NPP and GPL allocations for each board. Boards continued to access these funds through the OFA financing process. Since then, these funds have been largely depleted.

In an effort to simplify the administration of capital funding programs, starting in the

2016-17 school year, the ministry will be converting all unspent capital allocations into capital grants.

The Ministry will finalize the unspent NPP and GPL capital allocations after receiving the capital expenditures data from school boards in the 2015-16 Financial Statements and the Capital Analysis and Planning Template (CAPT).

The transfer of the unspent NPP and GPL capital allocations is expected to be effective in the 2017 March Report and the 2016-17 Financial Statements. The unspent capital allocations in the 2016-17 Estimates and Revised Estimates do not reflect this transfer. School boards are advised to continue to budget its capital expenditures for the unspent capital allocations based on their capital plans.

A future amendment is proposed to be made to the 2016-17 GSN Regulation to include the unspent NPP and GPL allocations associated with or without capital projects as part of the Amount of Capital Priority Projects table. Cash payments to boards will be made twice a year based on reported expenditures, which is consistent with other capital programs. The Ministry will also fund short-term interest related to these expenditures on a semi-annual basis.

6. Approval to Proceed Process reminder

As a reminder, effective October 1, 2014, boards are required to complete the Approval to Proceed (ATP) request form which is to be sent to both your Capital Analyst and Financial Analyst at time of submission. This should be submitted and approved by the Ministry before a board releases a tender.

Once the ATP request form is submitted, your Capital Analyst and Financial Analyst will update the CAPT and send your board an updated copy to review. Boards are no longer required to submit and update the CAPT as part of the ATP process.

Please note: Boards are still required to complete a space template before engaging an architect as well as submitting a cost consultant report prior to tendering any capital projects.

The Approval to Proceed Request Form and Summary of the Capital Approval Process is provided on the Capital Programs Branch Area of the [FAAB website](#). If you have any additional questions with this process, please contact your Capital Analyst.

Original signed by:

Grant Osborn
Director
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cc: Michael Smith, Ontario Financing Authority
Mara Bakic, Ontario Financing Authority
Med Ahmadoun, Director, Financial Analysis and Accountability Branch