



Borrowing Resolution to Meet Operating and Capital Expenditures

To: Finance, Budget and Enrolment Committee

Date: 15 September, 2020

Report No.: 09-20-3942

Strategic Directions

- Allocate Human and Financial Resources Strategically to Support Student Needs

Recommendation

It is recommended that in accordance with Section 243 of the Education Act, the Secretary-Treasurer and Chair (or Vice-Chair) be authorized on behalf of the Board to sign the Short-term Borrowing Resolutions, as outlined in Appendix A, to:

1. Approve the borrowing facility of \$250 million to support the Board's daily operating requirements, for the period ending October 31, 2022; and
2. Approve the borrowing facility of \$250 million to support permanent improvements relating to capital priorities, school condition improvement, child care capital and other capital programs as approved by the Ministry of Education, for the period ending October 31, 2022.

Context

On April 22, 2020, the Board approved an increase to the short term borrowing facility for operating requirements, from the original amount of \$50 million to \$250 million. This increase was implemented in response to cash flow changes, as a result of COVID-19 related site closures and educational property tax payment deferrals.

The approved change brought the total borrowing facility for operational expenditures to \$250 million, in addition to the borrowing facility for capital expenditures of \$250 million. The current borrowing resolution for operational expenditures is set to expire on

October 31, 2020, and the borrowing resolution for capital expenditures is set to expire on December 31, 2020.

Although TDSB did not have to access any of the short term borrowing for operational expenses this past year, given the uncertainties with the economy and the ongoing health crisis, it is recommended that TDSB maintain its borrowing facility amounts until October 31, 2022. This will significantly reduce the risk of insufficient cash flows, in the event of another major outbreak, or if there are other unanticipated operational changes.

Action Plan and Associated Timeline

This borrowing resolution becomes effective on October 1, 2020.

Resource Implications

The cost of the short-term borrowing for permanent improvements includes interest costs incurred, and will be fully funded by the Ministry.

Communications Considerations

Not applicable.

Board Policy and Procedure Reference(s)

Not applicable.

Appendices

- Appendix A: Short Term Borrowing Resolution

From

Marisa Chiu, Interim Executive Officer, at Marisa.Chiu@tdsb.on.ca or at 416 395 3563.

TORONTO DISTRICT SCHOOL BOARD

SHORT TERM BORROWING RESOLUTION

A resolution authorizing the borrowing of money to meet the short term needs of operational and capital expenditures of the Toronto District School Board (the “Board”).

- A. Whereas, in accordance with subsection 243(1) of the Education Act (the “Act”), the Board considers it necessary to borrow short-term for less than one year the amount of up to **\$250 Million Dollars**, for operational expenditures of the Board, and up to **\$250 Million Dollars** for capital expenditures of the Board, until revenue is received, for the period ending October 31st 2022 (the “Period”).
- B. Whereas, pursuant to subsection 243(3) of the Act, the total amount borrowed pursuant to this Resolution together with the total of any similar borrowings and any accrued interest on those borrowings is not to exceed the unreceived balance of the estimated revenues of the Board for the Period; and
- C. Whereas, the amount borrowed for a short-term period of less than one year for both daily operation and permanent improvements is within the Board’s Debt and Financial Obligation Limit as established by the Ministry of Education and Training from time to time.

RESOLVED THAT:

- 1. The Chair or Vice-Chair and the Director of Education, Secretary/Treasurer are authorized on behalf of the Board to borrow from time to time by way of promissory note, or overdraft, or bankers’ acceptance from the Board’s approved bank (currently Canadian Imperial Bank of Commerce (“CIBC”)) a sum or sums not exceeding in the aggregate **\$500 Million Dollars** to meet, until the revenues are collected, operational and capital requirements of the Board for the Period (including the amounts required for the purposes mentioned in Subsection 243(1) and 243(2) of the Act), and to give to CIBC promissory notes or bankers’ acceptances, as the case may be, sealed with the corporate seal of the Board and signed by any two of the Associate Director, Operations and Service Excellence, Chair or Vice-Chair and the Director of Education, Secretary/Treasurer for the sums borrowed plus interest at a rate to be agreed upon from time to time with CIBC;
- 2. The interest charged on all sums borrowed pursuant to this Resolution plus any related charges, is not to exceed the interest that would be payable at the prime lending rate of the chartered banks listed in Schedule 1 of the Bank Act (Canada) on the date of borrowing;

3. The Director of Education, Secretary/Treasurer or Associate Director, Operations and Service Excellence, is authorized and directed to apply in payment of all sums borrowed plus interest, all of the moneys collected or received in respect of the revenues of the Board;
4. The Director of Education, Secretary/Treasurer or Associate Director, Operations and Service Excellence, is authorized and directed to deliver to CIBC from time to time upon request a statement showing (a) the total amount of unpaid previous borrowings of the Board for current expenditures together with debt charges, if any, and (b) the uncollected balance of the estimated revenues for the current year or, where the estimates have not been adopted, the estimated revenues of the previous year less any current revenue already collected.

We hereby certify that the foregoing is a true and complete copy of a Resolution of the Board in the Province of Ontario, duly passed at a meeting of the Board and that this Resolution is in force and effect as of October 1, 2020. This resolution replaces the existing borrowing resolutions approved by the board with \$250M for operational expenditures expiring on October 31st 2020 and \$250M for capital expenditures expiring on December 31st 2020.

DATED this 23rd day of September, 2020

WITNESS the corporate seal

Alexander Brown, Chair

Carlene Jackson, Interim Director of Education,
Secretary/Treasurer