

**Report to Board
October 20, 2014**



**Waterloo Region
District School Board**

Inspired Learners – Tomorrow's Leaders

SUBJECT: Bank Borrowing Resolution

ORIGINATOR: This report was prepared by Marilyn Allen, Executive Superintendent of Business and Financial Services and Treasurer, Karen Newland, Controller of Financial Services, Sharon Uttley, Manager of Accounting Services and Tracy Williams, Accounting Officer, in consultation with Executive Committee.

PURPOSE/STRATEGIC PLAN:

To obtain Board approval for a borrowing resolution according to Section 243 of the Education Act.

This report relates to three of the Waterloo Region District School Board's (the Board's) strategic directions: Engaging students, families, staff and communities, Championing Quality Public Education and Promoting Forward Thinking.

BACKGROUND:

In the normal course of business, the Waterloo Region District School Board borrows money to meet the current operating expenditures of the Board. This is necessary because of differences in cash flow. The timing of the collection of revenue from the municipalities and province does not coincide with payment schedules for the expenditures of the Board. The Education Act allows borrowing up to the uncollected amount of revenues of the Board. Up until September 2012, this borrowing limit had been set at \$40M.

STATUS:

Administration works with the Board's banker, CIBC, to negotiate arrangements which will accommodate the borrowing requirements of the Waterloo Region District School Board, both on a current and a long-term basis. The day-to-day banking needs are also reviewed. Banking terms minimize service costs to the Board and ensure that borrowing rates are the best available in the industry to afford the Board the lowest overall banking and financing costs.

With the growth in the board's overall budget over the last number of years due to full day kindergarten implementation and the extensive capital and maintenance program being undertaken by the board, the borrowing limit was increased to \$50M effective September 2012. For the last two fiscal years, the \$50M borrowing limit has been sufficient to meet the board's cash flow needs. There is no evidence to support a further increase to the borrowing limit.

The attached Borrowing Resolution is required by the bank pursuant to the relevant sections of the Education Act to cover the Board's borrowing for operating expenditure purposes.

COMMUNICATIONS:

A certified copy of the Board Resolution will be forwarded to CIBC.

FINANCIAL IMPLICATIONS:

The Board provides for the anticipated interest costs in its annual budget estimates.

RECOMMENDATION:

It is recommended that:

That the Waterloo Region District School Board adopt the Resolution, as outlined in Appendix A of the report titled Bank Borrowing Resolution, dated October 20, 2014, authorizing the borrowing of money to meet current expenditures of the Waterloo Region District School Board for the fiscal year 2015.

 **Director of Education**

RESOLUTION

A RESOLUTION AUTHORIZING THE BORROWING OF MONEY TO MEET CURRENT EXPENDITURES OF WATERLOO REGION DISTRICT SCHOOL BOARD (the “Board”)

A. In accordance with subsection 243(1) of Education Quality Improvement Act (the “Act”), the Board considers it necessary to borrow the amount of up to \$50,000,000.00 to meet, until current revenue has been received, the current expenditures of the Board for their fiscal year 2015.

B. 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 fiscal year.

C. The total amount previously borrowed by the Board pursuant to Section 243 that has not been repaid is **\$0**.

D. The amount borrowed for current expenditures is within the Board’s Debt to Financial Obligation Limit as established by the Ministry of Education and Training from time to time.

RESOLVED THAT:

1. The Chairman or Vice-Chairman and the Treasurer are authorized on behalf of the Board to borrow from time to time from Canadian Imperial Bank of Commerce (“CIBC”) a sum or sums not exceeding in the aggregate of **\$50,000,000.00** to meet, until current revenue is collected, the current expenditures of the Board for the year (including the amounts required for the purposes mentioned in subsection 243 (1) and 243 (2) of the Act) plus interest at a rate to be agreed upon from time to time with CIBC.

2. The Treasurer 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 current revenues of the Board.

3. The Treasurer 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 full force and effect.

Dated this 20th day of October, 2014.

Waterloo Region District School Board

Per: _____
The Chairperson or Vice-Chair

Treasurer