

# Infrastructure Ontario's Loan Program

*Affordable financing in support of infrastructure renewal*



# Agenda Overview for Today

Today's seminar will be divided into 3 Sections:

1. Infrastructure Ontario –introduction by Anthony Pizans - 15 minutes
2. Eligibility Criteria – presented by Catherine - 20 minutes. Q & A for 20 minutes. 20 minutes Open discussion (or breakout sessions)
3. Break for refreshments – 15 minutes
4. Business Case Development - presented by Robert Keene - 20 minutes with Q &A for 15 min.

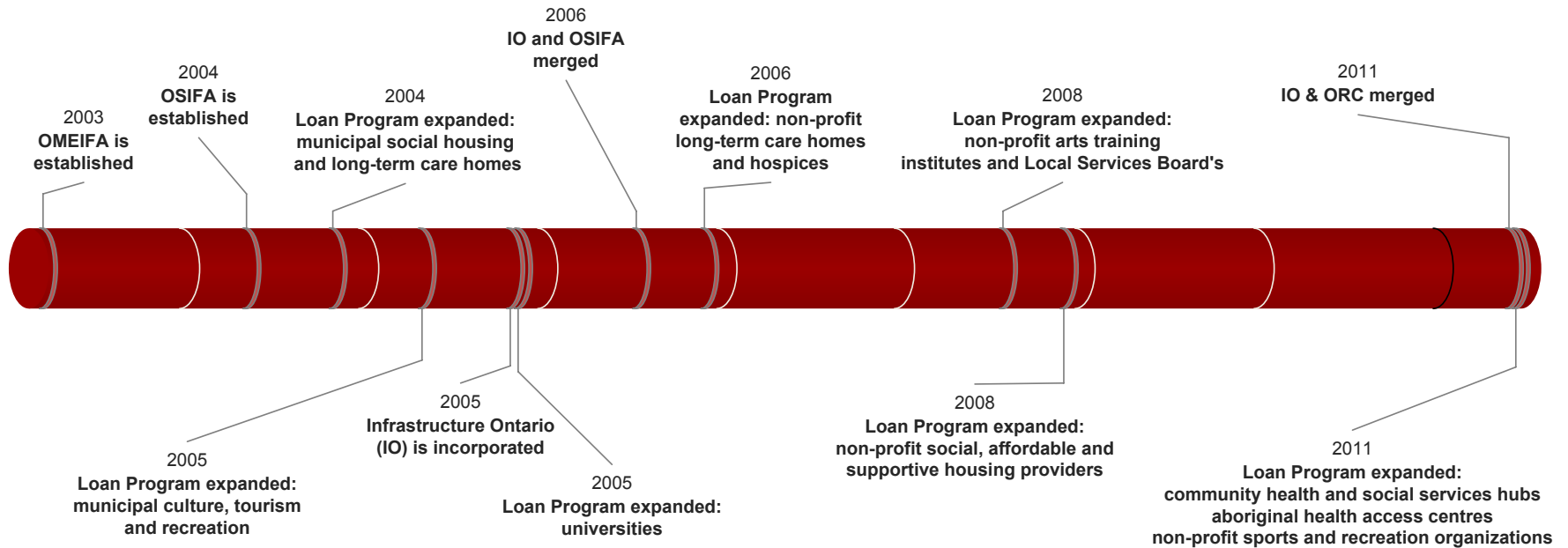
# Infrastructure Ontario

- Crown agency of the Ontario government, created in 2005
- Focused on modernizing and financing the renewal of public infrastructure, maximizing the value of public real estate and managing government facilities
- Four lines of business:
  - Major Projects delivering provincial and other Ontario public sector infrastructure
  - **Lending to broader public sector entities in Ontario**
  - Real Estate Management responsible as landlord to the Ontario Public Service
  - Ontario Lands manages the Province's property portfolio

# Loan Program - History

- The Ontario government created the Loan Program as an alternative financing approach that could provide Ontario municipalities with affordable, longer-term loans to renew and build public infrastructure
- The Program was based on a pooled financing model that continues to be used successfully to support infrastructure investment in other jurisdictions across North America
  - Similar models are used in BC (BC-MFA), Alberta (Alberta Capital Finance Authority) and Quebec (Financement Quebec)
  - The Loan Program offers a lower-cost, longer term financial product that is not being provided by private sector financial institutions
- Since 2003, the government has broadened the Loan Program several times to include other broader public sector groups
  - The government sets the policy on all sectors; IO administers the Loan Program on behalf of the government

# Loan Program Timeline





*The Loan Program is dedicated to providing financing solutions to help public sector clients renew infrastructure and deliver value to customers and residents*

# Who is Eligible?

- Aboriginal health access centres
- **Community health and social service hubs**
- Hospices
- Housing providers
  - Social, affordable, co-operative, supportive
- Local services boards
- Long-term care homes (non-profit)
- Municipal corporations
  - Electricity distribution, power generation, transit
- Municipalities
- Professional arts training facilities (non-profit)
- **Sports and recreation organizations (non-profit)**
- Universities and affiliated colleges

# 2011 Loan Program Expansion

- In June 2011, the Province released a long-term infrastructure plan Building Together: Jobs and Prosperity for Ontarians
  - The plan committed to expanding the Loan Program
- Shortly thereafter, the Government approved an expansion of the Loan Program to include:
  - Community health and social services hubs
  - Aboriginal health access centres
  - Non-profit sports and recreational organizations
- The expansion is consistent with the governments priority in improving health care and social services for families
  - It also supports Ontario's Poverty Reduction Strategy, The Social Innovation Strategy, The Partnership Project, and The Open Ontario Strategy by increasing support to non-profit organizations

# 2011 Loan Program Expansion

- Focusing on ***Community health and social services hubs*** reinforces the Government's commitment to tap into the expertise of community partners to strengthen the health system
  - By facilitating the development of community hubs, the Loan Program will help support the efficient use of infrastructure and improve access to multiple services
- ***Community sports and recreation facilities*** play an important role in supporting an active lifestyle and better health outcomes
  - Allowing ***Non-profit sports and recreation organizations*** with capital needs to borrow from IO can result in more numerous and improved facilities, encouraging a more active lifestyle



# Eligibility

# Sports & Recreation Organization - Eligibility

- Not for profit organization that is either be a member of, a Provincial Sport Organization or Multi Sport Organization recognized by the Ministry of Health & Long Term Care (formerly known as Health Promotion and Sport (MHPS) under that Ministry's Sport Recognition Policy (*see list*)

Or

- A not-for-profit organization that owns, is the lessee of or operates a recreational facility such as swimming pools, arenas, sport specific courts, sports fields, a gymnasium, a park or a path or trail for walking, hiking, bicycling or similar use, but not a path or trail for use by motorized vehicles

# Applying for a Loan

- **Registering with Infrastructure Ontario**
  - Articles of Incorporation/Letters Patent
  - Documentation showing the sports organization is recognized by the Ministry List of Provincial Sports Organizations OR
  - Documentation showing the organization provides a recreation facility
- **Webloans online application**
- **Credit and legal review**
  - Projects are reviewed to ensure that they are viable and meet eligibility criteria
- **Execute Financing Agreement**
  - IO provides templates and our knowledgeable staff is available to assist throughout the process
- **Draw money**
  - Capital financing available for short term construction loans and long-term debentures

# Community Health & Social Services Hubs – Eligibility

- All non-profit organizations that own or operate (or are planning to own or operate) a community health and social services hub are eligible
- The project must include at least one of each of the following types of organizations within it:

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## Community Health Organization

- Community Health Centre
- Aboriginal Health Access Centre
- Mental Health and Substance Abuse Centre
- Supportive Housing
- Board of health for a health unit

## Social Service Org or Agency Funded by:

- Ministry of Community and Social Services
- Ministry of Citizenship and Immigration
- Ministry of Child and Youth Services

*Note. Since Aboriginal Health Access Centres include social services they already qualify as a hub.*

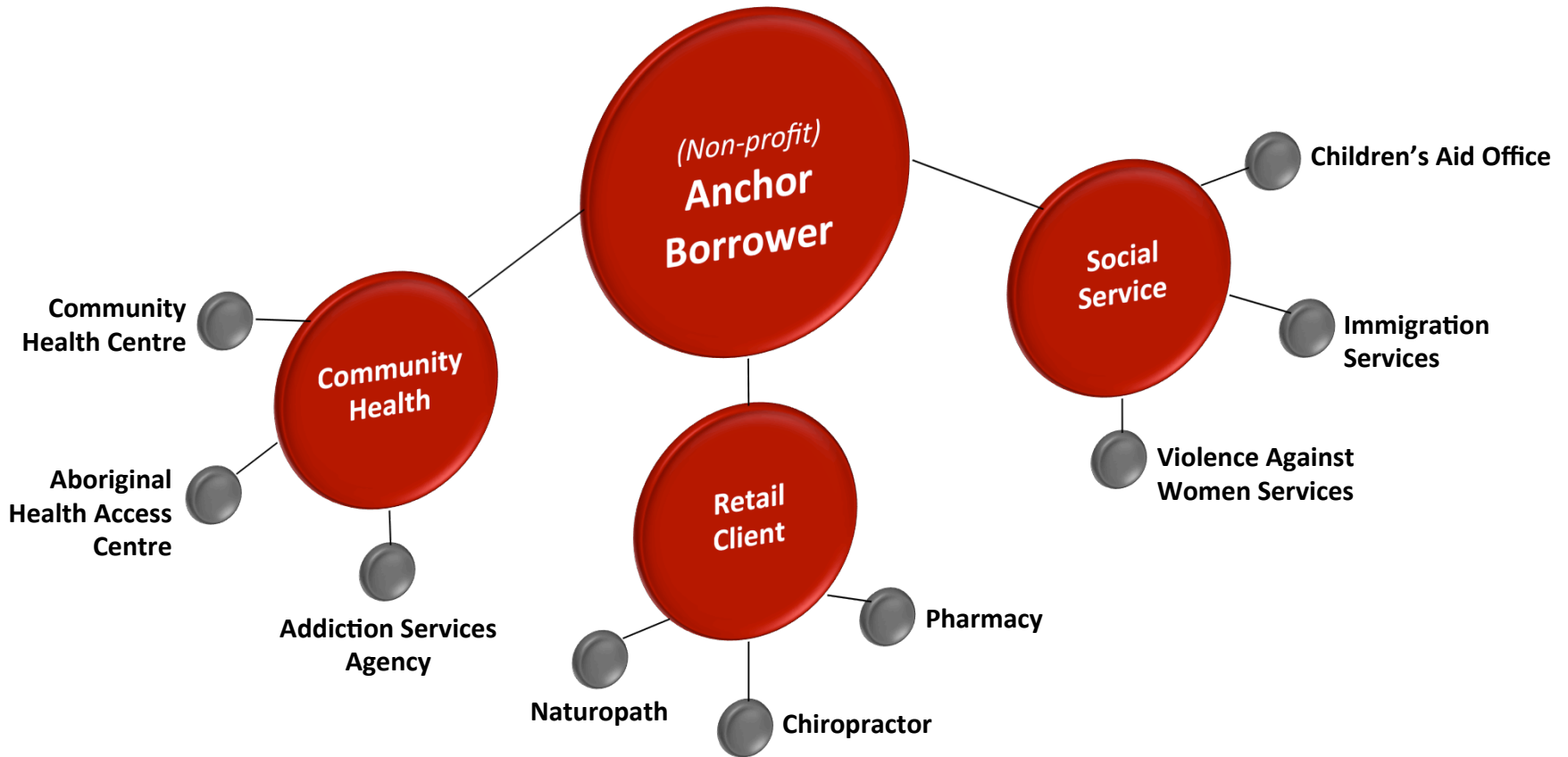
# What is a Community Health Organization?

- a) An approved agency, within the meaning of the Home Care and Community Services Act, 1994 that is funded by the Ministry of Health and Long Term Care to provide personal support services and homemaking services as part of a supportive housing program:
- b) A health service provider described in paragraph 8 of the definition (i.e., approved under Home Care and Community Services Act) in the Local Health System Integration Act, 2006 that:
  - a) i) receives funding from a LHIN to provide, as part of a supportive housing program, personal support services within the meaning of the Home Care and Community Services Act, 1994 and homemaking services within the meaning of the Home Care and Community Services Act, 1994, and;
  - b) ii) has entered into a services accountability agreement with the LHIN
- c) A health service provider described in paragraph 9 and 10 (i.e., community health centre, mental health and additions) in the Local Health System Integration Act, 2006 that:
  - a) iii) receives funding from a LHIN; and
  - b) iv) has entered into a service accountability agreement with the LHIN
- d) A board of health for a health unit under the Health Protection and Promotion Act
- e) An Aboriginal Health Access Centre listed under Ontario Regulation 210/11

# What is a Social Services Org/Agency?

- a) Services provided by an agency, organization or corporation that receives funding, either directly or indirectly:
  - i. From the Ministry of Children and Youth Services under the Child and Family Services Act, under the Health Protection and Promotion Act or under an agreement made under the Ministry of community and Social Services Act; or
  - ii. From the Ministry of Community and Social Services under an agreement made under the Ministry of Community and Social Services Act
- b) Services provided by:
  - i. A service agency, within the meaning of the *Services and Supports to Promote the Social Inclusion of Persons with Developmental Disabilities Act, 2008* or a corporation or other entity that is designated as an application entity under that Act; or
  - ii. A service agency, within the meaning of the *Services and Supports to promote the Social Inclusion of Persons with Developmental Disabilities Act, 2008*, with whom the Minister of Community and Social Services has entered into a written agreement to fund the service agency
- c) Services provided by a corporation or another entity that is designated as a funding entity under the *Services and Supports to promote the Social Inclusion of Persons with Developmental Disabilities Act, 2008*
- d) Newcomer settlement services provided by a voting member of the Ontario Council of Agencies Serving Immigrants

# What makes up a Hub?



*Illustrative Purposes Only*

# Eligible Projects Or Purchases

- Most depreciable capital expenditures are eligible for affordable, long-term financing, including:
  - New construction, acquisition, or renovation of facilities
  - Accessibility improvements
  - Acquisition of medical equipment
  - Energy efficiency projects (windows, doors, lighting)
  - Water, hydro, communications and HVAC systems
- Where facilities are operated, but not owned, leasehold improvements may also be considered an eligible expenditure

# Applying for a Loan

- **Registering with Infrastructure Ontario**
  - Articles of Incorporation/Letters Patent
  - Documentation showing corporate structure which demonstrates that the organization is a community health and social services hub
  - Documentation showing that there is a funding agreement from the LHIN for the community health service provider and also from the eligible Ministry for a social service provider
- **Webloans online application**
- **Credit and legal review**
  - Projects are reviewed to ensure that they are viable and meet eligibility criteria
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# Business Plan Development

# Business Plan Guide

- Following the submission of a loan application, IO undertakes a detailed project and credit review as part of its loan approval process.
- To assist borrowers with the preparation of information required, applicants are provided with a Business Plan Guide that will help them gather the necessary documentation including:
  - Project Information
  - Financial Information
  - Management & Governance Information
  - Business Model & Market Information
  - Security, Encumbrances & Environmental Information

***The following slides layout the business plan requirements in further detail***

# Project Information

**This section of the business plan guide requires that you provide a detailed description of the following:**

- Project budget
- Cash flow for the project during construction and post construction
- Financial sources and uses for the project including a breakdown of hard and soft costs, grants, deferred fees, forgivable loans, fundraising targets, pledges to date, pledged cash received, etc.
- Project over-run funding capabilities
- Construction type, status and timeline to start
- Current project status and projected timeline
- Details of project management team and reporting practices
- Preliminary cost analysis report, description of site and finishes, fixtures and amenities for the project.

# Financial Information

**This section of the business plan guide requires that you provide a detailed description of the following:**

- Audited financial statements for the last five years
- Five year financial projections (pro-forma) for the subject property / project
- List of assumptions in creating the pro-forma financial projections



# Management & Governance

**This section of the business plan guide requires that you provide a detailed description of the following:**

- Borrower's governance framework including detailed organization chart
- Number of people employed directly or indirectly in the day-to-day operations (including associated foundations and organizations)
- Management profiles and biographies
- Board profiles and biographies
- Role of guarantors, regulators and other key stakeholders (including any securities that the guarantor is providing)
- Key managers and directors for the project (names, qualifications and experience)



# Business Model & Market

**This section of the business plan guide requires that you provide a detailed description of the following:**

- Business plan and a project overview addressing both projected revenues and expenses as well as any donation or fundraising campaign activities
- Key success factors for the project and any fundraising efforts
- Detailed plans for fundraising efforts, including probable major donors, targeting strategy, past fundraising results and other assurances that targets will be met
- Detailed property, neighbourhood and area descriptions
- Key risks and steps taken to mitigate these risks
- Applicants will also need to provide a copy of the property survey, site plan, elevations and floor layouts for new construction and major renovations

# Security, Encumbrances & Environmental

- **This section of the business plan guide requires that you provide a description of the following:**

- Corporate and legal structure of the borrower and its parent
- Legal interest in the land including any leasehold or other agreements
- All existing debts with their corresponding debt service obligations and creditors
- Legal relationship to other affiliated entities or guarantors with an interest or role in the project
- List of any other encumbrances related to the subject property including heritage designations, easements, chattels, etc .
- List of all Environmental Site Assessments pertaining to the subject property

# Loan Program Benefits

- Easy access to capital markets financing with no need to be rated
- Clients may select repayment terms of up to 40 years
- Our affordable rates are all-in blended rates so there are no additional transaction fees or commissions
- Our rates apply for the full length of the term
- No need to refinance over the life of the loan
- Access to dedicated and experienced staff throughout the loan process



# What Our Clients Are Saying...

- 95% of clients say they will work with IO again
- 95% agree that IO's rates are preferable in comparison to other sources
- 85% of clients rate the loan process highly
- 97% of loan clients would recommend working with IO

*“My experience with Infrastructure Ontario and the Loan Program have been exceptional and Timmins will definitely apply to the program for future capital funding.”*

Joe Torlone, CAO, City of Timmins

*Survey results from 2010-11 Infrastructure Ontario's Client Survey, Dec. 2010*

# Next Steps

- This is a Loan Program (not a grant program) specific steps are required
- Are we aligned with both a community health organization and social services agency?
- Are we ready to submit the following eligibility documents?
  - Articles of Incorporation/Letters Patent
  - Documentation showing corporate structure which demonstrates that the organization is a community health and social services hub
  - Documentation confirming funding agreement from the LHIN for the community health service provider and also from the eligible Ministry for a social service provider
- Do we have a Business Case?

# For More Information...

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