



Leading the class in energy conservation ... and fiscal responsibility

Scotiabank is helping the Ottawa-Carleton District School Board finance an energy systems upgrade in its schools to more efficiently manage operating costs.

Michael Clarke,
OCDSB, Chief Financial
Officer and Treasurer

The public education system today is being challenged to deliver quality services within fixed budgetary parameters. Ensuring the escalating costs of operating and maintaining school facilities do not undermine a school board's ability to provide appropriate learning environments is no simple task.

The Ottawa-Carleton District School Board (OCDSB) is the largest school board in Eastern Ontario and the seventh-largest school board by student population in Ontario, serving 78,000 students across 122 elementary schools and 27 secondary schools. The OCDSB owns 11 million square feet of building space worth approximately \$1.1 billion.

Responsible financial management is crucial for the OCDSB and all school boards. Integral to the OCDSB's long-term financial plan is its [energy conservation program](#), initiated several years ago. With \$31 million in financing guaranteed by the Ontario Ministry of Education, OCDSB contracted Ameresco Canada, an independent energy services company, to provide energy retrofit measures to its schools as part of a two-phased project. When complete, the retrofit will provide annual savings of up to \$5 million in energy consumption.

Scotiabank, OCDSB's lead commercial bank, was approached to provide an additional \$24 million in financing to complete the second phase of the energy retrofit project. This addendum to the contract with Ameresco will be implemented over a three-year period, improving energy use at some 75 schools.

After reviewing financing alternatives offered by various energy service companies, OCDSB concluded that Scotiabank's energy leasing proposal was in their best interest. Chief Financial Officer and Treasurer, Michael Clarke, attests: "Scotiabank won the business because they proved that they place a value on our long-term relationship. The Bank's support for the Board has never wavered. They're committed to helping us fulfill our mandate, and realize fiscally advantageous opportunities as they arise."



44 King Street West
Toronto, Ontario M5H 1H1
e-mail: businessproducts@scotiabank.com
www.scotiabank.com

Energy leases tailored to suit performance contract terms

Energy service companies offer clients an energy performance contract that routinely assesses equipment installations and guarantees that savings from the improvements made to the facilities will be cash flow neutral or positive.

Scotia Leasing, the department through which Scotiabank engages in equipment financing and leasing solutions, provides financing of an energy performance contract. Repayment terms parallel the expected energy savings over time – which, in the public sector, is an average of ten years.

“Publicly-funded institutions are necessarily reluctant to lock-in to long-term leasing arrangements, since government and funding commitments tend to change. The Scotiabank team was very patient in dealing with the level of scrutiny involved before this proposal was accepted,” Michael Clarke explains. “We were forthcoming about our expectations on the amortization period and the bank recognized we needed to justify the life of the program.”

Scotiabank was able to offer an attractive lease term at a fixed rate to help the OCDSB avoid potential negative interest rate fluctuations.

“This enables us to more easily absorb rising energy costs,” adds Clarke. “We’ve already achieved 70 per cent of our expected energy savings. Rate hikes only increase the net gain.”

Dave Tanner, Director of Scotia Leasing, says this type of financing is extremely cost effective for organizations with large buildings and facilities, including manufacturing plants, office buildings, municipal facilities, schools, hospitals, and provincial and federal buildings.

“Lease payments are made from existing operating budgets and are not new capital expenditures,” Tanner explains. “As facilities age, organizations in both the public and private sectors will need to retrofit to comply with protocols under the Kyoto Accord. We’re hoping more people will see how easy and cost-effective it can be to do the right thing for the environment.”

Fulfilling a commitment to furthering education

More than simply a lender, Scotiabank has worked with the OCDSB in taking over the administrative responsibilities of the OCDSB’s energy contract from a funding perspective – right down to reviewing invoices and paying suppliers for work completed.

According to Relationship Manager Anju Malhotra, “Our services are designed to simplify processes for our clients’ treasury operations, to help them do more with less. In essence, the bank sees its role as a partner in the Board’s due diligence process.”

Scotiabank has also backed up its commitment to the OCDSB and the education of its students in other ways. Recently the Ottawa Commercial Banking Centre donated the proceeds from its first Annual Charity Golf Tournament to the Ottawa School Breakfast Program.

This successful partnership has led Scotiabank to introduce energy leases to other Ontario school boards, which in turn, may financially benefit public education as a whole. If Ottawa is a good example – where the oldest school buildings are over 100 years old – retrofitting for energy savings is probably long overdue.



44 King Street West
Toronto, Ontario M5H 1H1
e-mail: businessproducts@scotiabank.com
www.scotiabank.com