

**Ministry of Labour, Immigration, Training and Skills
Development**

Skills Development Fund Capital Stream: GROW Pathway

Program Guideline

November 2024

Table of Contents

SKILLS DEVELOPMENT FUND CAPITAL STREAM: GROW PATHWAY 1

1.0 INTRODUCTION 3

 1.1 Purpose..... 3

2.0 PROGRAM DESCRIPTION 3

 2.1 SDF Capital Stream Overview and Description 3

 2.2 SDF Capital Stream Policy Objective..... 4

3.0 ELIGIBILITY CRITERIA 5

 3.1 SDF Capital Stream Primary Applicant Eligibility Criteria & Requirements..... 5

 3.2 Educational Organizations 6

 3.3 Eligible SDF Capital GROW Pathway Project Types..... 7

 3.4 SDF Capital Stream Participant Groups 7

 3.5 SDF Capital Stream Target Sectors and Occupations..... 8

 3.6 Key Performance Indicator – Training Volume 8

 3.7 Summary of Project Eligibility Criteria 9

 3.8 Eligible Costs 10

 3.8.1 Incurring Eligible Costs 14

 3.8.2 Facility Space Dedicated to Training..... 15

 3.9 Ineligible Costs..... 16

4.0 ROLES AND RESPONSIBILITIES 17

 4.1 Primary Applicant/Recipient’s Role 17

 4.2 Province’s Role 18

 4.3 Reporting Requirements 19

5.0 FUNDING PARAMETERS AND REQUIREMENTS..... 20

 5.1 Funding Source Limits and Recipient Minimum Contributions..... 20

 5.1.1 Funding Mechanics/Structure 21

 5.1.2 Payment and Security Requirements..... 24

 5.1.3 Project Milestones..... 26

6.0 EVENTS OF DEFAULT AND EARLY DISPOSITION ADJUSTMENT 26

 6.1 Events of Default..... 26

 6.2 Early Disposition of Project Asset 27

7.0 PROGRAM ADMINISTRATION 28

 7.1 Accessibility for People with Disabilities..... 29

 7.2 Promotion, Communications and Graphic Standards..... 29

 7.3 Access to Information and Protection of Privacy..... 30

 7.4 Information Management Requirements..... 31

 7.5 Documentation Requirements..... 32

 7.6 Insurance 32

8.0 APPLICATION PACKAGE REQUIREMENTS 32

 8.1 Application Requirements 32

 8.2 Application Procedure and Process..... 37

APPENDIX 39

 Appendix A: Glossary of Terms 39

 Appendix B: Project Plan Template Example 44

 Appendix C: Bank Reference Letter Template Example..... 46

 Appendix D: Required Construction Working Documents 47

 Appendix E: Land and Building Acquisition Costs 50

1.0 INTRODUCTION

1.1 Purpose

The Purpose of this document, the Skills Development Fund (“**SDF**”) Capital Stream GROW Pathway Guideline (“**Guideline**”), is to provide information to support application development, submission, and the delivery of projects under the SDF Capital Stream GROW Pathway (“**GROW Pathway**”). This Guideline is intended to be a resource for organizations applying for funding under the GROW Pathway (“**Primary Applicants**”) and GROW Pathway funding recipients (“**Recipients**”). The SDF Capital Stream GROW Pathway is being delivered by the Province of Ontario.

This Guideline provides information on:

- I. Program description
- II. Program delivery
- III. Funding parameters and requirements
- IV. Performance measurement
- V. Program administration

In the event of any conflict or inconsistency between this Guideline and any terms or conditions in the GROW Pathway Transfer Payment Agreement (“**TPA**”), the TPA shall prevail. Not all sections of this Guideline are applicable to all GROW Pathway projects. For a [Glossary of Terms](#) used in this Guideline, see Appendix A.

This is not a legal document. This Guideline is intended as a resource for information and assistance only and should not be used as or considered as legal advice. This Guideline does not replace or modify any legislation, regulations, municipal by-laws, or contractual agreements, and is only intended to provide general information about the GROW Pathway. This Guideline is not intended to provide interpretations of the law or identify all laws that may apply. Please consult the relevant legislation, regulations, municipal by-laws and contractual agreements that apply to your situation as necessary. If you need help understanding your legal rights or obligations, you may wish to seek legal advice.

2.0 PROGRAM DESCRIPTION

2.1 SDF Capital Stream Overview and Description

The SDF Program aims to tackle Canada’s declining productivity and ensure a resilient workforce by supporting access to the labour market, as well as strengthening the retention, training capacity and labour supply of workers in emerging and in-demand sectors.

Building on the success of the original SDF Training Stream of the SDF program, the Government of Ontario established the SDF Capital Stream to provide major capital investments in order to build new training centres, upgrade existing training centres, or convert existing facilities into state-of-the-art training centres. This includes new building construction, facility renovations, retrofits, expansions, conversions, and repairs (“**Capital Projects**”).

The SDF Capital Stream supports projects that enable education and skills development, enhance training capacity and delivery, and facilitate economic growth in emerging and in-demand sectors of Ontario’s economy.

It also supports the overall objectives of the original SDF Training program by:

- supporting innovative programs, prototyping and development of training programs;
- attracting and retaining capable and diverse jobseekers and workers;
- maximizing the economic potential of the skilled trades; and
- enhancing employers’ capacity to build a talent pipeline that meets their workforce needs now and in the future.

Primary Applicants may choose to apply to both Training and Capital funding streams of the Skills Development Fund. Costs related to the delivery of Skills Development Activities not covered under the SDF Capital Stream may be supported by the SDF Training Stream, which supports costs associated with the delivery of a Skills Development Activity. Please refer to the [SDF Training Stream guideline](#) for information about eligible costs under that program.

The SDF Capital program has been redesigned to include two pathways for funding under the SDF Capital Stream to better support market needs: the SEED Pathway (a new initiative) and the GROW Pathway. The GROW Pathway is a continuation of the original SDF Capital Stream, while the SEED Pathway is a new initiative under the SDF Capital Stream that supports the technical planning and design costs for the development of a Capital Project proposal. Please refer to the [SDF Capital Stream – SEED Pathway guideline](#) for more information about eligible costs under the SEED Pathway.

2.2 SDF Capital Stream Policy Objective

As part of the application, Primary Applicants must describe how the proposed Capital Project will support the SDF Capital Stream Policy Objective stated below.

The SDF Capital Stream will support projects which can demonstrate that they will support and align with the following objective:

- Create or improve physical spaces that increase training capacity/number of trainees, and/or increase retention of trainees, and strengthen labour supply for jobs in emerging and in-demand growth sectors of Ontario’s economy and key sectors like the skilled trades (“**SDF Capital Stream Policy Objective**”).

Among other criteria, the Province will assess applications to determine project alignment with the SDF Capital Stream Policy Objective.

As part of the application, Primary applicants must describe how the proposed Capital Project will support the SDF Capital Stream Policy Objective stated above over a mandatory 5-year operating period during which the Skills Development Activity will be delivered (“**Intended Use Period**”).

3.0 ELIGIBILITY CRITERIA

This Section outlines entities that are eligible to apply for SDF Capital Stream funding as Primary Applicants, eligibility criteria that must be met by proposed projects, and expenditures that will be considered Eligible Costs. The Province retains absolute and sole discretion to decide which projects are funded.

3.1 SDF Capital Stream Primary Applicant Eligibility Criteria & Requirements

The following entities are eligible to apply to the SDF Capital Stream as **Primary Applicants**:

- Employers in Ontario, other than the educational organizations listed in Section 3.6.2
- Minister approved, non-college apprenticeship program Training Delivery Agents (“**TDA**”s)
- Non-profit organizations, including Indigenous band offices and Indigenous Skills and Employment Training (ISETs) agreement holders
- Professional/industry/employer associations
- Trade unions/union-affiliated organizations; and
- Municipalities, District Social Services Administration Boards (DSSABs), Hospitals and Consolidated Municipal Service Managers (CMSMs)

Primary Applicants must meet the following requirements:

- Be a legal entity;
- Be authorized to operate or carry on business in the Province of Ontario;

- Have a physical presence, and be actively operating or carrying on a business in the Province of Ontario;
- Comply with all applicable legislation that may be applicable to the Primary Applicant, its operations or business, and the project, including the Ontario Building Code and other municipal requirements, the *Human Rights Code*, the *Occupational Health and Safety Act (OHSA)*, the *Employment Standards Act, 2000 (ESA)*, and the *Building Opportunities in the Skilled Trades Act, 2021 (BOSTA)*;¹
- Ensure the project follows municipal by-laws, and any proposed uses are compliant with municipal zoning requirements; and
- Individually, or with its Partners, provide demonstrated experience and organizational capacity to deliver the Capital Project and the Skills Development Activity.

Primary Applicants who intend to deliver apprenticeship in-class training must be, or must partner with, a minister-approved TDA. Only minister-approved TDAs may deliver apprenticeship in-class training.

The Primary Applicant is not required to have received funding from the SDF Training Stream to be eligible for the SDF Capital Stream.

An application may be submitted on behalf of a partnership/consortium, if appropriate, as long as one organization or entity is named the Primary Applicant. That Primary Applicant will be required to serve as the TPA signatory and primary contact for the Province if the application is approved for funding.

3.2 Educational Organizations

The following **educational organizations** are not eligible to apply to the SDF Capital Stream as Primary Applicants, but they can participate in the SDF Capital Stream as a Partner to an eligible Primary Applicant, or in a Consortium of Partners led by an eligible Primary Applicant:

- District School Boards under the *Education Act*;
- Publicly assisted colleges, universities, or Indigenous Institutes in Ontario²;
- Career colleges registered under the *Ontario Career Colleges Act, 2005*; and

¹ For greater certainty, the receipt of SDF Capital funding does not mean that any programming delivered using the relevant capital asset constitutes a pre-apprenticeship program approved by the Minister within the meaning of clause 1(1)(c) of O. Reg. 877/21 under the Building Opportunities in the Skilled Trades Act, 2021 (BOSTA).

² All publicly assisted universities are autonomous institutions, each established by their own acts of provincial legislature. Similarly, each publicly funded college of applied arts and technology is a non-share corporation, established through the *Ontario Colleges of Applied Arts and Technology Act, 2002*. There are nine Indigenous Institutes recognized in Ontario as part of the publicly assisted postsecondary education system under the *Indigenous Institutes Act, 2017*.

- Private universities with consent from the Ministry of Colleges and Universities to offer degrees under the *Post-Secondary Education Choice and Excellence Act, 2000*.

3.3 Eligible SDF Capital GROW Pathway Project Types

The GROW Pathway provides funding for Eligible Costs directly associated with eligible Capital Projects that support the objectives of the SDF Capital Stream.

Examples of eligible Capital Projects under the GROW Pathway include, but are not limited to, the following:

New Construction:

- New Construction – building a new facility that supports training delivery (which may include dormitory space for exclusive use by trainees)

Conversion, Expansion, Renovation, Repair, Retrofit:

- Conversion - changing a facility from its current use (e.g., commercial, industrial, institutional, residential) into a facility dedicated to training
- Expansion – increasing capacity of a facility to deliver additional training, cross functional training, or platforms for safety demonstrations, and/or provide additional dormitory spaces for exclusive use by trainees to increase training capacity
- Renovation – improving the functionality of a facility to increase its usefulness with respect to training output
- Repair – fixing or restoring a facility to increase its useful life, which otherwise would be unable to continue training delivery
- Retrofit – adding new features to improve the functionality or efficiency of a training facility by modernizing existing features

3.4 SDF Capital Stream Participant Groups

Primary Applicants must describe in their submitted project plan how the Project Asset will support the delivery of the proposed Skills Development Activity to one or more of the following participant groups:

- Workers that are needed to fill unmet labour market demand;
- Jobseekers and/or Incumbent Workers who are at risk of job displacement;
- Jobseekers who face higher barriers to employment.

Primary Applicants may propose any Skills Development Activity to be delivered during the Intended Use Period on the condition that it is aligned with the SDF Capital Stream

Policy Objective, is focused on an SDF Capital Stream Target Sectors or Occupations, and will serve one or more of the participant groups listed above.

3.5 SDF Capital Stream Target Sectors and Occupations

The SDF Capital Stream focuses on strengthening labour capacity in emerging and in-demand growth target sectors and occupations that are linked to Ontario's future economic growth ("**SDF Capital Stream Target Sectors and Occupations**"). The SDF Capital Stream addresses the demand for training spaces to meet occupational and employer needs.

The Ontario Labour Market website has a relevant tool to assess emerging and in-demand growth target sectors and occupations³. It provides information on the top jobs forecasted to remain in demand for the next five years in a particular region.

The SDF Capital Stream Target Sectors and Occupations focus on support for key government commitments and strategies that include (but are not limited to) the following:

- jobs in emerging and in-demand growth sectors of Ontario's economy including skilled trades, high-skilled technical occupations, construction, manufacturing, and healthcare.
- sectors experiencing labour shortages and challenges, sectors with unmet labour market demand, as well as other priority sectors.

3.6 Key Performance Indicator – Training Volume

An applicant must identify in their application the intended outcomes or Key Performance Indicator(s) ("**KPI(s)**") related to the Capital Project and Skills Development Activities that will be delivered. This will include the identification of the potential incremental increase in trainee enrollment volume attributable to the Capital Project ("**Training Volume**") and is expected to be achieved over the Intended Use Period. This metric will be considered in the assessment process. For example, if the Capital Project will result in 500 additional trainee enrollments in the first year of the Intended Use Period, the Training Volume KPI target for first year will be 500.

Recipients will have the opportunity to propose modifications to the Skills Development Activity or associated KPIs at, or after, Substantial Performance. All proposed changes are subject to the Province's approval, in its sole and absolute discretion. Additional

³ Please note that applicants may still provide evidence regarding the demand for training without and beyond referencing the Ontario Labour Market website. It is meant as a reference tool only and applicants are encouraged to present their own individualized rationales.

details on reporting requirements can be found in Section 5.1.4 (Performance Obligations and Reporting).

The Recipient is required to meet minimum performance requirements related to annual Training Volume KPI targets set out in the TPA. In Year 1 of the Intended Use Period, Recipients will be required to achieve a minimum of 50% of the project’s annual Training Volume KPI target, and in Year 2 to Year 5 of the Intended Use Period, the project must meet at least 80% of its annual Training Volume KPI targets (“**Minimum KPI Standard**”).

Failure to meet the Minimum KPI Standard in two consecutive years during the Intended Use Period may be considered an Event of Default.

Failure to reach a minimum of 25% of the annual Training Volume KPI target (“**Minimum KPI Threshold**”) in any one year may also be considered an Event of Default.

3.7 Summary of Project Eligibility Criteria

Primary Applicants may qualify for SDF Capital Stream funding if the proposed project meets all four of the requirements identified in Section 2.2, 3.4, 3.5 and 3.6.

Table 1: Project Eligibility Checklist

Required Project Eligibility Criteria	Explanation
<p>1. Aligns with SDF Capital Policy Objective (Section 2.2)</p>	<p>Create or improve physical spaces to increase training capacity, and/or increase retention of trainees and strengthen training capacity for jobs in emerging and in-demand growth sectors of Ontario’s economy.</p>
<p>2. Serves at least one SDF Capital Participant Group (Section 3.4)</p>	<p>The Skills Development Activity will serve one or more of the following groups:</p> <ul style="list-style-type: none"> - Workers that are needed to fill unmet labour market demand; - Any jobseekers and/or Incumbent Workers who are at risk of job displacement; - Jobseekers who face higher barriers to employment.
<p>3. Aligns with SDF Capital Stream Target Sector or Occupation (Section 3.5)</p>	<p>The Capital Project will support a Skills Development Activity to strengthen training capacity in emerging and in-demand growth sectors of Ontario’s economy. The <u>Ontario Labour Market</u> website has a relevant tool that provides</p>

Required Project Eligibility Criteria	Explanation
	indicators of future demand through a 5-year regional occupational outlook.
4. Training Volume Key Performance Indicator (Section 3.6)	Applicants must forecast the incremental annual trainee enrollment that will contribute towards closing critical labour gaps within Ontario’s economy. This enrollment target must be attributed to the Capital Project and subsequent delivery of the Skills Development Activity over the 5-year Intended Use Period.

3.8 Eligible Costs

Primary Applicants can apply for funding for one or more of the following cost categories that are associated with the Capital Project (“**Eligible Costs**”), without duplication under the SEED Pathway.

1. Hard construction costs directly related to the Capital Project. Hard construction cost estimates must be supported by either (i) an estimate prepared by a licensed quantity surveyor or construction cost consultant (“**Cost Consultant**”) at a $\pm 20\%$ accuracy level; or (ii) a fixed price contractor quote. These costs include but are not limited to:

- Material costs, including but not limited to:
 - Structural materials
 - Finish materials
 - Mechanical materials
 - Material costs associated with the installation of the signage or plaque at the site of the Capital Project (see Section 7.3 for additional information on signage and plaque requirements).
- Building and site:
 - Utilities, cement, life safety systems, security and safety monitoring equipment, (for example, cameras, mag locks), paving, necessary storm water control and remediation and essential landscaping
 - Heating, ventilation and air conditioning (HVAC) systems
 - Project site office rental
 - Site temporary utilities
 - Scaffolding

- Mechanical, electrical, plumbing (MEP)
- Carpentry, masonry
- Elevators and hoists
- Concrete
- Safety and security, such as guards
- Excavation and demolition
- Structural steel
- Foundation and formwork
- Shoring and caissons
- Waterproofing
- Testing and inspection (lab tests, strength tests, slump, etc.)
- Rebar
- Soil removal
- Environmental work
- Millwork
- Electrical panels, transformers, switchboards
- Fencing
- Communication Networks / IT
- Interior:
 - Wallpaper, paint, trim, flooring
 - Life safety systems such as fire alarm and sprinkler systems, fire escapes and other related systems
- Labour costs;
 - Direct costs

2. Soft costs directly attributable to the Capital Project. These may include:

- Costs to advance design drawings and planning post-application approval. These costs include:
 - Architectural plans & drawings, notes, and sections
 - Construction drawings and specifications
 - Civil plans, notes, and sections
 - Structural plans, notes, sections, and details fully describing the structural building requirements
 - Mechanical plans, notes, and details fully describing the plumbing, HVAC, and fire protection requirements
 - Electrical plans, notes, and details fully describing the electrical communications, security, and equipment requirements

- Detailed demolition drawings (if renovation), including clear indication of existing materials to remain
- Conveyance plans, specifications and sections fully describing elevators, escalators, and lifts; Landscape design
- Infrastructure, permit, consultation and development charges and fees. These costs include but are not limited to:
 - Land survey fees
- Costs of inspections, development charges, demolition and construction permitting fees paid to regional or municipal government authorities; (site plan approval, building permits, foundation permits, monumental permits, etc.)
- LEED Certification or similar designations designed to reduce environment footprint and enhance energy conservation
- Costs associated with consultation with Indigenous communities and, where appropriate, any costs of accommodation measures for affected Indigenous communities, as directed by the Province.
- Professional fees that are incurred in connection with construction tender services, contract administration, and construction/building inspections, other than legal fees. These include:
 - Architectural Engineering, Design and Studies Fees
 - Landscape Designer
 - Sustainability services (LEED and WELL certifications)
 - Interior Designer / Interior Decorator
 - Contractor fees; Consultant fees (for example, permit consultants, heritage building expert, hazardous material consultant)
 - Incremental third-party project management
 - Project Management Costs:
 - Staff compensation related to documentation and drawings
 - Security and safety staff
 - Direct payment to subcontractors or general contractors

In the assessment of applications, total soft costs may be limited to a percentage of the total hard construction costs according to the project's scale/size

3. Land and/or building acquisition costs may be considered for funding on a case-by-case basis, at the discretion of the Province. Only up to 49% of the direct purchase price of the land and/or building will be considered an Eligible Cost for the purpose of GROW Pathway funding. The Recipient will be responsible for all other costs and expenses associated with the acquisition of the land and/or building, including but not

limited to, title insurance, appraisal fees, real estate commissions, legal expenses, legal registration fees, and land transfer taxes. If land and/or building acquisition costs are covered as part of a GROW Pathway project, the Recipient will also be required to comply with additional terms and conditions that may vary from this Guideline, which will be outlined in the TPA. Additional information and requirements for these types of costs are outlined in Appendix E.

4. Administrative costs (also known as overhead and operating costs)

- SDF Capital Stream recognizes that there are indirect expenditures necessary for operating an organization, but that are not directly associated with the delivery of the project.
- Administrative costs should be attributed to the project on a basis that is proportional with the respective size of the organization and the size and/or effort of the project
- Administrative costs may be claimed up to a maximum of 5% of the Recipient's Eligible Costs under categories (1) – (3) listed above. Examples of eligible administrative costs include a pro-rated portion of the following:
 - Salaries/benefits/mandatory employment-related costs of the Executive Director, Information Technology (IT), and/or financial staff that work for the organization but may spend a portion of their time dedicated to carrying out administrative functions/tasks that supports the execution of the project
 - Accounting fees
 - Bank fees, postage and courier fees; basic telephone fees and monthly internet fees
 - Contracting (if not contracted specifically to support the project), bookkeeping, IT used indirectly in project delivery, equipment maintenance services, security, translator, training fees, consultant fees, printing contracts fees
 - Indirect/support equipment repair and maintenance (includes photocopy meter charges)
 - IT maintenance
 - Lease or finance/interest costs attributed to administrative functions

Table 2: Eligible Cost Categories and Associated Application Requirements

No.	Eligible Cost Category	Supporting Documents Required with Application Form	Guideline/Requirement
1	Hard Construction Costs	<ul style="list-style-type: none"> • Cost estimate; OR • Fixed price contractor quote 	Cost estimates must be prepared by a Cost Consultant at a $\pm 20\%$ accuracy level
2	Soft Costs	<ul style="list-style-type: none"> • Cost estimate 	Total soft costs as a reasonable percentage of the total hard construction costs identified in Category (1) above, according to the project's scale/size.
3	Land and/or building acquisition costs (if applicable)	<ul style="list-style-type: none"> • Independent third-party appraisal (comprehensive / narrative appraisal report level) of the land and/or building asset 	<p>The appraisal must be prepared by a professional that is accredited by the Appraisal Institute of Canada – Ontario (AIC-ON) and issued within one year of application submission</p> <p>Note: please refer to <i>Appendix E: Land and Building Acquisition Costs</i> for cost eligibility limitations.</p>
4	Administrative Costs	<ul style="list-style-type: none"> • Cost estimate 	Total Administrative Costs cannot exceed 5% of all other Eligible Costs (sum of costs identified in Categories (1) to (3))

Submitted cost estimates and/or fixed price quotes should be inclusive of applicable sales tax (“**HST**”) associated with the Eligible Costs for Categories 1-4 listed above.

Costs estimates submitted for Categories (1) to (4) will be considered in the determination of total eligible costs for the Capital Project (“**Total Eligible Costs**”). Note that only up to 49% of the direct purchase price of the applicable land and/or building under Category (3) will be considered an Eligible Cost.

Through the application process, Primary Applicants must specify the amount of grant funding requested as a percentage of Total Eligible Costs which shall not exceed 49% of the Total Eligible Costs.

3.8.1 Incurring Eligible Costs

Eligible Costs incurred by a GROW Pathway Recipient after the launch of the SDF Capital Stream in June 2023, but prior to receiving notice of their approval from the Province for their project, may be considered for GROW Pathway project funding, including Soft Costs, Hard Costs and Land and Building Acquisition Costs (Eligible

Costs outlined in Section 3.8 of the GROW Guideline, Categories 1, 2, 3 & 4 of Eligible Costs), subject to the terms and conditions of the TPA. These costs must be directly related to and necessary for the Capital Project, in the Province's sole opinion, and must not be Ineligible Costs. See examples below.

Example 1: Land and/or a building were purchased to build a welding training facility after June 2023 that would be aligned with the SDF Capital Stream Policy Objective, and the proponent successfully applies to the GROW Pathway of the SDF Capital Stream. Up to 49% of the purchase price for the land and/or building could be an Eligible Cost under the GROW Pathway, subject to the terms and conditions of the TPA.

Example 2: Land and/or a building were purchased after June 2023 to build a warehousing facility that does not align with the SDF Capital Stream Policy Objective. Subsequently, the proponent successfully applies to the GROW Pathway of the SDF Capital Stream with the intent of converting the warehouse to a training facility. The acquisition costs for the land and/or building **would not be** an Eligible Cost as the intended use at the time of purchase was not aligned with the SDF Capital Stream Policy Objective, although costs of converting the warehouse to a training facility would be Eligible Costs, subject to the terms and conditions of the TPA.

These costs must be validated with receipts and invoices to substantiate the actual Eligible Costs incurred (including invoices verified by the Cost Consultant).

GROW Pathway funding will be subject to and conditional upon the execution of a TPA. Any incurrence of costs prior to the execution of the agreement will be made at the Primary Applicant's own risk.

The Government of Ontario is not responsible for reimbursing any cost incurred by any Primary Applicant should the application not be approved, or if the selected Primary Applicant fails to enter into a binding TPA with the Province for any reason.

3.8.2 Facility Space Dedicated to Training

GROW Pathway funding will be dedicated towards Eligible Costs associated with the portion of the Capital Project that supports the delivery of the Skills Development Activity.

In addition to providing information about the size of the proposed project/facility, the Primary Applicant must identify the percentage of net floor area that **will not be** supporting the Skills Development Activity. The Province reserves the right to prorate Total Eligible Costs based on the percentage of useable or net floor area that will support delivery of the Skills Development Activity.

For example, consider a new facility with the follow parameters:

Total Eligible Costs for Training Facility	\$1,000,000
Percentage Floor Area Supporting Training Delivery	40%
Percentage Floor Area Not Associated with Training Activities	60%

The Total Eligible Costs for this project will be prorated to \$400,000 (\$1,000,000 x 40%), as this is reflective of the proportion of the facility associated with the Skills Development Activity. The allocation of training space versus non-training space will be reviewed by the Province to determine appropriateness and will be approved on a case-by-case basis.

3.9 Ineligible Costs

The following costs are ineligible for GROW Pathway funding:

1. Costs related to delivering Skills Development Activities/services (e.g., training, partnership building), or other training related activities/services
2. Legal costs
3. Financial obligations of the Recipient, including building lease costs, mortgage payments or expenses, or other loan payments
4. Debt reduction costs
5. Operating, renewal, and maintenance costs
6. Infrastructure development beyond property line (e.g., roads, sanitary sewer, storm system, power lines etc.)
7. Purchasing of goods for resale
8. Salary or honoraria, except as approved under administrative costs
9. Own-force labour costs and expenses, except as approved under administrative costs
10. Any costs paid to a non-arm's length supplier of the Recipient or to the Recipient's own personnel or an affiliate of the Recipient, unless supported by an independent auditor's report substantiating that the costs were equivalent to what would be charged by an arm's-length supplier
11. Professional development expenses for management and administrative staff
12. Equipment acquisition and operating costs, such as mobile units, vehicles, furniture, and appliances.

13. Maintenance costs for equipment and facilities
14. Costs associated with maintenance/updates to the required SDF Capital Stream project signage or plaque throughout the term of the TPA
15. Operational costs related to the SDF Training Stream or any other EO Program
16. Costs incurred prior to the launch of the SDF Capital Stream in June 2023, whether or not directly related to the Capital Project.

4.0 ROLES AND RESPONSIBILITIES

4.1 Primary Applicant/Recipient's' Role

If an application is selected for funding and a TPA is executed, the Primary Applicant becomes the TPA signatory, or “**Recipient**”. The Recipient is obligated to adhere to all terms and conditions of the TPA and is accountable to the Province for managing and executing the development and delivery of the Capital Project and the approved Skills Development Activity during the Intended Use Period, and satisfaction of all financial, performance, and reporting obligations under the TPA.

In cases where the GROW Pathway project is delivered by a Consortium of Partners, the Primary Applicant is the primary contact and is responsible for all matters related to the application, and if selected to enter into a TPA, as Recipient, is responsible for all matters related to the GROW Pathway project. The Recipient is not expected to perform all the specific tasks related to the Capital Project and intended Skills Development Activity but is required to ensure that tasks are completed by themselves, their Partners or contractors.

The Primary Applicant/Recipient is also required to:

1. If applicable, create and maintain formal agreements with all Partners and other necessary parties that are involved in delivering the Capital Project and/or the Skills Development Activity to avoid risk of not delivering on commitments and to ensure clear accountabilities. These agreements must be disclosed in the application.
2. Immediately notify the Province of any contact by an Indigenous community regarding the project or of any Indigenous archaeological resources that are discovered in relation to the project, and if directed, support the Province in consultations with Indigenous communities and/or undertake such consultations with Indigenous communities and tasks as are delegated by the Province

3. Provide a comprehensive budget for all costs expected to be incurred at each project stage noting key milestones, and to update the budget according to the progress report requirements
4. Complete the project within budget, and to the extent that any cost overruns are incurred, to offset those overruns with outside funding, so as not to impair the project or the project scope as per the application
5. Build and maintain credibility with stakeholders including participants, Partners, regulatory bodies (for regulated professions), unions, industry (i.e., the broader sector, where relevant), etc.
6. Complete the GROW Pathway project within the timeline and scope set out in the TPA
7. Submit all reports (i.e., construction, activity, and financial reports) in accordance with the timelines and content requirements set out in the TPA
8. Develop and manage clear protocols, governance, and decision-making processes, and establish regular communication with Partners and other stakeholders if applicable
9. Meet all applicable legal and technical standards, codes, and regulations/requirements
10. Maintain the Letter of Credit or Surety Bond as required under the TPA
11. Maintain all financial records, including records related to Eligible Costs and the SDF Capital Stream Contribution, and all other documents and records related to carrying out the project or as otherwise set out in the TPA, for a period of seven (7) years following expiry of the TPA or such later date as may be set out in the TPA
12. Adhere to all other terms and conditions of the TPA

4.2 Province's Role

The Province establishes the SDF Capital Stream Policy Objective, sets standards for requirements and quality assurance, and meets its own obligations as set out under the TPA. This includes:

1. Setting policy, designing program parameters, and providing information on applications and program requirements

2. Developing reporting requirements and tools
3. Assessing whether community engagement and consultations are required.
4. Establishing and approving TPAs
5. Providing funding (the SDF Contribution) to the Primary Applicant in accordance with the TPA
6. Monitoring performance and compliance with TPAs

The Province will monitor the progress and performance of all SDF Capital Stream GROW Pathway projects to ensure the Recipient is compliant with their TPA and program obligations. The Province may without limitation:

1. Verify documents, reports and other forms prior to release of payments
2. Directly contact Partners, and individuals involved in the project (i.e., consultant, architect etc.)
3. Conduct on-site/virtual visits to assess the progress and achievement of milestones
4. Conduct on-site/virtual visits to verify expenditures and compliance with the terms of the TPA
5. Use or request project data and reports as required for monitoring or program assessment purposes
6. Review activity and financial reports submitted by the Recipient
7. Engage in reasonable quality monitoring and quality assurance activities for the project
8. Perform audits and inspections to ensure Recipients are meeting all terms and performance obligations found in the Transfer Payment Agreement

4.3 Reporting Requirements

Construction Status Report

Prior to achievement of Substantial Performance, the Recipient must provide a bi-annual report during the construction period that includes a report on construction status and information and invoices regarding Eligible Costs incurred during the Recipient's two immediately preceding fiscal quarters.

Final Construction Report

Recipients must submit a final report outlining the construction cost budget to actual, in accordance with the content and timelines as outlined in the TPA. This must be validated with receipts and invoices to substantiate the actual Eligible Costs incurred (including invoices verified by the Cost Consultant), the certificate of Substantial Performance in accordance with the *Construction Act*, and any other information requested by the Province confirming that the Capital Project has achieved Substantial Performance.

Financial Reports

Financial reporting of the Recipient's financial statements will allow the Province to ensure that the Recipient continues to have the financial capacity to carry out the performance obligations as defined in the TPA during construction and the Intended Use Period. A combination of the Recipient's (or guarantor's, if any) audited financial statements and unaudited financial statements are to be provided to the Province. Final timing will be outlined in the TPA.

Performance Activity Reports

During the Intended Use Period, activity reports are to be shared with the Province on a periodic basis as outlined in the TPA, to determine the Recipient's performance regarding the KPIs set out in the TPA.

During the Intended Use Period, Recipients will be responsible for reporting on the KPIs on a semi-annual basis. If the mid-year KPI report ("**Interim KPI Report**") suggests that the project may not meet the Minimum KPI Standard over the full year, the Recipient must provide an explanation for the current performance status and present a Remediation Plan to meet its annual performance obligations with the submission of the Interim KPI Report.

5.0 FUNDING PARAMETERS AND REQUIREMENTS

5.1 Funding Source Limits and Recipient Minimum Contributions

Recipients may receive additional funding from federal, provincial or municipal government programs for the GROW Pathway Capital Stream Project.

For clarity, the funding and contribution limits to Total Eligible Costs are as follows:

- Minimum of 30% of the Total Eligible Costs must be sourced by the Recipient via equity, debt or other sources of capital, including capital campaign fundraising. In-kind contributions cannot be counted towards the minimum;

- Up to 49% of the Total Eligible Costs can be funded through the SDF Capital Stream GROW Pathway (or a combination of SDF Capital Stream GROW Pathway funds and other provincial government funds);
- The balance of Total Eligible Costs can be funded through other government sources (municipal and/or federal government).

Primary Applicants will be required to declare any funding they receive or expect to receive from other provincial government entities or government sources in relation to the Capital Project, and the anticipated use of those other funds. This is an ongoing obligation that continues to apply to any new funding received from the time the application is submitted to the completion of the Project Term. This includes, but is not limited to, municipal, provincial, or federal funds (including all their agencies, subsidiaries, and agents).

Primary Applicants must demonstrate the ability to satisfy all project costs prior to receiving GROW Pathway funding at Substantial Performance.

5.1.1 Funding Mechanics/Structure

Through the Application process, Primary Applicants must specify the amount of grant funding requested through the SDF Capital Stream as a percentage of Total Eligible Costs, which shall not exceed 49% of the Total Eligible Costs associated with the proposed project. If approved, the Province will determine the maximum amount of SDF Capital Stream GROW Pathway funds available for the project (“**Maximum SDF Commitment**”) based on the estimated Total Eligible Costs and funding percentage requested. The SDF Contribution will not exceed the Maximum SDF Commitment. For clarity, the Province will not contribute more than 49% of actually incurred Total Eligible Costs, to be substantiated by vendor invoices.

Eligible Costs incurred by a GROW Pathway Recipient after the launch of the SDF Capital Stream in June 2023, but prior to receiving approval from the Province for their project, may be considered for SDF Capital Stream GROW Pathway funding, including Soft Costs, Hard Costs and Land and Building Acquisition Costs (Eligible Costs outlined in Section 3.8 of the GROW Guideline, Categories 1, 2, 3 & 4 of Eligible Costs), subject to the terms and conditions of the TPA. These costs must be directly related to and necessary for the Capital Project, in the Province’s sole opinion, and must not be Ineligible Costs.

See Table 3 and Table 4 for further details. Timelines set out in these tables may vary for projects with approved land and/or building acquisition costs – see Appendix E.

Table 3: Example of SDF Capital Stream Project Funding Structure/Process

SDF Capital Funding Disbursement Steps	3-6 Months: Application Submission, Approval and TPA Execution	Up to 6 Months after TPA Effective Date: Design Completion	Up to 12 Months after TPA Effective Date: Construction Start	Up To 5 Years after Construction Start: Substantial Performance	Year 1-5 Post Substantial Performance: Balance Paid in Equal Amounts Annually
1a. Submit the application package on TPON. 1b. Successful Primary Applicants are notified 1c. Maximum SDF Commitment of up to 49% of Total Eligible Costs based on cost estimates provided in the application 1d. TPAs are executed (Primary Applicant becomes a “Recipient”)	N/A				
2. Recipients must advance design to tender-level status within 6-months of TPA effective date to be eligible for Design Development Payment of up to \$100K		N/A			
3. Must begin construction within 12-months of TPA effective date			N/A		
4a. Recipients must reach Substantial Performance and complete Construction within 5 years of Construction Start. 4b. Recipient Provides Letter of Credit or Surety Bond to receive a Substantial Performance Payment				N/A	

5. Recipients must meet KPI obligations as outlined in the TPA to remain in good standing with the program and be eligible for Holdback payments throughout 5-year Intended Use Period					N/A
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Table 4: Example of the Funding Disbursement of an SDF Capital Stream GROW Pathway Project with \$5M of Total Eligible Costs

SDF Capital Stream – GROW Pathway Funding Disbursement Steps	3- Months: Application Submission and TPA Execution	Up to Months after TPA Effective Date: Design Completion	Up to 12 Months after TPA Effective Date: Construction Start	Up To 5 Years after Construction Start: Substantial Performance	Year 1-5 Post Substantial Performance: Balance Paid in Equal Amounts Annually
1a. SDF Capital Stream assesses/verifies \$5M of Total Eligible Costs 1b. SDF Capital Stream commits up to \$2.45M of funding (49% of \$5M)	N/A				
2. SDF Capital Stream distributes [\$X] based on applicable design related Eligible Costs up to a cap of \$100K (the Design Development Payment)		N/A			
3. Construction Start			N/A		
4a. Costs verified Recipient provide Letter of Credit or Surety Bond for 75% of the SDF Contribution (~\$1.8M). 4b. SDF Capital Stream distributes the Substantial				N/A	

Performance Payment of ~\$1.8M less the Design Development Payment.					
5. Recipient meets performance obligations, SDF Capital Stream distributes ~\$123k annually (one fifth of the remainder of the SDF Contribution). This occurs for five years until the total SDF Contribution has been disbursed.					N/A

5.1.2 Payment and Security Requirements

The Province must also safeguard prudent and effective use of public funding while ensuring that its investment programs are accessible to participants with varying degrees of financial and resourcing capabilities. The SDF Capital Stream is designed to balance the need for workforce development and capital risk management.

Table 5: Project Parameters and Security Requirements

Project Parameters/Security Requirements	Description
Intended Use Period	5 years after Substantial Performance
Total Eligible Costs	No Maximum
SDF Contribution	Up to 49% of Total Eligible Costs that are supported by invoices that are validated by a Cost Consultant. The SDF Contribution is divided into three parts that are payable at different stages of the project: (i) Design Development Payment; (ii) Substantial Performance Payment, and (iii) Holdback Amount.
Letter of Credit or Surety Bond Size Requirement	At Substantial Performance, the Recipient must deliver a Letter of Credit or Surety Bond to the Province. The Letter of Credit or Surety Bond amount will be: (i) an amount that is equal to 75% of the SDF Contribution, if 75% of the SDF Contribution is less than \$10M; or (ii) an elected amount between \$10M and 75%

Project Parameters/Security Requirements	Description
	of the SDF Contribution, if 75% of the SDF Contribution is equal to or greater than \$10M.
Design Development Payment	The “ Design Development Payment ” is the amount that may be paid to the Recipient for Eligible Costs incurred in relation to the advancement of design drawings to tender-level status up to a maximum amount of \$100,000. Payment will be subject to and in accordance with the terms and conditions of the TPA.
Substantial Performance Payment	The “ Substantial Performance Payment ” is the amount paid to the Recipient when the Capital Project reaches Substantial Performance. The Substantial Performance Payment is equal to the amount provided by the Letter of Credit or Surety Bond, less the Design Development Payment, and is payable subject to and in accordance with the terms and conditions of the TPA. The sum of the Design Development Payment and Substantial Performance Payment shall not exceed the amount provided by the Letter of Credit or Surety Bond.
Holdback Amount	The “ Holdback Amount ” is the remaining balance of the SDF Contribution. This amount is divided and is distributed to the Recipient in equal annual installments over the Intended Use Period (5 years), subject to meeting performance obligations set out in the TPA.

Recipients will be responsible for providing a standby Letter of Credit or Surety Bond at Substantial Performance and maintaining the validity of the Letter of Credit or Surety Bond over the Intended Use Period. The Letter of Credit or Surety Bond can be provided by a Partner to the Primary Recipient. The requirement of providing a standby Letter of Credit or Surety Bond at Substantial Performance may be waived for municipalities or other public entities on a case-by-case basis at the sole and full discretion of the Province.

At Substantial Performance, and subject to receiving the Letter of Credit or Surety Bond and satisfaction of other conditions as may be set out in the TPA, the Province will pay the Substantial Performance Payment to the Recipient equal to the amount provided by the Letter of Credit or Surety Bond (less the Design Development Payment described above). The requirements for a project to be considered to have reached Substantial Performance can be found in the *Construction Act*.

During the assessment process, the Primary Applicant may be required to, or choose to, provide a parent or Partner guarantee issued by the sufficiently credit-worthy entity,

for all the Primary Applicant's payment and performance obligations (as Recipient) under the TPA. The Primary Applicant will, where requested by the Province, provide reasonable evidence of the creditworthiness of the proposed guarantor

5.1.3 Project Milestones

Primary Applicants must provide timelines for submission of tender-ready drawings, Construction Start and Substantial Performance that, at a minimum, meet the timelines below ("**Project Milestones**"). If the Recipient expects to be unable to meet a Project Milestone, the Recipient shall provide a Remediation Plan prior to the relevant deadline that will be missed. The plan must include a rationale for the delay, a detailed plan to remediate the situation, and a revised timeline. The Province, in its sole and absolute discretion, may accept or reject any Remediation Plan.

For projects with approved land and/or building acquisition costs, the requirements below may be adjusted to accommodate the completion of the acquisition and associated activities. Additional information is provided in Appendix E.

Submission of Tender-Level Drawings

All Recipients will be required to advance design development to tender-level design drawings within six (6) months of the effective date of the TPA.

Construction Start

The Province requires Recipients to reach Construction Start within 12 months of the effective date of the TPA.

Substantial Performance

All SDF Capital Stream GROW Pathway projects must achieve Substantial Performance within 5 years of Construction Start.

6.0 EVENTS OF DEFAULT AND EARLY DISPOSITION ADJUSTMENT

6.1 Events of Default

Events of Default will be outlined in the TPA, are subject to the sole and absolute discretion of the Province, and may include but not be limited to:

- Inaccuracy or misrepresentation in any representation provided by the Recipient in the TPA or their application
- Failure to achieve any of the required SDF Capital Stream GROW Pathway design development and construction milestones within the required timeframes

- Failure of the Project Asset to operate in accordance with or be used for the approved Skills Development Activity outlined in the Recipient's Transfer Payment Agreement at any point during the Intended Use Period
- Occurrence of an Early Disposition without the Province's consent
- Failure to submit any report in accordance with the timeline and content requirements set out in the TPA
- Failure to maintain any performance security or comply with any obligations, covenants, or agreements with respect to performance security (including the Letter of Credit or Surety Bond)
- Failure of the Recipient to achieve the Minimum KPI Standard (Year 1: 50%, Year 2-5: 80%) in any two consecutive annual periods during the Intended Use Period
- Recipient failing to meet the Minimum KPI Threshold of (25%) in any annual period during the Intended Use Period
- Change in ownership of the Recipient, or where applicable, the guarantor, solely where the person acquiring the ownership interest is a Restricted Person (defined in the TPA)
- Material adverse change in the business, assets, operations, prospects or financial condition of the Recipient or the guarantor
- Failure to comply with the requirements set out in Appendix E for building/land acquisition costs, where applicable
- Failure to meet the requirement for the Recipient to contribute a minimum of 30% of Total Eligible Costs.

6.2 Early Disposition of Project Asset

Recipients are not permitted during the term of the TPA to sell, lease, sublease, license, terminate a lease agreement for the Project Asset if the Recipient leases the Project Asset, or otherwise dispose of the Project Assets supported by the SDF Capital Stream GROW Pathway, in whole or in part, without the prior consent of the Province (each, an "**Early Disposition**").

The TPA will include provisions governing an event of Early Disposition, including:

SDF Capital Stream GROW Pathway Guideline

- Recipients must notify the Province of their intention to undertake an Early Disposition prior to the intended disposition date and seek the Province’s consent thereto
- The Province’s consent may be withheld in the Province’s sole and absolute discretion or may be provided on such conditions as the Province may determine in its sole discretion (such conditions may include assignment and novation of the Recipient’s obligations under the TPA to any potential assignee of the Project Asset).
- In the event of an Early Disposition, the Recipient will be required to return any SDF Capital Stream Contribution received. In the event the Early Disposition occurs during the Intended Use Period, the Recipient will also be required to pay the Province an amount calculated in accordance with Table 6 (“**Early Disposition Adjustment Amount Calculation**”)
- The Province reserves the right to waive all, or a portion of, the Early Disposition Adjustment Amount

For projects with approved land and/or building acquisition costs, the calculation of the Early Disposition Adjustment Amount would be modified. Please see Appendix E for details.

Table 6: Early Disposition Adjustment Amount Calculation

Year of Disposition	Early Disposition Adjustment Amount Calculation
Intended Use Period Year 1	• 25% of the SDF Contribution provided to date.
Intended Use Period Year 2	• 20% of the SDF Contribution provided to date.
Intended Use Period Year 3	• 15% of the SDF Contribution provided to date.
Intended Use Period Year 4	• 10% of the SDF Contribution provided to date.
Intended Use Period Year 5	• 5% of the SDF Contribution provided to date.

7.0 PROGRAM ADMINISTRATION

The following section provides general information, tools and resources for Recipients, Partners, and participants in the SDF Capital Stream GROW Pathway.

The section also identifies some key obligations for Recipients and Partners with respect to information management, and documentation requirements.

7.1 Accessibility for People with Disabilities

Recipients and Partner organizations must have the capacity to deliver the approved Skills Development Activity in a facility that is readily accessible to participants, employers and training partners, including People with Disabilities. Where services are not fully accessible to People with Disabilities, there must be a plan to accommodate to the point of undue hardship.

SDF Capital Stream GROW Pathway Recipients, Partners, employers, and participants in the training programs taking place at the SDF Capital Stream GROW Pathway training centres must comply with the requirements under the *Accessibility for Ontarians with Disabilities Act, 2005* (AODA), including applicable accessibility standards

The AODA can be accessed via the e-laws website or through:

Publications Ontario
222 Jarvis St, 8th Floor
Toronto, Ontario
Tel: 1-800-668-9938, or in Toronto at (416) 326-5300

7.2 Promotion, Communications and Graphic Standards

Any public-facing communication/messaging related to the SDF Capital Stream GROW Pathway (printed or broadcasted) must use the EO wordmark/logo and the Government of Ontario logo. This includes but is not limited to, news releases, posters, flyers, brochures, newspaper displays and classified advertising, radio or television advertising, billboards, transit shelter postings, and newsletters that are produced by service providers.

Alternatively, acknowledgement can be used when wordmarks/logos are not feasible. For more information, consult the Visual Identity and Communication Guidelines for Employment Ontario Services on the Employment Ontario Partners' Gateway website. For information on the use of the Ontario logo specifically, consult the Ontario logo usage guidelines.

SDF Capital Stream GROW Pathway Recipients and Partners must use official hard copy or digital master artwork when reproducing the EO logo and may not alter or add to it in any way.

SDF Capital Stream GROW Pathway Recipients are required to secure the Province's approval prior to doing media events, advertising, digital marketing, social media campaigns or publishing news releases relating to their GROW Pathway funding. The

Recipients will also give the Province prior notice before doing public events around construction milestones (like an opening ceremony).

SDF Capital Stream Recipients must provide the following to the Province for approval:

- Stamped shop drawings of Project Signage fabrication and installation details
- Proposed location(s) for the Project Signage, together with a graphic design mock-up of the signage location(s)
- Confirmation that the SDF Capital Stream Recipient has obtained any Permits required to install the Project Signage at the proposed location(s).

A permanent plaque will be installed by the Recipient at a clearly visible and noticeable location, at (or on the site of) the training centre being funded. This will include language provided by the Province acknowledging the Province's support for the project, and the name of every construction worker and tradesperson who worked on the project for a minimum of 30 days and who has consented to have their name included on the plaque. For clarity, the material costs associated with the plaque requirement will be considered an Eligible Cost.

Throughout the lifecycle of the asset, the SDF Capital Recipient shall, at its own cost and expense:

1. Ensure that all Project Signage is kept in good condition
2. Replace any Project Signage that is damaged
3. Remove graffiti on all Project Signage promptly
4. Provide personnel to install, remove and relocate Project Signage within two (2) weeks, as requested by the Province from time to time at its sole discretion; and
5. Install, remove, or relocate any Project Signage that is provided by the Province, as requested by the Province from time to time at its sole discretion, and ensure that such signs are visibly displayed

7.3 Access to Information and Protection of Privacy

The Province is subject to the *Freedom of Information and Protection of Privacy Act* ("FIPPA"). FIPPA is a provincial statute that regulates the collection, use and disclosure of personal information and access to information in the custody and/or control of governmental institutions.

Section 17 of FIPPA provides a limited exemption for third party information that reveals a trade secret or scientific, commercial, technical, financial, or labour relations information supplied in confidence where a disclosure of the information could

reasonably be expected to result in certain harms. Any trade secret or any scientific, technical, commercial, financial, or labour relations information submitted to the ministry in confidence should be clearly marked by the Primary Applicant/Recipient.

The Province will provide notice before granting access to a record that might contain information referred to in Section 17 of FIPPA so that the affected party/parties may make representations to the Province concerning the disclosure. Should the Province decide not to disclose certain records, the requester has the right to appeal the Province's decision to the office of the Information and Privacy Commissioner, who will decide on the disclosure of the record.

Applicants are advised that the names and addresses of Transfer Payment Recipients, the amount awarded, and the purpose for which the Transfer Payment is awarded is information that the Province may make available to the public.

7.4 Information Management Requirements

Personal information must be managed in accordance with all contractual requirements and applicable laws, including privacy laws.

Recipients and Partners must maintain effective file management with respect to documentation, records, and planning, monitoring, and reporting systems. Where applicable, record-keeping obligations under the *Employment Standards Act, 2000* and other legislation or regulations must also be met.

Data Security/Storage

Retention schedules for hard copies of program-related records are the same as those for electronic records. Recipients must establish procedures and timelines for archiving participant records, including how and when records are deleted and stored, consistent with their obligations under the TPA.

Recipients are responsible for ensuring that all personal information (both hard copy and electronic) is securely stored when not in use.

Standard measures for safeguarding personal information include:

- Store hard copies of all personal information in lockable file cabinets
- Adopt and maintain a clean-desk policy
- Secure all unattended personal information (both hard copy and electronic)
- Track computers containing personal information so that unauthorized individuals do not have access
- Do not leave personal information on voicemail

- Ensure accuracy of the email recipient before sending emails containing personal information

For further information and resources from the [Information and Privacy Commissioner \(IPC\) of Ontario](#), see the following:

- [“IPC Practice Direction: Safeguarding Privacy in a Mobile Workplace”](#)
- [“IPC Fact Sheet #10 - Secure Destruction of Personal Information”](#)

7.5 Documentation Requirements

Recipients and Partners must maintain documentation and records related to the Capital Project, the SDF Contribution, Eligible Costs, the Skills Development Activity, including participants, and any other documents and records as set out in the TPA, for seven (7) years following expiry of the TPA, or until such later date as otherwise set out in the TPA.

7.6 Insurance

As outlined in the TPA, the Recipient will be required to maintain and provide evidence of customary insurance of a quantum and type commensurate with the size and scope of the project/project assets.

8.0 APPLICATION PACKAGE REQUIREMENTS

8.1 Application Requirements

The Province may, at its discretion, request additional supporting documentation (beyond what is set out below) to assess an application to the SDF Capital Stream GROW Pathway.

Table 7: Application Requirements

Application Requirement	Description
<p>1. Roles and Responsibilities with Organizational Chart</p>	<ul style="list-style-type: none"> • Primary Applicants must demonstrate the following: <ol style="list-style-type: none"> 1. Established track record of effective skills training delivery that meets SDF Capital Stream Policy Objectives which includes providing: years of experience, number of individuals trained, achievements, accreditations, number of distinct types of training programs delivered and other information of a similar type that would demonstrate their ability to deliver the Skills Development Activity during the

Application Requirement	Description
	<p>Intended Use Period and to meet the KPIs set out in the TPA.</p> <ol style="list-style-type: none"> 2. Evidence from the Primary Applicant and/or Partner(s) and/or sub-contractors that the project will be delivered effectively and efficiently. This includes providing a plan indicating the resources (e.g., construction advisors) and services that the Primary Applicant has available to it to provide effective and efficient delivery of the Capital Project (scope of work, pricing quotations, project team, CVs of key personnel and company details.) 3. Within the Primary Applicant’s project team, each specific role(s) must be clearly defined with an associated governance structure. Any third-party contracts and relationships that are essential to the delivery of Outcomes, including delivery of the approved Skills Development Activity must also be disclosed.
<p>2. Design Drawings and Construction Specifications</p>	<p>This component of the application package must, at a minimum, include:</p> <ol style="list-style-type: none"> 1. 40% design drawings at the design development stage dated within five (5) years of the time of application with basic architectural floor plan and elevations. 2. Associated construction specifications matching Primary Applicant’s design submission including but not limited to (See Appendix D for more details): <ul style="list-style-type: none"> • Site Plans • Floor plans • Building elevations • Building sections • Typical wall sections • Integrated sections/plans • Schedules • Structural • Mechanical/Electrical • Civil • Outline specifications

Application Requirement	Description
	<ul style="list-style-type: none"> • Other material <p>3. Any completed or outstanding reports, assessments, licenses, permits, approvals, summaries of any Indigenous community engagement that have been completed as relates to the Capital Project. Examples could include the appropriate zoning approval, building permits or environmental, geo-technical, and archaeological assessments.</p>
<p>3. Capital Cost Supporting Documents</p>	<p>Applicant must submit at least one of the below documents to substantiate the Hard Construction Costs submitted in accordance with Section 3.8.</p> <ol style="list-style-type: none"> 1. Cost estimate: Applicants can submit a cost estimate at a minimum accuracy level of $\pm 20\%$ issued after July 1, 2023. The cost estimate must be validated and signed by a Cost Consultant. 2. Valid fixed price quote: Applicant can submit a fixed price quote from a qualified contractor produced after July 1, 2023 through competitive procurement. <p>For projects requesting funding for land/building acquisition costs, Primary Applicants must produce an independent third-party appraisal of the land and/or building asset prepared within one (1) year of the application submission by a professional that is accredited by the Appraisal Institute of Canada – Ontario (AIC-ON) and maintains good standing. The municipal address, legal property description and Parcel Identification Number must be included. See Appendix E for more details.</p>
<p>4. Risk Management Plan</p>	<ol style="list-style-type: none"> 1. Applicants must identify risks and likelihood of risks that can occur during the construction period and 5-year Intended Use Period. 2. In addition, Applicants must identify control measures and contingency plans that can be put into place to mitigate against key risk(s).
<p>5. Demonstrate Control over Project Asset over Project Term</p>	<ul style="list-style-type: none"> • For Primary Applicants that currently own the property where the Capital Project will be carried out, they must provide a description and supporting documentation

Application Requirement	Description
	<p>confirming details of the ownership, and necessary lender consents for the proposed improvements (as applicable); or</p> <ul style="list-style-type: none"> • For Primary Applicants that have a long-term lease for the property where the Capital Project will be carried out, they must submit a long-term leasehold agreement (joint or shared) for the property for the Project Term. The length of the lease agreement (including lease extension options) must meet or exceed the Project Term; or • For Primary Applicants that do not yet have a long-term lease but intend to enter into a lease as part of the proposed project, they must submit an executed long-term lease agreement prior to execution of the TPA; or • For Applicants that are proposing a Capital Project on-reserve land, they may provide alternative proof to substantiate control over the Project Asset during the Project Term in the form of a Band Council Resolution or other Ministry approved documents; or <p>If the Applicant is seeking SDF Capital funding for land and/or building acquisition costs, they must comply with the requirements in Appendix E.</p>
<p>6. Sources and Uses of Funding</p>	<ul style="list-style-type: none"> • To demonstrate a minimum level of capital planning, Applicants must submit, in Excel format, details of sources and uses of funding for all costs required during the construction period. The uses of funding must align with Eligible Costs submitted in accordance with Section 3.8.
<p>7. Financial Projections (Operating Period)</p>	<ul style="list-style-type: none"> • To demonstrate project sustainability, Applicants must submit detailed financial projections (operating budget) that forecasts the expected revenues and expenses directly or indirectly associated with the training delivery activities of the project over the 5-year Intended Use Period.

Application Requirement	Description
	<ul style="list-style-type: none"> For projects where there may be a financial deficiency (operating loss), the Applicant must provide details on how shortfalls will be addressed.
<p>8. Project Plan</p>	<ul style="list-style-type: none"> The table of contents for the required project plan must include contents outlined in Appendix B (Project Plan Template). For projects with land/building acquisition costs, additional requirements are set out in Appendix E.
<p>9. Three Years of Audited Financial Statements</p>	<ul style="list-style-type: none"> Primary Applicants and any applicable guarantors supporting their application are required to submit audited financial statements from the last three (3) fiscal years to enable the Province to determine the Primary Applicant’s financial standing to successfully deliver the contemplated project during the construction and the Intended Use Period. Primary Applicants and potential guarantors must include a signed letter from the organization for which financial statements are being provided, stating that there have been no material adverse changes since the date of the last audited financial statements submitted. This letter must be signed from an individual employed with that organization who has binding authority to make accurate representations of the Applicant’s financial status and capacity. The Province reserves the right to determine if alternative documentation (e.g., unaudited financial statements, management reports) is sufficient where the Primary Applicant is unable to meet this requirement. In this situation, the Province may request additional supporting documentation to verify the accuracy and completeness of alternative documentation.
<p>10. Letter of Reference from Issuing Bank</p>	<ul style="list-style-type: none"> Applicants will be required to attach a reference letter from an issuing bank with commentary on the banking relationship. The Bank Reference Letter should state the following:

Application Requirement	Description
	<ol style="list-style-type: none"> 1. the name and address of the entity for which the reference is being provided; 2. the nature of the business the entity has conducted with the bank or financial institution in the past; 3. the length of time the entity has been a client of the bank or financial institution 4. that the entity is currently in good standing as a client of the bank or financial institution, <p>A sample template of the Bank Reference Letter can be found in Appendix C.</p>

Primary Applicants may submit more than one SDF Capital Stream GROW Pathway application. For entities developing multiple independent projects located in different locations, a separate application must be submitted for each eligible project.

Entities may partner together on multiple SDF Capital Stream projects, though the Province may consider funding concentration risk within the overall SDF Capital Stream portfolio of projects with respect to application approvals.

8.2 Application Procedure and Process

Upon the launch of the SDF Capital Stream and the commencement of the application intake process, organizations can submit applications through Transfer Payment Ontario (“**TPON**”). TPON is the Province of Ontario’s online application system for grant funding. Applicants must register with TPON to access the SDF Capital Stream application form.

SDF Capital Stream GROW Pathway applications will be assessed as follows:

- The Province will review submitted applications and assess eligible applications against the program’s requirements as outlined in this Guideline.
- The Province will ensure that the Applicant has sufficient financial capacity and meets minimum technical requirements to provide confidence in their ability to execute the Capital Project.
- A risk-based approach will be used to identify, assess, and understand the potential risks that could affect the Applicant’s ability to achieve the project policy goal.

The Province will have sole authority to decide which eligible projects are to be funded and the decision cannot be appealed. The Province’s required due diligence on each SDF Capital Stream GROW Pathway application will be completed to ensure that the assessment process is consistent, fair, objective and protects public funding (see Table 8 below for Assessment Principles). The Province may prioritize projects that would deliver greater outcomes relative to the SDF Contribution requested.

Table 8: Assessment Principles

Principles	Description
Project Concept and Readiness	Evidence of sufficient project and program planning and financial acumen to implement the proposed Capital Project and Skills Development Activity with consideration of the Primary Applicant’s funding and financing plan.
Capital Need and Impact	<p>Identified need for the project including supporting evidence of the scarcity of the labour supply the new or improved training facility will support, and/or the need of identified cohorts in the community, consistent with the SDF Capital Stream Policy Objective, and clearly identified and measurable training delivery KPIs. These should identify how the project:</p> <ul style="list-style-type: none"> • Addresses training in emerging and in-demand growth sectors of Ontario’s economy; and • Addresses training in sectors experiencing high labour market demand. <p>For more details on demonstrating the capital need and impact, see the requirements for the Project Plan outlined in Appendix B: Project Plan Template.</p>
Return on Investment	Detailed planning and evidence that support best design practices to ensure the prudent use of funds and optimization of return on investment
Experience and Background	Sufficient experience in, and track record of, training delivery. Sufficient experience in executing Capital Projects or demonstration of the support of technical and other supporting advisors and management capacity to enhance Capital Project delivery and minimize construction risk.

If the Province selects an eligible Primary Applicant to proceed to the next stage of the application process, the Primary Applicant will be notified by the Province regarding next steps, which may include consultations with Indigenous communities and/or

negotiating the final parameters and budget to be set forth in a proposed TPA. The Province retains the absolute right to not enter into a TPA with any selected applicant, notwithstanding any negotiations and/or consultations.

Additional information on registering and accessing TPON is available at:

- [Get funding from the Ontario Government](#)
- [Transfer Payment Ontario](#)

Applicants with questions on how to access or submit an application through Transfer Payment Ontario (TPON) can contact the TPON Customer Service Line at (416) 325-3408 or 1-855-216-3090, Monday to Friday from 8:30 a.m. to 5:00 p.m. Eastern Standard Time, or by email at TPONCC@ontario.ca.

Applicants with general questions on the SDF Capital Stream GROW Pathway, including information provided in the SDF Capital Stream GROW Pathway program guidelines, can contact SDFCapitalProgram@ontario.ca.

APPENDIX

Appendix A: Glossary of Terms

All definitions are meant to provide consistency, clarity, and specificity for use in the SDF Capital Stream GROW Pathway.

Term	Definition
Capital Project	Capital project types that will be supported by the SDF Capital Stream GROW Pathway, including: new construction, repair, retrofit, renovation, conversion, and expansion.
Consortium of Partners	A group that includes the Primary Applicant and one or more Partners which intend to pool their resources to support common training activities and achieve common training objectives and goals. In cases where a project is proposed by a Consortium of Partners, the lead organization for the consortium is the Primary Applicant and the primary contact for the Province on all matters related to the submitted application.
Construction Start	The construction will be deemed to commence upon the occurrence of both of the following: <ul style="list-style-type: none"> • Completion and submission to the ministry of an approved registration form and any other notices and documents,

Term	Definition
	<p>required under the <i>Occupational Health and Safety Act</i>, (e.g., Notice of Project); and</p> <ul style="list-style-type: none"> • The first occurrence at any part of the site of the Capital Project of any of: (i) preparatory work, such as clearing, grubbing and grading (ii) activities necessary to secure the site; to install signage; or for the movement of and staging of personnel, equipment, supplies and incidentals for the establishment of facilities necessary for the work on the Capital Project; or (ii) commencement of construction activities.
Cost Consultant	An accredited construction cost consultant or accredited quantity surveyor retained by the Recipient that is duly licensed to practice in the Province of Ontario by the Association for the Advancement of Cost Engineering (AACE) International Institute or such other issuer reasonably acceptable to the Province.
Design Development Payment	The SDF Capital Stream GROW Pathway funding amount that may be paid to the Recipient as a portion of the SDF Contribution in an amount equal to the Eligible Costs incurred in relation to the advancement of drawings to tender-level status up to a maximum amount of \$100,000.
Early Disposition	The occurrence of a Recipient selling, leasing, subleasing, licensing, terminating its lease agreement for a Project Asset where the Recipient leases the Project Asset, or otherwise disposing of a Project Asset, in whole or in part, without prior consent of the Province during the term of the TPA.
Early Disposition Adjustment Amount	The amount the must be paid by a Recipient to the Province in the event of an Early Disposition during the Intended Use Period in addition to repayment of any SDF Contribution received.
Eligible Costs	Costs and expenses that are reasonably and actually incurred by a Recipient, that are directly related and necessary for the Capital Project, that fall under a category of costs set out in section 3.8 of the Guideline, and that are not Ineligible Costs.
Employment Ontario (EO)	The Province operates Employment Ontario as a one-stop source of information, services, and programs for jobseekers, Incumbent Workers, and employers. Through this network, the Province helps employers train and hire employees through programs, grants, and incentives.
Guideline	This guideline for the SDF Capital Stream GROW Pathway.
GROW Pathway	The continuation of the original SDF Capital Stream program.
Holdback Amount	The remaining balance of the SDF Contribution after the Design Development Payment and the Substantial Performance Payment have been provided to the Recipient. Subject to the terms and

Term	Definition
	conditions in the TPA, the Holdback Amount shall be divided by the number of years in the Intended Use Period (5 years) and distributed in equal annual instalments over the Intended Use Period.
Incumbent Workers	Individuals who are employed but are experiencing barriers to job retention or advancement and need help to retain their employment or advance from entry-level to medium-skilled jobs.
Indigenous Peoples	Individuals who are First Nations, Inuit, and/or Metis.
Ineligible Costs	Costs and expenses that are ineligible for SDF Capital Stream Grow funding, as described in Section 3.9 of the Guideline.
Intended Use Period	The 5-year period after Substantial Performance during which the Skills Development Activity must be delivered in the training facility where the Capital Project was carried out.
Key Performance Indicator (KPI)	A quantifiable measure of performance by which the Transfer Payment Agreement will be enforced. All Recipients must achieve and report on annual Training Volume targets.
Letter of Credit	Performance security in the form of a Letter of Credit or Surety Bond is required to be submitted by the Recipient to the Province in advance of the Recipient receiving the Substantial Performance Payment. The Letter of Credit amount will be: (i) an amount that is equal to 75% of the SDF Contribution, if 75% of the SDF Contribution is less than \$10M; or (ii) an elected amount between \$10M and 75% of the SDF Contribution, if 75% of the SDF Contribution is equal to or greater than \$10M.
Maximum SDF Commitment	The maximum SDF Capital Stream GROW Pathway funding amount for a single project, calculated as a maximum of 49% of the total Eligible Costs.
Minimum KPI Standard	The minimum percentage of the annual Training Volume KPI target a Recipient must meet during the Intended Use Period, being 50% in the first year of the Intended Use Period, and 80% in each of the second to fifth years. Failure to achieve the Minimum KPI Standard in any two consecutive annual periods during the Intended Use Period may constitute an Event of Default.
Minimum KPI Threshold	The minimum percentage of the annual Training Volume KPI target a Recipient must meet in each year of the Intended Use Period, being 25% in all years. Failure to achieve the Minimum KPI Threshold in any annual period during the Intended Use Period may constitute and Event of Default.
Partner	An organization that has a formal role in the development and implementation of the SDF Capital Stream GROW Pathway project,

Term	Definition
	but is not the Primary Applicant, and is directly involved in the delivery of a project component such as skills training or providing ongoing project advice/direction through governance structures such as an advisory committee.
People with Disabilities	Individuals who self-identify as a person with a disability, including someone who requires specialized mental health support or has a disability as defined in the Ontario <i>Human Rights Code</i> .
Surety Bond	Performance security in the form of a Surety Bond or Letter of Credit is required to be submitted by the Recipient to the Province in advance of the Recipient receiving the Substantial Performance Payment. The Surety Bond amount will be: (i) an amount that is equal to 75% of the SDF Contribution, if 75% of the SDF Contribution is less than \$10M; or (ii) an elected amount between \$10M and 75% of the SDF Contribution, if 75% of the SDF Contribution is equal to or greater than \$10M. The Surety Bond must guarantee the act of delivering training, minimum TPA performance level, and maintaining the training facility.
Primary Applicant	An organization or entity applying for funding under the SDF Capital Stream GROW Pathway.
Project Asset	Any real or personal property, or immovable or movable asset, acquired, constructed, rehabilitated, renovated, retrofitted or improved, in whole or in part, with the SDF Contribution.
Project Milestones	The timelines for submission of tender-ready drawings, Construction Start, and Substantial Performance as described in Section 5.4 of the Guideline.
Project Term	The period of time beginning from the effective date of the TPA to the completion of the Intended Use Period.
Recipient	An entity that is a party to a Transfer Payment Agreement with the Province to receive funding under the SDF Capital Stream GROW Pathway. A Primary Applicant becomes a Recipient upon execution of a TPA with the Province.
Remediation Plan	If a Recipient expects it will fail to meet a Project Milestone or Minimum KPI Standard, the Recipient must provide an explanation for the status of the project, the measures the Recipient plan to take to remediate the situation, and a proposed new timeline to reach the Project Milestone, if applicable.
SDF Capital Stream Policy Objective	The policy objective for the SDF Capital Stream, as set out in Section 2.2.
SDF Contribution	The amount of grant funding provided by the Province through the SDF Capital Stream GROW Pathway based on actual costs incurred and in accordance with the terms and conditions of the Transfer

Term	Definition
	Payment Agreement, and which cannot exceed the Maximum SDF Commitment.
SDF Construction Contribution	Calculated as the SDF Contribution, less any SDF Land Contribution.
SDF Land Contribution	The portion of the SDF Contribution provided for land and/or building acquisition.
SDF Capital Stream Target Sectors and Occupations	Emerging or in-demand growth sectors and sectors experiencing labour shortage. With respect to emerging or in-demand growth occupations or sectors, the Ontario Labour Market website has a relevant tool that produces indicators of future demand through a 5-year regional occupational outlook.
Skills Development Activity	Training provided to jobseekers and workers during the Intended Use Period, such as training in skilled trades, apprenticeships, or other training for skilled professions. Any proposed Skills Development Activity must be aligned with the SDF Capital Stream Policy Objective, support an SDF Capital Stream Target Sector or Occupation, and serve one or more SDF Capital participant groups
Substantial Performance	The state of the project being “substantially performed” as described in subsection 2(1) of the Ontario <i>Construction Act</i> , as it may be amended from time to time.
Substantial Performance Payment	The amount paid to the Recipient when the Capital Project reaches Substantial Performance. The Substantial Performance Payment is equal to the amount provided by the Letter of Credit or Surety Bond, less the Design Development Payment, and is payable in accordance with the terms and conditions of the TPA. The sum of the Design Development Payment and Substantial Performance Payment shall not exceed the amount provided by the Letter of Credit or Surety Bond.
Total Eligible Costs	All costs necessary to carry out the Capital Project that are Eligible Costs.
Training Volume	Annual training participant enrollment attributable to the Capital Project.
Transfer Payment Agreement (TPA)	A legally enforceable contract that sets out the rights, responsibilities, and obligations of both parties, including the payment of funds by the Province and the undertaking of all project activities by the Recipient.

Appendix B: Project Plan Template Example

Project Plan Table of Contents:

a. Executive Summary

b. Project Background

- Market analysis and project rationale with third-party supporting metrics / data. The market analysis must be supported by evidence and labour market data of the specific labour needs and gap in available trainings that the capital project aims to address.

c. Project Description

- Full Project Scope of the GROW Pathway project
- Business case: Project Plan must include a business case that provides the rationale and supporting metrics to substantiate the project's commercial, economic, financial, and operational feasibility
- Cost-Benefit analysis: The submitted cost-benefit analysis must make best efforts to quantify all potential tangible and intangible benefits against all costs associated with the delivery of the Capital Project. This should include the expected benefits of the project for workers and employers in the community, and how activities relate to in-demand occupations and those experiencing labour shortages. Project risk management plan: identification of risks, likelihood of occurrence and mitigation strategies
- (Optional) Architecture renderings or preliminary sketches

d. Key Performance Indicator and Reporting Metrics

- Training Volume: As a performance obligation, Primary Applicants must commit to the expected incremental annual trainee enrollment attributed to the Capital Project and delivery of the Skills Development Activity over the Intended Use Period.
- Training Capacity: As a reporting obligation, Primary Applicants must disclose the number of incremental training seats attributed to the Capital Project over the Intended Use Period.
- SDF Capital Participant Groups: As a reporting obligation, Primary Applicants must disclose the annual enrollment volume for SDF Capital participant groups

As an illustrative example of the difference between each metric noted above, please see below:

The proposed project will create 100 new physical training seats that will support the training delivery.

Through these newly created training seats, a total of 1,000 trainee enrollments will be delivered over the 5-year Intended Use Period.

Of the 1,000 trainee enrollments noted above, it is expected that one or more SDF Capital Participant Group(s) will participate in the training program:

- 600 jobseekers and/or incumbent workers who are at risk of job displacement;
- 300 women;
- 100 Indigenous youths.

e. Project Implementation Plan

- Applicant to detail timeline and plan to progress from 40% design drawing to tender-ready drawings, to begin construction (Construction Start), and to reach completion of construction (Substantial Performance)
- Applicant to detail how the 5-year Intended Use Period will deliver approved Skills Development Activity and any success factors to achieve the Training Volume key performance indicator

f. Strategic Alignment Assessment

- Project Objectives and Constraints
- Alignment with SDF Capital Stream Policy Objective

g. Analysis of Cost Effectiveness and Strategy to seek Comparable Pricing

- Applicant to provide commentary how the Capital Project will be competitively procured by sourcing multiple bids and how the SDF Capital funding will be effectively deployed to achieve the greatest outcomes per grant dollar spent. Applicants may choose to submit their procurement policy as a supporting document.

h. Conclusions and Recommendations

i. Implementation Strategy

Appendix C: Bank Reference Letter Template Example

Bank Letterhead

[insert bank/institution's full address including postal code and contact number]

Date:

TO WHOM IT MAY CONCERN:

This letter confirms that [insert Applicant name] of [insert Applicant's full address including postal code] is a customer in good standing of this [insert bank/institution name]. Our records state that [insert name of Applicant's authorized signatory] is the [insert title of authorized signatory] of this organization and the signature appearing at the bottom of this letter is the same as the signature we have on file for this customer. [Insert Applicant name] has been a client at this bank for the past [insert number] of years. Over this period [insert Applicant name] has operated [insert type of account] satisfactorily.

During the period of our relationship credit has been approved and the repayment history is satisfactory.

[Insert bank/institution name] is satisfied that the [insert Applicant name] has the financial wherewithal to undertake the envisioned [insert proposed project name] whereby [insert project description].

Sincerely,

([insert bank/institution name] Signing Officer)

Print Name:

Print Title:

Phone Number:

Appendix D: Required Construction Working Documents

The Province requires, at minimum, applications to include 40% design drawings and may prioritize projects that demonstrate additional due-diligence and design progress. As specified in Section 8.1 Application Requirements, the technical package must include a minimum of 40% design drawings and associated construction specifications which match the design submission. The minimum requirement for design and construction working documents to be submitted as part of the application include the documents set out in Table D1.

Table D1: Construction Working Documents at 40% Design Development

Categories	Building and Speciality Structures Including Exterior Works (e.g., Parking, landscape, services etc.)
General Trades	<ul style="list-style-type: none"> • Developed architectural (<25%) floor plans, reflected ceiling plans, roof plans • Structural foundation design, typical structural framing, including shear walls and size of members • Developed (<25%) building elevations and sections • Typical interior wall types and acoustical guidelines • Preliminary finish schedule with material selections • Sustainable design requirements • Special project-specific Skills Development Activity requirements • Outline specification with selected equipment, sizes, and performance requirement
Mechanical	<ul style="list-style-type: none"> • Schematic flow diagrams • Preliminary equipment selections/schedules • Plans showing locations of major equipment • Plans showing routing of mains (duct and piping) runs/zoning • Schedule information • Plumbing fixture locations • Fire protection zoning
Electrical	<ul style="list-style-type: none"> • Preliminary Single Line Diagram • Preliminary Lighting and Controls Layout • Preliminary Systems Layout • Costs to be excluded by Electrical contractor, such as, security equipment, communications cabling, public address and audio-visual equipment, etc.
Civil/Site	<ul style="list-style-type: none"> • Site plans, indicating building locations and site improvements (including all paved areas, site utilities, and building or vertical structure locations) • Additional site investigations, as required

	<ul style="list-style-type: none"> • Topographical information (current and engineered topographical information) • Utility location (showing all underground structures and lines) • Demolition/removal plans and information (if applicable)
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All Primary Applicants who execute a TPA with the Province will be required to produce tender-ready design drawings and associated construction specifications within six (6) months of the TPA effective date (though this timeline may vary for projects involving land or building acquisition – see Appendix E). The requirements for tender-level design drawings can be found in Table D2 below.

Table D2: Illustrative Construction Working Documents at Tender-level Design Development

Categories	Building and Speciality Structures Including Exterior Works (e.g., Parking, landscape, services etc.)
Construction set of drawings (including but not limited to)	<ul style="list-style-type: none"> • Architectural plans, notes, elevations and sections • Civil plans, notes, and sections – including stormwater, sanitary sewer, grading, sediment, and erosion control • Structural plans, notes, sections, and details fully describing the structural building requirements, including foundation/substructure and super structure • Mechanical plans, notes, sections, and details fully describing the plumbing, Heating, ventilation, and air conditioning (HVAC), • Electrical plans, notes, sections, and details fully describing the electrical communications, security, and equipment requirements • Detailed demolition drawings (if renovation), including clear indication of existing materials to remain • Conveyance plans, specifications and sections fully describing elevators, escalators, and lifts • Landscaping—all landscape layout and materials, planting and construction detail drawings • Servicing / Utility plans – Utility locations and design showing all underground structures and utility lines • Information, Communication and Automation Technology (ICAT) plans, notes, sections, and details describing the ICAT requirements, and • Fire and Sprinkler plans, notes, sections, and details that describe fire and sprinkler systems ensuring the building meets the Ontario Building Code (OBC)

Categories	Building and Speciality Structures Including Exterior Works (e.g., Parking, landscape, services etc.)
Technical specifications	<ul style="list-style-type: none"> • Finishes schedule and notes (including flooring plans, doors, furniture fixtures and equipment, millwork, handrails, etc.), and • Project technical specifications, completely describing materials and performance requirement
Permits	<ul style="list-style-type: none"> • Building • Foundation • Site plan approvals, and • Demolition (if required) • Other Permits required to develop and construct project. E.g., Tree Cutting, Sediment and Erosion Control, Road Occupancy, Signage, Site Services
Assessments	<ul style="list-style-type: none"> • Applicable assessment reports may be requested by the Province in substantiation of the assessments including, but not limited to: <ul style="list-style-type: none"> - Environmental (e.g., environmental site assessment phase one, environmental site assessment phase two, record of site condition if required) - Ecological reports, bat surveys, bird surveys, endangered species, if required - Air Quality Assessment - Heritage Assessment - Noise and Vibration Study - Geotechnical and hydrogeological reports • Primary Applicant should be prepared to show evidence of its due diligence process (environmental, archaeological and/or geotechnical) including attaining the necessary Capital Project approvals, authorizations/planning approvals, licenses, and permits, and undertaking any other steps that are considered necessary or prudent.

Appendix E: Land and Building Acquisition Costs

Land and/or building acquisition costs may be considered for SDF Capital Stream GROW Pathway funding on a case-by-case basis, at the discretion of the Province. The maximum amount that may be considered an Eligible Cost is 49% of the direct purchase price for the land and/or building. The portion of the SDF Contribution provided for land and/or building acquisition (the “**SDF Land Contribution**”) will not exceed 50% of the total SDF Contribution.

Only the direct purchase price of the land and/or building will be considered as an Eligible Cost for the purpose of the SDF Land Contribution. The Recipient will be responsible for all other costs and expenses associated with the acquisition of the land and/or building, including but not limited to, title insurance, appraisal fees, real estate commissions, legal expenses, legal registration fees, and land transfer taxes. The land and/or building identified for acquisition cannot be changed after submission of the application.

The requirements and timelines set out below for land and/or building costs are intended to provide general guidance and may not apply to all SDF Capital Stream GROW Pathway Projects. The TPA may set out additional terms and conditions that vary from the Guideline, including additional documents, reports, and notice requirements. In the event of a conflict between this Guideline and the TPA, the TPA shall prevail.

1. Application Requirements

Primary Applicants seeking SDF Capital Stream GROW Pathway funding for land and/or building acquisition will be required to produce:

- a. an independent third-party appraisal of the applicable land and/or building of the current value issued within one (1) year of the application submission. The Primary Applicant must ensure the appraisal is prepared by a professional that is accredited by the Appraisal Institute of Canada – Ontario (AIC-ON) and maintains good standing. The municipal address, legal property description and Parcel Identification Number must be included. The appraisal produced must be at the comprehensive report/narrative appraisal report level;
- b. Any other additional supporting documentation requested by the Province to assess the application.

Primary Applicants are also required to meet the other application requirements in the Guideline for the Capital Project; however, these requirements may be modified as necessary and with the agreement of the Province to adjust for the specific circumstances related to the land and/or building acquisition.

2. Restriction on Title

Pursuant to the terms and conditions set out in the TPA, a Recipient who wishes to receive SDF Capital Stream GROW Pathway funding for land and/or building acquisition must agree to register two instruments on title.

Firstly, on the later of the closing date for the acquisition of the land and/or building and the effective date of the TPA, the Recipient will be required to register on title a notice of agreement under 71 of the *Land Titles Act*, to which will be attached a short form agreement describing the profit or gain sharing obligations set out in the TPA and the conditions on which the Province will provide its consent to any transfer or charge (being those set out below in section 3 with respect to sale/transfer and those set out in section 4 below with respect to a proposed charge). The short form agreement will be registered on title in priority to any other encumbrances on title (e.g. mortgages), except as otherwise agreed to in writing by the Province.

Secondly, following achievement of Substantial Performance, the Recipient must register a restriction on title of the land in accordance with section 118 of the *Land Titles Act* that no subsequent transfer or charge can be made without the consent of the Province and specific conditions being met. The section 118 restriction will be registered on title as a condition of funding prior to release of the Substantial Performance Payment.

3. Consent for Proposed Sale/Transfer

As a condition of the Province providing its consent for a sale/transfer, the Recipient shall notify the Province of the proposed sale/transfer and provide the Province with:

- a. A recent independent appraisal of the land and/or building asset signed by a professional who is accredited by the Appraisal Institute of Canada – Ontario (AIC-ON);
- b. Repayment of an amount equal to the SDF Land Contribution;
- c. Payment of a proportionate share of any profit or gains generated by the sale of land and/or building (the “**Gainshare Amount**”), calculated as the Province’s proportionate share of the difference between:
 - i. the lower of the appraised value at time of purchase and the purchase price; and
 - ii. the higher of the appraised value at time of sale and the sale price; and
- d. If applicable, payment of the Early Disposition Adjustment Amount.

For the purpose of the calculation of the Gainshare Amount, the share of any profit or gains to the Province will be proportionate to the SDF Land Contribution relative to the initial purchase price paid. The share of profit or gains paid to the Province will be equal to:

$$\text{Proportionate Share} = \frac{\text{SDF Land Contribution}}{\text{Initial Purchase Price of Land and/or Building}} \times 100\%$$

The profit or gainsharing obligations and the restriction on transfer or charge without consent will be in place for a fixed period of 20 years commencing from the date of Substantial Performance. The restriction may be discharged on the earlier of: (a) expiry of the 20-year period; and (b) transfer of the land upon repayment of the SDF Land Contribution and the Gainshare Amount and, if applicable, the Early Disposition Adjustment Amount, subject to the terms and conditions set out in the TPA.

3. Consent for Proposed Charge

As a condition of the Province providing its consent for a proposed charge, the Recipient must notify the Province of the proposed charge and provide the Province with sufficient information to assess the amount of loan funding to be received by the borrower, the present value of the property, and the terms of proposed borrowing, including a recent independent appraisal of the land and/or building asset signed by a professional who is accredited by the Appraisal Institute of Canada – Ontario (AIC-ON).

Consent may also be refused of a charge (i.e., mortgage) if the ratio of the sum total of all loans (existing and new loan(s)) to the current value of the property would exceed the loan to value limit (“**LTV Limit**”), defined as:

$$\% \text{ LTV Limit} = \left(1 - \frac{\text{SDF Land Contribution}}{\text{Initial Purchase Price of Land and/or Building}} \right) \times 85\%$$

4. Key Timelines

Primary Applicants must provide timelines for the anticipated purchase closing date, submission of tender-ready drawings, Construction Start and Substantial Performance for the SDF Capital Stream GROW Pathway project that, at minimum, meet the requirements below. If the Recipient cannot meet the timelines set out in the TPA, the Recipient shall provide a Remediation Plan prior to the relevant deadline that will be missed. The plan must include a rationale for the delay and a revised timeline. The Province, in its sole and absolute discretion, may accept or reject any proposed Remediation Plan.

Closing Date

The Province may provide up to six (6) months from the effective date of the TPA for the Recipient to complete the acquisition of the land and/or building. From the date of closing, the Recipient is obligated to register the short form agreement on title and meet the applicable planning and construction deadlines set out in the TPA. In order to be eligible for SDF Capital Stream GROW Pathway funding, the Recipient must own the Project Asset for the period of time beginning from the date of closing until the completion of the Intended Use Period.

Submission of Tender-Level Drawings

If the Recipient completes the closing for the purchase of the applicable land and/or building after the effective date of the TPA, the Recipient will be required to advance SDF Capital Stream GROW Pathway Guideline

design development to tender-level design drawings within six (6) months from the purchase closing date.

Construction Start Date

If the Recipient completes the closing for the purchase of the applicable land and/or building after the effective date of the TPA, the Recipient will be required to reach Construction Start within twelve (12) months of the purchase closing date.

Substantial Performance

All SDF Capital Stream projects must achieve Substantial Performance within five (5) years of Construction Start. The SDF Land Contribution is part of the SDF Contribution, which means that it is payable at the same time and subject to the same payment and requirements set out in Section 5.3. The SDF Land Contribution will be paid to the Recipient as part of the Substantial Performance Payment and Holdback Amount, conditional upon provision of the Letter of Credit or Surety Bond and satisfaction of other funding requirements set forth in the TPA (such as registration of the section 118 notice on title).

Other Timelines

The Recipient will be required to comply with other timelines in this Guideline, as set out in the TPA (e.g., Intended Use Period).

5. Early Disposition

The Early Disposition Adjustment Amount Calculation contained in Table E below is further discussed in Section 6.2 (Early Disposition of Asset). The “**SDF Construction Contribution**” refers to the SDF Contribution, less any SDF Land Contribution. If applicable, the Early Disposition Adjustment Amount is payable **in addition to** the Gainshare Amount and repayment of the SDF Land Contribution.

Table E1: Early Disposition Adjustment Amount Calculation for SDF Capital Stream Projects with Approved Land and/or Building Acquisition Costs

Year of Disposition	Early Disposition Adjustment Amount Calculation
Intended Use Period Year 1	• 25% of the SDF Construction Contribution provided to date.
Intended Use Period Year 2	• 20% of the SDF Construction Contribution provided to date.
Intended Use Period Year 3	• 15% of the SDF Construction Contribution provided to date.
Intended Use Period Year 4	• 10% of the SDF Construction Contribution provided to date.
Intended Use Period Year 5	• 5% of the SDF Construction Contribution provided to date.