

Community Development and Recreation Committee Item 3.2

Considered by City Council on April 23 and 24, 2007

CD3.2	NO AMENDMENT		Transactional	Ward: 30
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Loan Guarantee for Creative Preschool

City Council Decision

City Council on April 23 and 24, 2007, adopted the following motions:

1. The City of Toronto provide a loan guarantee for up to \$100,000 on behalf of Creative Preschool (CPS) to its financial institution, to provide for leasehold improvements to preserve licensed spaces.
2. Such guarantee and all related agreements be on terms and conditions satisfactory to the City Solicitor, the Deputy City Manager and Chief Financial Officer as well as the General Manager, Children’s Services, and that the Deputy City Manager and Chief Financial Officer be requested to negotiate appropriate and adequate safeguards, to the satisfaction of the City Solicitor, with the City being promptly advised in the event of default or delay in the payment of interest.
3. The City enter into an agreement with CPS with respect to the line of credit guarantee.
4. The City enters into a tri-party agreement with CPS and its financial institution with respect to the line of credit guarantee.
5. The guarantee be deemed to be in the interest of the municipality.
6. The appropriate officials be authorized to take the necessary action to give effect thereto.

(March 8, 2007) report from General Manager, Children’s Services

Committee Recommendations

The Community Development and Recreation Committee recommends that:

1. the City of Toronto provide a loan guarantee for up to \$100,000 on behalf of Creative Preschool (CPS) to its financial institution, to provide for leasehold improvements to preserve licensed spaces;
2. such guarantee and all related agreements be on terms and conditions satisfactory to the City Solicitor, the Deputy City Manager and Chief Financial Officer as well as the General Manager, Children's Services, and that the Deputy City Manager and Chief Financial Officer be requested to negotiate appropriate and adequate safeguards, to the satisfaction of the City Solicitor, with the City being promptly advised in the event of default or delay in the payment of interest;
3. the City enters into an agreement with CPS with respect to the line of credit guarantee;
4. the City enters into a tri-party agreement with CPS and its financial institution with respect to the line of credit guarantee;
5. the guarantee be deemed to be in the interest of the municipality; and
6. the appropriate officials be authorized to take the necessary action to give effect thereto.

Financial Impact

The recommendations will have no financial impact beyond what has already been approved in the current year's budget.

There is no direct cost to the City for providing this guarantee unless CPS defaults on its obligation and the City cannot recover any funds from the organization. In future years, if there were a default, there could be a financial impact in the City's budget. That impact would be a loss of up to \$100,000 (the amount of the loan guarantee) plus interest. This expenditure would be taken from the Child Care Expansion Reserve Fund.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

Summary

Creative Preschool of East Toronto (CPS) is losing its current space and has found a new location. This report recommends that the City of Toronto provide a loan guarantee for up to \$100,000 for CPS to provide for leasehold improvements to meet the Day Nurseries Act requirements, avoid service disruption and maintain licensed spaces.

Background Information

cd3.2

<http://www.toronto.ca/legdocs/mmis/2007/cd/bgrd/backgroundfile-2421.pdf>