

Sony Centre—Bridge Loan Increase/Extension

Date:	May 21, 2009
To:	Executive Committee
From:	The Board of Directors and the Chief Executive Officer of the Sony Centre for the Performing Arts
Wards:	28
Reason for Confidential Information:	This report is in reference to a proposed or pending land acquisition or disposition by the City or one of its agencies, boards, and commissions.
Reference Number:	

SUMMARY

The purpose of this report is to present to Council a response to the confidential recommendation contained in the Confidential Attachment 1 to the report (April 29, 2009) from the Deputy City Manager and Chief Financial Officer and to have Council:

- a. increase the bridge loan facility previously provided to the Sony Centre from \$5 million to \$7 million and allow draws to the maximum amount so that it can continue to fund anticipated expenses and be prepared for a reopening of the theatre in 2010.
- b. approve amendments to the existing ticket surcharge reserve fund to permit future sums so collected to be used to secure the repayment of the loan facility, with interest, once the theatre has reopened, and to generally be applied towards all categories of expenses related to the maintenance, state of good repair and future renovations of the Sony Centre which is now designated as a Heritage Property.

RECOMMENDATIONS

1. That City Council adopt the Confidential Recommendations in Confidential Attachment 1;
2. that City Council authorize the release of the confidential information in Confidential Attachment 1 upon the conclusion of the proposed transaction as described in Confidential Attachment 1; and
3. that City Council authorize the appropriate city officials to take the necessary action to give effect thereto.

FINANCIAL IMPACT

The \$5 million bridge loan facility will not be repaid in fiscal 2009 but rather the amount of the loan would be increased to \$7 million and the total loan repayment would be extended to no later than the end of 2020 and would be secured by the collection of ticket surcharge monies earned by the Sony Centre once it reopens the theatre. As the bridge loan will be repaid with interest at a rate equal to the City's rate for borrowing, there is no financial impact in future years.

DECISION HISTORY

At its meeting on April 29 and 30, 2009, City Council adopted Motion MM35.10 made by Councillor McConnell and seconded by Councillor Moscoe and in so doing authorized the Deputy City Manager and Chief Financial Officer to extend the deadline for the repayment of the \$5 million bridge loan facility to the Sony Centre to June 30, 2009, and to limit further draws so that the total outstanding balance does not exceed \$3 million.

In addition Council directed the Board of the Sony Centre to respond to the confidential recommendation contained in the Confidential Attachment 1 to the Report (April 29, 2009) from the Deputy City Manager and Chief Financial Officer.

ISSUE BACKGROUND

In order for the Sony Centre to be in a state of readiness to implement its planned renovations, to pay its outstanding and future obligations and to prepare the theatre for reopening as soon as possible, it requires an increase in the bridge loan facility and an extension of the repayment obligation as described.

In addition to the repayment of this bridge loan facility from the proceeds to be received from Castlepoint Realty Partners upon the closing of the proposed real estate transaction, the Board of Directors of the Sony Centre are further securing the repayment of this loan by the application of future ticket surcharge revenues to such obligation.

COMMENTS

The Board of Directors of the Sony Centre believe it is in the best interests of both the Sony Centre and the City to increase and extend the time to repay the bridge loan facility in order to ensure that the Sony Centre can reopen its doors as soon as possible in 2010 to mitigate future operational losses and to amend the ticket surcharge reserve fund language to provide the City with additional security for the repayment of the loan.

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SIGNATURE

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ATTACHMENTS

Confidential Attachment 1 – Sony Centre—Response of Board of Directors