



**STAFF REPORT
ACTION REQUIRED
with Confidential Attachment**

Sony Centre – Extension of Bridge Loan

Date:	April 29, 2009
To:	City Council
From:	Deputy City Manager and Chief Financial Officer
Wards:	28
Reason for Confidential Information:	This report is about a proposed or pending acquisition or disposition of land by the City or one of its agencies, boards, and commissions.
Reference Number:	P:\2009\Internal Services\SP\CC09006SP (AFS#9990)

SUMMARY

The purpose of this report is to seek Council authority to extend the bridge loan facility previously provided to the Sony Centre for the Performing Arts so that it can fund expenses incurred as a result of a further delay in the closing of the proposed real estate transaction with Castlepoint Realty Partners Ltd.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that Council:

1. Authorize the Deputy City Manager and Chief Financial Officer to extend the deadline for repayment of the \$5 million bridge loan facility to the Sony Centre, from March 31, 2009 to June 30, 2009.
2. Authorize the Deputy City Manager and Chief Financial Officer to limit further draws on the bridge loan facility so that the total outstanding balance does not exceed \$3 million.
3. Approve the recommendation in Confidential Attachment1 to this report.
4. Direct that the Confidential Attachment remain confidential until the proposed development transaction with Castlepoint Realty Partners Ltd. is completed.

DECISION HISTORY

At its meeting of September 28, 29 and 30, 2005, Council considered Clause No. 1 of Report No. 8 of the Policy and Finance Committee regarding the updated Business Plan for the Sony Centre and the detailed redevelopment proposal from Castlepoint.

Council directed that the City and the Board of Directors of the Sony Centre pursue the Board's preferred Business Plan option, which contemplated the sale of a portion of the Sony Centre site for a proposed condominium tower.

At its meeting of December 1-3, 2008, Council directed that staff extend and expand the short-term borrowing facility provided to the Sony Centre. The maximum borrowing amount was increased to \$5 million and any amounts outstanding were to be repaid by January 31, 2009. These amendments to the borrowing facility were made as a result of the development transaction not closing on the date originally anticipated.

However, the closing of the transaction was further delayed and, at its meeting of February 23-25, 2009, Council adopted the recommended amendments to the Umbrella Agreement attached to Notice of Motion MM31.2. These amendments were intended to address the developer's financing issues and thereby facilitate the closing of the transaction. The deadline for repayment of the loan facility was extended until March 31, 2009 to allow for the Sony Centre's funding needs until the closing of the transaction (<http://www.toronto.ca/legdocs/mmis/2009/mm/bgrd/backgroundfile-19342.pdf>).

COMMENTS

City Legal and Planning staff carried out extensive preparations to ensure that all of preconditions for the closing of the proposed transaction had been met by March 31, 2009. However, the transaction was not completed on that date and has yet to be completed as of the date of this report.

The modified loan facility approved by Council in December, 2008 has a maximum borrowing limit of \$5 million. The Sony Centre has, thus far, drawn \$1.95 million in funds from the City's loan facility to cover various operating and capital costs that have been incurred as a result of the delays in completing the proposed transaction.

Finance staff have received a request from the Board of the Sony Centre for additional funding for works that have been carried out in preparation for the redevelopment of the Centre. We have been advised that approximately \$670,000 of further invoices have been submitted to the Centre and have not been paid to date.

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SIGNATURE

Cam Weldon
Deputy City Manager and
Chief Financial Officer

ATTACHMENTS

Confidential Attachment 1 - Sony Centre – Extension of Bridge Loan