



**STAFF REPORT
ACTION REQUIRED
with Confidential Attachment**

**Annual Report on City's Loan and Loan Guarantee
Portfolio**

Date:	April 7, 2014
To:	Executive Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	All
Reason for Confidential Information:	This report is about litigation or potential litigation that affects the City or one of its agencies or corporations.
Reference Number:	P:\2014\Internal Services\Cf\Ec14009Cf (AFS #18076)

SUMMARY

This report provides an annual update on the City's loan and loan guarantee portfolio.

The City currently guarantees three operating lines of credit and eight capital loans under Council approved policies for line of credit and loan guarantees for cultural and community-based organizations. In addition to the guarantees, the City provides seven direct loans to City agencies and corporations, and one to an external organization. Three capital loans with a City guarantee provided to not-for-profit organizations were successfully paid in full during 2013 in the combined amount of \$6.6 million. Another capital loan to BIXI in the amount of \$3.65 million which was guaranteed by the City was repaid by the City and funded through revenues from the Astral Street Furniture contract.

This report recommends an extension of two line of credit guarantees which would otherwise expire at the end of 2014. These lines of credit are in good standing, and the organizations have achieved a reduction in their line of credit requirement. This report also recommends term extensions to two capital loan guarantees, which are also in good standing. Another organization with a capital loan guarantee with the City (Evergreen Brickworks) has requested that the terms of the guarantee be amended so as to provide a longer repayment plan. A staff report that addresses this request is scheduled for later this summer.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. City Council approve the renewal of the following line of credits and capital loan guarantees:
 - a. the line of credit guarantee issued on behalf of the Canadian Stage Company (CanStage) to its financial institution in the amount of \$730,000 (inclusive of all interest payable by CanStage), be renewed for a three year period commencing on November 1, 2014 and ending October 31, 2017.
 - b. the line of credit guarantee on behalf of the Young People's Theatre (YPT) in the amount of \$175,000 (inclusive of all interest payable by YPT), be renewed for a three year period commencing on January 1, 2015 and ending December 31, 2017.
 - c. the capital loan guarantee on behalf of the Toronto Artscape Inc. (Artscape) in respect of the Distillery District Studios Project in an amount not to exceed \$167,510 (inclusive of all interest payable by Artscape), be renewed for a three year period commencing on November 1, 2014 and ending October 31, 2017.
 - d. the capital loan guarantee on behalf of the Toronto Artscape Inc. in respect of the Wychwood Barns Project in an amount not to exceed \$2,979,538 (inclusive of all interest payable by Artscape), be renewed for a three year period commencing on June 16, 2014 and ending June 15, 2017.
2. The City's Capital Loan Guarantee Policy and Direct City Loan Policy, as adopted by City Council on May 7, 2013, be amended to require that any capital fundraising plan proposed in respect of debt repayment for any new project for which a loan or loan guarantee is being sought include a plan for repayment of the loan amount by alternate means should fundraising prove to be insufficient to repay the loan, such plan to be to the satisfaction of the Deputy City Manager and Chief Financial Officer.
3. Council adopt the confidential instructions to staff in Attachment 1 – Confidential Information.
4. Council not authorize the public release of Attachment 1 – Confidential Information, as this attachment contain confidential information relating to litigation or potential litigation that could affect the City, until such time that the necessary agreements have been executed.

Financial Impact

As at December 31, 2013, there were:

- 3 outstanding operating line of credit guarantees with a maximum exposure of \$4.0 million,
- 8 outstanding capital loan guarantees in the amount of \$61.7 million, and
- 8 direct city loans with an outstanding balance of \$72.0 million.

A loan guarantee is considered to be a financial commitment of the City, and impacts the City's borrowing capacity and potentially its credit rating. However, there is no direct cost to the City for providing the guarantee unless the borrower defaults on its obligation and the City cannot recover any funds paid out under the guarantee.

As of December 31, 2013, one loan (Just for Laughs) in the amount of \$500,000 remains in default, while another loan in the amount of \$122,000 was written off during 2013 (Squirrels Nest Child Care Centre). A third loan (BIXI) for which the City provided a guarantee was settled at the end of 2013 in avoidance of default by a payment of \$3.65 million by the City funded through revenues from the Astral Street Furniture contract.

As part of this year's review, one organization (Toronto Symphony Orchestra) with a line of credit in the amount of \$3 million continues to experience financial challenges, and is undertaking cash management and debt reduction initiatives in this regard and has been able to maintain its loan in good standing. A second organization with a capital loan with an outstanding balance of \$4.8 million (Evergreen Brickworks) is working with the City to identify appropriate amendments to the loan term, which will be the subject of a report to City Council later this year. This loan is currently in good standing.

The total value of loans or loan guarantees for which loan payments are in default or past due is \$500,000 as identified in this report, or approximately 0.4% of the portfolio value, as shown in the following Chart.

Total Value of Loans and Loan Guarantees

	No. of Loans	Total Exposure (\$000's)	No. of Loans in Default or Past Due	Total Value of Loans in Default or Past Due (\$000's)	% of Value
Line of Credit Guarantees	3	\$4,000	0	\$0	0%
Capital Loan Guarantees	8	\$61,716	0	\$0	0%
Direct City Loans	8	\$71,995	1	\$500	1%
Total @ Dec. 2013	19	\$137,711	1	\$500	0.4%
Total @ Dec. 2012	24	\$148,426	4	\$4,772	3%

The quantum of the financial risk associated with the other loans and loan guarantees is difficult to establish for the reason that default, mitigation and recovery processes can vary from project to project and actual losses cannot be determined until such processes

come to a conclusion. With regular monitoring, it is possible to identify financial risks earlier and to take action to avoid or mitigate potential losses.

A Doubtful Loan Guarantee Reserve was established as part of last year's review, with initial funding of \$160,000 from recovered amounts from previous bad loans. An additional amount of \$61,480 is expected to be recovered from a previous loan default through a clawback of grant allocation to the Toronto Arts Council over the next two years in the amount of the grant that would otherwise have been made to the defaulting organization. The Deputy City Manager and Chief Financial Officer reviews annually the adequacy of funds in the Doubtful Loan Guarantee Reserve and will make any necessary adjustments where the cost or risk of loss under a loan guarantee or direct loan is determined to be likely and should be recognized.

DECISION HISTORY

In April 2013, City Council considered the first comprehensive review of the City's loan and loan guarantee portfolio. That report arose as a result of recommendations made by the City's Internal Audit group to strengthen controls and oversight of the line of credit guarantee and loan guarantee undertakings, including formal monitoring and reporting on the status of all loan and loan guarantees under this policy, including the total amounts issued, confirmation that the loan is being repaid to the lender, actual repayments and current amount outstanding, and costs, if any, associated with any defaults or claims paid. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX31.14>

ISSUE BACKGROUND

Non-profit organizations that have no tangible assets often require a city loan guarantee in order to obtain credit necessary to deal with operating cash flow fluctuations that occur during the year or in order to acquire assets to further their objectives.

Not-for-profit organizations operate in a different financial environment than for-profit enterprises. For example, profit margins do not apply. Revenue streams and equity are different. Not-for-profit organizations do rely on a greater degree of funding from government and donors compared to for-profit enterprises. Operating deficits from own revenues is not uncommon, and fundraising and government subsidies are sometimes core to not-for-profit sustainability.

Providing financial guarantees to organizations that qualify is beneficial to the City since these groups provide important services to the community that complement or offset the need for government providing those services. The City also occasionally provides direct loans to its agencies and corporations to contribute to the financing of a project that will create or enhance a capital facility. Such loans increase the value of City assets and supports new activities and expansion of activities that directly benefit the public.

However, such loans and loan guarantees are not without risk. A number of projects have experienced financial difficulties requiring financial intervention of the City. For

these reasons, it is important for the City's financial position that Council adheres to a policy that provides loan and loan guarantees only as a last resort, that the level of support is properly founded by the business case, and that the responsible program area with direct oversight take responsibility for the continuous monitoring of the organization receiving the loan or loan guarantee.

COMMENTS

As part of this annual review and in respect on reporting on the status of the loan guarantees and loans provided by the City, consideration was given to whether:

1. the financial statements of the borrower showed a decline in financial position in the area of liquidity, as evidenced by a deficiency in working capital or cash flow or an excess of liabilities over assets;
2. there has been a recent default in making the required principal or interest payment when due, or a failure to meet other debt covenants;
3. economic conditions affecting the environment in which the borrower operates have changed in ways that may affect income earning potential or in ways that could affect the likelihood that the borrower will be able to repay the loan in the future;
4. there are any independent credit reports indicating concern about the borrower's ability to meet its current liabilities; and,
5. there has been a recent request to increase financing or modify/extend loan terms in order to meet cash flow requirements and/or debt covenants.

A finding that an organization is experiencing any of the above conditions is not an indication of insolvency or imminent failure. However, such conditions if not mitigated could lead to financial difficulties that, in the extreme, could lead to a demand for payment by a lender of all or a portion of the loan guaranteed by the City. Typically, there would be a notice and remedy period wherein the borrower, lender and City could work together to attempt to address the financial difficulties. Failing that, the City could assume control of the operation in order to minimize its losses, or exercise on any security that may have been provided as part of the loan guarantee or loan.

Under the current policy, the City provides assistance in three ways:

- a. lines of credit guarantees are intended to allow cultural and community organizations obtain a line of credit for working capital purposes and to deal with seasonal fluctuations in cash flow;
- b. capital loan guarantees are intended to assist non-profit community and recreational based organizations purchase or improve property; and
- c. direct city loans which are intended to provide City agencies and corporations financing for projects that create or enhance a capital facility.

Line of Credit Guarantees:

Under the City's current policy, lines of credit guarantees are only available to cultural and community organizations. The intended purpose of such guarantees is to enable eligible organizations to obtain a line of credit for working capital purposes and to deal with seasonal fluctuations in cash flow.

Such guarantees will only be considered when the organization provides documentation that they have been denied sufficient reasonable funding from all other sources. The total amount of all line of credits provided by the City under this policy is limited to \$10 million in the aggregate. Organizations must submit audited financial statements as well as a business plan that demonstrates the financial viability and capacity to repay the funds within operating funds to the satisfaction of the Deputy City Manager and Chief Financial Officer. Organizations must also submit audited statements and operating budgets on an ongoing basis as long as the loan remains outstanding.

As of the date of this report, there were 3 lines of credit guarantees outstanding, representing a maximum City guarantee of \$4 million, as shown in Table 1 below. It should be noted that the actual amount outstanding in any line of credit will fluctuate from day to day. Two of these lines of credit will be expiring this year – Young People's Theatre, and Canadian Stage Company. Both these organizations require a renewal of the City's line of credit guarantee, but in consultation with City staff, were able to reduce their loan amounts going forward, as described below.

Table 1 - Summary of Line of Credit Guarantees

Most Recent Date Approved	Name of Organization	Relationship to City	Amount Authorized \$000's	Expiry Date	Responsible Program Area	Loan Status	Security
October 2012	Young People's Theatre	Registered Charity	\$200 (\$175 recm'd)	December 2014	Economic Development & Culture	Currently in Good Standing	City Grants (via TAC)
October 2012	Canadian Stage Company	Registered Charity	\$800 (\$730 recm'd)	October 2014	Economic Development & Culture	Currently in Good Standing	City Grants (via TAC)
July 2010	Toronto Symphony Orchestra	Registered Charity	\$3,000	October 2015	Economic Development & Culture	Currently in Good Standing	City Grants (Major Cultural Grants)
	Total		\$4,000 (\$3,905 recm'd)				
	Aggregate Limit		\$10,000				

Young People's Theatre (\$175,000 recommended):

Young People's Theatre (YPT) operates in a City Below-Market-Rent facility at 165 Front Street. YPT is the oldest continuously operating professional theatre in the GTA and is the only large-scale theatre in Ontario dedicated to producing and presenting shows specifically for young people. More than 60,000 people attend YPT's theatrical productions and educational programs annually. YPT receives annual grants from the City, through the Toronto Arts Council and through other programs.

YPT has had some form of line of credit from the municipality dating back to the early 1990's, and has a successful history in the community and in meeting its financial obligation under the loan guarantee. YPT has not drawn upon its line of credit in its fiscal 2013 period, and advised it can reduce its request from the previous guaranteed amount of \$200,000 to \$175,000 for the next three years ending December 31, 2017. Staff recommend renewal of the line of credit in this amount. It is acknowledged this is a further reduction by YPT from the City's guarantee of \$250,000 made in 2012.

Canadian Stage Company (\$730,000 recommended):

Canadian Stage Company operates in a City Below-Market-Rent facility at 26 Berkeley Street. Canadian Stage is also an anchor tenant of the St. Lawrence Centre for the Arts (a City agency) and pays over \$1 million in annual rent for use of that City-owned theatre. Canadian Stage produces and presents Canadian and international contemporary theatre.

Canadian Stage has had some form of line of credit from the City since 2001, to which it has met its financial obligations under the loan guarantees and subsequent renewals. Canadian Stage has experienced operating deficits in 2011 and prior years, but has since taken measures to control expenditures and posted small surpluses in 2012 and 2013 (fiscal year ending June 30th) on an operating budget of approximately \$8 million.

Canadian Stage has followed through on the deficit reduction plan presented to City staff and their lenders at the time of the last line of credit renewal in 2012. Canadian Stage is also reducing its request on their line of credit from \$800,000 to \$730,000 for the next three years ending October 31, 2017. Staff recommend renewal of the line of credit in this amount.

Toronto Symphony Orchestra (\$3,000,000):

Founded in 1922, the Toronto Symphony Orchestra (TSO) is one of Canada's leading cultural institutions. Today, more than 225,000 patrons and over 50,000 students attend performances at Roy Thomson Hall each year, and an additional five million Canadians tune in to concert broadcasts on CBC Radio. The Orchestra continues to develop its international presence touring to venues in the United States, Europe, and Asia, as well as attracting distinguished guest artists and conductors to performances at Roy Thomson Hall.

TSO's cash requirements are cyclical and seasonal, affected by differences in timing of revenues and expenses. Subscription sales revenues are predominant in the earlier part of the year, and revenues from grants and distributions from the Toronto Symphony Foundation occur later in the year. Cash requirements peak during the January through April period.

The TSO has incurred operating losses in 2010, 2012, 2013 (fiscal year ending June 30th) in the amount of approximately \$400,000, \$900,000, and \$1.28 million respectively, on an annual operating budget of approximately \$25 million. It is also carrying an accumulated deficit from prior years. A decline in subscription and ticket revenues contributed to the operating deficits.

The TSO originally had a demand revolving loan with HSBC Bank Canada for \$6,450,000, which is secured by the guarantee from the City in the amount of \$3,000,000 and a guarantee from the Toronto Symphony Foundation (TSF) in the amount of \$3,450,000. The guarantees are structured such that in the event of default, the lender would first demand funds from the TSF guarantee up to \$3,450,000, and if the default is in an amount greater than that, then from the City guarantee up to \$3,000,000.

In late 2012 and through 2013, the TSO needed to increase its credit facility to address a working capital shortfall. Security for this increase was provided to the lender by the TSF. In support of the request for the increase in the credit facility, the TSO provided their lenders and City staff with a cash management and deficit reduction strategy, which included adjustments in timing of payables and receivables, reducing expenses, identifying revenue maximization opportunities and fundraising. However, a longer term increase in the credit facility is required to support their working capital needs until the benefits of their restructuring plan materialize. The TSO requested and was granted a further increase in its credit facility to \$9,200,000, secured by an additional guarantee of the increased indebtedness by the TSF. The guarantee structure remains the same, meaning that the City guarantee would only be called upon after the TSF guarantee was fully drawn down, as summarized below:

-	Guarantee by TSF	-	\$6,200,000	-	first to drawn upon
-	Guarantee by City	-	<u>\$3,000,000</u>	-	last to be drawn upon
	Total Guarantee		\$9,200,000		

The City's guarantee expires October 31, 2015, and in all likelihood, the TSO will be seeking an extension of the City's guarantee beyond 2015, since it is not foreseeable that they can extinguish or reduce their reliance on this loan in the short term.

The loan guarantees have been in good standing since inception. TSF is a registered charity (foundation) established to aid the Toronto Symphony and to receive, administer and invest gifts and makes annual distributions to the Toronto Symphony. Its 2012 financial return indicates financial assets in excess of \$28 million. The TSO is also supported through the City's Major Cultural Organizations Grant Program, with the grant allocation to TSO being \$1,205,000 in 2013.

Capital Loan Guarantees:

Under the City's current policy, capital loan guarantees may be provided to non-profit community organizations and recreational and sports based organizations. Sports and community organizations seeking to purchase or improve property sometimes require a City guarantee to obtain capital financing because banks are usually not willing to provide a mortgage to a community organization for a property that is in the City's ownership or otherwise not in the organizations ownership. In other cases, where such an organization is purchasing a property, banks may provide a mortgage to a certain level secured by the property, with the City being requested to provide a guarantee on amounts above that if required.

The intended purpose of such guarantees is to enable eligible organizations to acquire or upgrade community facilities to further initiatives that will assist in increasing participation in cultural and sport and recreation activities and will ensure the viability and sustainability of the organizations. The need for the proposed facility must be based on a sound business case supported by current recreation needs and requirements, and a community benefit must also be demonstrated by the project.

Such guarantees will only be considered when the organization provides documentation indicating they have exhausted all other sources of funding and/or funding guarantees. Furthermore, in considering providing a capital loan guarantee to an organization, the level of firm financial commitment from the organization to the capital project must be presented to the satisfaction of Council and, as a guideline, the minimum amount of this commitment should be 15 percent of the overall capital project cost. For large capital loan guarantees that include capital construction, the responsible program area must assign a project manager to monitor construction progress and financial status during construction.

The total amount of all capital loan guarantees provided by the City under this policy is limited to \$300 million in the aggregate. As of the date of this report, there were 8 capital loan guarantees with an outstanding balance of \$61.7 million, as shown in Table 2 below. For comparison, at this time last year, there were 11 capital loans outstanding with a balance of \$75.2 million.

Table 2 - Summary of Capital Loan Guarantees

Most Recent Date Approved	Name of Organization	Relationship to City	Amount Authorized \$000's	Current Balance (Dec. 31/13) \$000's	Expiry Date (Effective Expiry Date*)	Responsible Program Area	Loan Status	Security
July 2013	Theatre Centre	Registered Charity	1,000	0 (1,000 drawn 03/15/14)	December 2017	Economic Development & Culture	Currently in Good Standing	Leasehold Improvements to City Building, TAC Grants
November 2011	Evergreen at the Brickworks	Registered Charity	7,500 (jointly with TRCA)	4,800	June 2016	Economic Development & Culture, Parks, Forestry & Recreation, TRCA	Currently in Good Standing	Leasehold Improvements to City/TRCA lands
August 2009	Lakeshore Lions Arena (now Lakeshore Arena Corporation)	City Services Corporation	35,500	34,401	October 2042	Parks, Forestry & Recreation	Currently in Good Standing	Leasehold Interest of facility on TDSB lands
2002	Ricoh Coliseum Arena	City Agency	20,000	14,413	July 2022 (Jul 2025)	Exhibition Place	Currently in Good Standing	Leasehold Improvements to City lands
May 2010	Centre for Social Innovation	Registered Charity	4,800	4,410	May 2015 (May 2035)	Economic Development and Culture	Currently in Good Standing	Assignment of Lenders Mortgage
	Sub-Total @ Dec. 31/13		68,800	58,024				
	Sub-Total @ Dec. 31/12		73,400	65,572				

Most Recent Date Approved	Name of Organization	Relationship to City	Amount Authorized \$000's	Current Balance (Dec. 31/12) \$000's	Expiry Date (Effective Expiry Date*)	Responsible Program Area	Loan Status	Security
Artscape:								
April 2010	Distillery District Studios	Not-for-Profit	250	182	December 2014 (August 2022)	Economic Development and Culture	Currently in Good Standing	Assets (chattels)
August 2010	Wychwood Barns	Not-for-Profit	3,200	3,009	December 2014 (March 2038)	Economic Development and Culture	Currently in Good Standing	Leasehold Improvements to City lands
January 2009	FCM – Wychwood Barns	Not-for-Profit	600	501	August 2029	Economic Development and Culture	Currently in Good Standing	Leasehold Improvements to City lands
Sub-Total Artscape @ Dec. 31/13			4,050	3,692				
Sub-Total Artscape @ Dec. 31/12			9,850	9,602				
Total @ Dec. 31/13			72,850	61,716				
Total @ Dec. 31/12			83,250	75,174				
Aggregate Limit			300,000					

No Longer Included:

Most Recent Date Approved	Name of Organization	Relationship to City	Original Amount \$000's	Expiry Date (Effective Expiry Date*)	Responsible Program Area	Loan Status	Security
February 2003	Growing Tykes Childcare	Service Agreement	650	December 2013	Children's Services	Repaid in full by Organization	Assets (chattels), City subsidy
May 2010	BIXI Toronto Inc.	Business Corporation	4,500	April 2016	Transportation Services	Repaid in full by Transportation Division	General Assignment of Assets
December 2008	Theatre Direct	Not-for-Profit	150	November 2013	Economic Development and Culture	Repaid in full by Organization	Leasehold Improvements to City lands, TAC Grants
May 2010	Shaw Street Centre	Not-for-Profit	5,800	May 2013 (2033)	Economic Development and Culture	Guarantee Discharged by Lender	2 nd Mortgage
	Total		11,100				

***Expiry Date (Effective Expiry Date)**

Expiry date is the expiry date of the loan guarantee. Effective expiry date is amortization period of the loan (the number of years it would take to repay the loan in full). If the amortization period extends beyond the loan guarantee period, the borrower would be required to repay the balance of the loan at the end of the loan guarantee period, unless the loan guarantee is extended or the lender no longer requires a loan guarantee.

Theatre Centre (\$1,000,000)

Theatre Centre was established in 1981 as a charitable not-for-profit organization. Theatre Centre is a nationally recognized arts incubator, serving as a research and development hub for the cultural sector by providing space, subsidy and mentorship to new generations of arts leaders. Theatre Centre is supported by the City through the Toronto Arts Council grant program, with an operating grant of \$110,000 having been provided for 2013.

Since 2000, The Theatre Centre has leased the lower level of the Great Hall at Queen Street West and Dovercourt Road, but such lease has expired. In April, 2010, City Council authorized a Below Market Rent lease agreement with the Theatre Centre for the City owned property at 1115 Queen Street West for the purpose of adaptively reusing the heritage designated Carnegie Library as a performing arts hub and community meeting space.

Theatre Centre has partnered with other levels of government and the private sector to undertake the extensive renovations required of this City-owned facility, with a capital investment in this project estimated at \$6.225 million. Theatre Centre has secured funding for over 70% of the Project cost (\$4.5 million), and together with its own fundraising, required bridge financing for the shortfall of up to \$1.5 million. Because Theatre Centre has no tangible assets (the property is owned by the City), their lender requires a loan guarantee, of which \$1 million would be secured by the City and up to \$0.5 million would be unsecured. City Council in June 2013 approved of a capital loan guarantee for Theatre Centre in the amount of \$1.0 million for a four year period ending in June 2017. Theatre Centre's business plan is to repay the loan through a capital fundraising campaign.

Economic Development and Culture Division has assigned a monitor to provide oversight to the project. They advise the project has achieved substantial completion on budget. The balance of the construction financing and guaranteed by the City was expected to be drawn in or around the time of writing this report.

Evergreen Brick Works (\$4,800,000)

Evergreen is a national charity with a mandate to make cities more liveable through green design and urban sustainability. In 2006, Evergreen entered into a ground lease with TRCA and the City for the restoration and adaptive re-use of the heritage structures at the Don Valley Brick Works, and commenced site operations and programming in late 2010, providing a dynamic public space in the heart of Toronto's Don Valley. The facility is now engaging visitors through interactive workshops and community festivals, and offers a full suite of programs combining ecology, design, technology and the arts in a hands-on educational experience.

The project was substantially completed at the end of December 2010 within the approved budget of \$55 million. At that time, Evergreen had raised \$44.2 million of the

project cost, including a \$10.3 million capital contribution from the Province of Ontario, a \$20 million capital contribution from the Government of Canada, and almost \$14 million through their private donation campaigns. The City and TRCA jointly and severally provided their guarantee on \$7.5 million of the \$11.5 million loan made by RBC to Evergreen for the balance of the cost of the project, which was to be retired by December 31, 2014 through their capital fundraising campaign.

In late 2011, due to shortfalls in capital fundraising, the City consented to an extension in the term to June 2016, with a covenant that the loan balance be no more than \$4.8 million by December 31, 2013, and \$1.0 million by December 31, 2014. The City also holds \$500,000 as security for loan payments. The \$4.8 million loan balance covenant was met at the end of 2013. The loan balance was \$7.11 million as at December 31, 2012.

In early 2014, Evergreen advised they have abandoned their capital fundraising efforts for the loan (they continue to fundraise for other priorities), and proposed paying off the balance of the loan through residual operating cash flow over an extended period of time. City and TRCA staff will be reviewing the request by Evergreen to extend the term of the loan repayments, and will submit a separate report on any amendments to the Evergreen loan at the July 2, 2014 meeting of Executive Committee.

Lakeshore Arena Corporation (\$34,401,425):

In September 2011, the City assumed control of the Lakeshore Arena (Mastercard Centre for Hockey Excellence) through a municipal services corporation – Lakeshore Arena Corporation (LAC). The facility was conceived by the Lakeshore Lions club, wherein the City provided the land (through a land exchange with the TDSB) and a capital loan guarantee. The final cost of the facility was approximately \$44 million, almost entirely debt financed. The City's guarantee was continued to the LAC. The balance on the three loan facilities guaranteed by the City was \$34,401,425 as at December 31, 2013 (December 31, 2012 - \$34,698,460). An additional loan facility, which is not guaranteed by the City but is secured by a priority 1st charge on the leasehold interest, had a balance of \$4,535,624 as at December 31, 2013 (December 31, 2012 - \$4,535,624). In addition to these amounts, as part of the transition to LAC, City Council advanced a \$1.2 million direct city loan to settle certain debts arising from the transfer, and a \$1.0 million direct city loan as a line of credit for working capital. The total debt of the LAC as at December 31, 2013 is summarized as follows:

Third Party Loans Guaranteed by City:

- Fixed rate term loan - \$20,244,580
- Floating rate interest only loans (2)- \$14,156,845

Third Party Loan not guaranteed by City, but secured by 1st mortgage:

- Floating rate interest only loan - \$4,535,624

City Loans:

- Interest only capital loan - \$1,200,000

-	BBP Energy Loan	-	\$800,000
-	Line of Credit	-	<u>\$0 (\$1 million available)</u>
	Total Debt		\$40,937,049

The Lakeshore Arena is a state-of-the-art facility with three NHL regulation pads and one Olympic sized pad with expandable seating for up to 4,500 people. Its tenants include the Toronto Maple Leafs, Toronto Marlies, Hockey Canada, and the NHL Players Association. It has also hosted three seasons of the Battle of the Blades Franchise.

Since assuming control, revenues from Arena operations have exceeded projections. The Arena is generating income of more than \$2 million per year after expenses but before debt service and depreciation. Meeting current debt service cost, however, consumes most of the income from the facility.

The floating rate facility term comes up for renewal in September 2014, and the lender has indicated the current sub-prime rates from them will not be available at that time. The LAC will be faced with significant financial pressure once interest rates increase in 2014. Core business ice-rental revenue is already at top market rates. There is some vacant space available for rental, however, no suitable tenant has been found thus far. Council has already granted authority for the City to provide LAC a short-term interest only loan to replace the floating rate facilities when they expire in September 2014. The Deputy City Manager and Chief Financial Officer will report to Council in early 2015 on a permanent financing strategy for the Lakeshore Arena.

Ricoh Coliseum Arena (\$14,413,385)

Located on the Exhibition Place grounds, Ricoh Coliseum is home to AHL's Toronto Marlies Hockey Club. The 8,200 seat arena offers ice rentals, concerts, special and corporate events and was designed with sightlines and acoustics in mind.

In November 2003, City Council approved the renovation of Ricoh Coliseum at a total cost of \$38.0 million and entered into a 49-year lease agreement with BPC Coliseum Inc. (BPC), an affiliate of OMERS. Both BPC and the City each contributed \$9.0 million in equity investment to the project. In addition, the City guaranteed a \$20.0 million loan borrowed by BPC from the Bank of Montreal initially for a term of 10 years which was later amended to 20 years.

The construction of the Ricoh coliseum was completed on time and on budget and the Coliseum opened in November 2004. After the initial subtenant was not able to comply with the financial obligations, the BPC entered into a new sub-lease agreement in July 2005 with Maple Leafs Sports and Entertainment Ltd. (MLSE) with the condition that the annual rent payable be sufficient to pay the debt (with a 20 year amortization to July, 2025), the property taxes, and provide an annual return to the equity contributors, BPC and Exhibition Place.

The payments on the loan are up to date with an outstanding balance of \$14,413,385 as of December 31, 2013 (December 31, 2012 - \$15,239,006).

Centre for Social Innovations (\$4,409,570)

The Centre for Social Innovation (CSI) is a non-profit corporation that provides shared affordable office space and related services to small non-profit and charitable groups as well as various socially oriented businesses in accessible locations in downtown Toronto. The CSI business model pools common resources such as access to telephone and fax systems, internet and email, photocopiers and meeting rooms that would normally not be affordable for smaller non-profit groups unless they are able to share the cost.

The CSI started initial operations in a leased building located at 215 Spadina Avenue in June 2004. In 2010, CSI purchased and renovated a 5 story 36,000 sq ft office building located in the Annex at 720 Bathurst Street, and in September 2012, CSI opened a 10,000 sq ft space in Regent Park, Canada's largest public housing community.

In May 2010, City Council authorized a capital loan guarantee in the amount of up to \$4,800,000 for a five year period ending May 2015 to help facilitate CSI's purchase of the building at 720 Bathurst and to make the necessary improvements to the building. The total project cost was approximately \$6.8 million, and CSI raised the balance of the financing through an innovative issuance of \$2 million in community bonds. In the event that the loan guarantee is called upon, the City's security is through the assignment to the City by the lender of the mortgage held by it as collateral to the capital loan. The community bonds are a subordinated mortgage backed debt instrument.

The project was substantially completed in early 2012. The final actual amount of the loan drawn in March 2012 was \$4,619,106, of which up to \$4.5 million is guaranteed by the City. The payments of the mortgage are up to date with an outstanding balance on the mortgage as of December 31, 2013 of \$4,409,570 (December 31, 2012 - \$4,531,472). It is expected that at the end of the guarantee in May 2015 the outstanding mortgage/loan balance will be about \$4.238 million. The lender may require an extension of the loan guarantee at that time.

Artscape (Total of Guarantees - \$3,692,177)

Toronto Artscape Inc. (Artscape) is a not-for-profit corporation established in 1986 with the mandate of developing and managing affordable working and living space for artists and to promote cultural activities in the community. A related party, Artscape Non-Profit Homes Inc. (ANPHI) was created in 1994 to develop and manage Artscapes projects intended to meet affordable housing and live/work studios for low and middle income artists.

Over time, Artscape has significantly increased its asset holdings. Artscape currently operates multi-tenant complexes in Toronto including the Wychwood Barns, and studios in the Queen Street West, Liberty Village, Toronto Island, Regent Park, Shaw Street and

The Distillery districts. In developing these projects, Artscape has relied on, for some projects but not all, capital loan guarantees from the City.

In May 2010, Council directed "Before any future loan guarantees are considered by the City, Artscape be requested to submit their business plan to the Deputy City Manager and CFO and the General Manager, Economic Development and Culture which achieves the objective of becoming more financially self-sufficient by placing less reliance on loan guarantees and creating more equity in its projects".

In response, Artscape submitted a Business Plan (June 2010) that indicated their intent to increase their flexibility by re-financing and leveraging of existing assets to improve working capital or for major capital projects, and reducing their reliance on City loan guarantees. To this end, Artscape has been able to leverage its assets to reduce its reliance on the City for a guarantee. The Triangle Lofts and the Shaw Street "Young Place" are examples of projects Artscape has ownership of and have been used to reduce the reliance on a City guarantee. The loan guarantees on these two projects have been extinguished, leaving these assets available for Artscape to leverage financing upon.

However, there continues to be existing projects and proposed projects that are located on properties owned by the City and where long term debt will continue to require a loan guarantee, as the City cannot pledge its assets as security to lenders.

Currently Artscape has three projects supported by capital loan guarantee from the City of Toronto, with an outstanding loan balance at December 31, 2013 of \$3,008,764, compared to four projects as at December 31, 2012 with a balance of \$9,601,481.

It should be noted that Artscape has recently again approached the City seeking loan guarantees related to two new projects, being properties assigned to the City through Section 37 developer agreements with the intent that Artscape would assume the leasehold and develop it as a theatre/performance space in one case, and as a cultural hub in the other case. As of the time of this report, City staff have yet to assess the business case and whether such support is consistent with the policy on loan guarantees and Council direction.

Artscape Wychwood Barns (\$3,008,764)

In August 2010, City Council authorized a capital loan guarantee in the amount of \$ 3.2 million for the Wychwood/Green Arts Barn Project for the period of January 2011 to December 2014. The term loan secured by Artscape assumes an amortization term of 25 years.

The City owned facility, located at Wychwood and Benson Avenue, covers 60,000 sq. ft. and is leased by Artscape from the City for 50 years. It provides affordable accommodation for 26 artists and their families, 17 individual artists in work studios, affordable work studio to artist, and programming and office space for 13 not-for-profit arts and environmental organizations. It also has a community gallery, programmable

event space and a sustainable food education centre for the local community and the public.

The repayment of the loan is up-to-date according to the amortization schedule with an outstanding balance of \$3,008,764 as of December 31, 2013 (December 31, 2012 - \$3,075,192). The expected outstanding balance at the end of the loan guarantee period in June 2014 will be \$2,979,538, at which time repayment of the loan in this amount will be due by Artscape unless the City guarantee is extended. Artscape has indicated an extension of the loan guarantee will likely be required at that time. This report recommends extending a loan guarantee in this amount for a period of three years ending June 15, 2017.

FCM Wychwood Barns (\$500,937)

In August 2009, the City borrowed \$600,000 from the Federation of Canadian Municipalities (FCM) under the Green Municipal Fund Initiative for the purpose of financing energy efficiency project cost of the Artscape Wychwood Barns. The loan is to be paid by Artscape to the City over 20 years. The City in turn provided a \$600,000 direct loan to Artscape for this project. In effect, by borrowing on behalf of Artscape, the City is guaranteeing to FCM that the payments will be made. All payments are up-to-date, with an outstanding balance of \$500,937 as at December 31, 2013 (December 31, 2012 - \$526,572). The loan is expected to be repaid by August 2029.

Distillery District Studios (\$182,476)

In 2001, the Gooderham & Worts Distillery site was redeveloped by the owners into an arts and cultural centre, while retaining and re-adapting the existing Victorian industrial buildings. In order to attract the arts community and other creative entrepreneurs, the owners provided below-market rent leases to Artscape for two buildings in the Distillery District, which were redeveloped in 2003, and are now home to sixty-three work and retail studios, offices, rehearsal and performance spaces for artists and creative entrepreneurs.

To this end, City Council approved two loan guarantees on behalf of Artscape. An initial loan guarantee advanced in April 2009 for \$400,000 for the Distillery District was paid back in full, and the guarantee extinguished in April, 2012.

Another capital loan guarantee was also made, most recently renewed by City Council in August 2010 in the amount of \$250,000 for the period January 2011 to December 2014. This term loan, with an amortization period of 19 years (to 2022), has been paid according to the amortization schedule with an outstanding balance of \$182,476 as of December 31, 2013 (December 31, 2012 - \$199,717). The expected outstanding balance at the end of the lenders loan term on October 31, 2014 will be \$167,510 at which time repayment of the loan in this amount will be due by Artscape unless the City guarantee is extended. As Artscape does not own the property, Artscape has indicated an extension of

the loan guarantee will likely be required at that time. This report recommends extending a loan guarantee in this amount for a period of three years ending October 31, 2017.

Direct City Loans:

Under the City's current policy, direct city loans may be provided to City agencies and corporations to contribute to the financing of a project that will create or enhance a capital facility. In one exception, the City made a direct loan to an external organization.

In considering such requests, the City agency or corporation must demonstrate that all other potential sources of funding have been exhausted. The loan must be used to upgrade or establish capital facilities and not to fund operations or support operating deficits. The need for the facility proposed must be based on a sound business case supported by current needs and requirements and the duration of the loan must not exceed the effective life of the facility to be constructed.

The loan provided by the City must be self liquidating, in that revenues generated by, or in respect of, the underlying project are sufficient to repay the loan in the timelines set out in the loan agreement. Clear community benefit must also be demonstrated by the project in order to be in the interest of the City. The requirement for an equity contribution by the agency or corporation may be required, depending upon the individual circumstances of the agency or corporation, as may be recommended by the Deputy City Manager and Chief Financial Officer.

The total amount of all direct loans provided by the City under this policy is limited to \$125 million in the aggregate. As of the date of this report, there were 8 direct loans under this policy with an outstanding balance of \$72.0 million (2012- \$73.2 million), as shown in Table 3 on the following page.

Table 3 - Summary of Direct City Loans

Most Recent Date Approved	Name of Organization	Relationship to City	Amount Authorized \$000's	Current Balance (Dec. 31/13) \$000's	Expiry Date (Effective Expiry Date*)	Responsible Program Area	Loan Status	Security
July 2011	Lakeshore Arena Corporation	City Services Corporation	1,000	0	none	Parks, Forestry and Recreation	Currently in Good Standing	Leasehold Interest
July 2011	Lakeshore Arena Corporation	City Services Corporation	1,200	1,200	none	Parks, Forestry and Recreation	Currently in Good Standing	Leasehold Interest
January 2012	Leaside Arena	City Agency	7,500	7,302	September 2043	Arena Board	Currently in Good Standing	City Property
2007	Conference Centre at Exhibition Place	City Agency	38,675	35,822	2032 (2035)	Exhibition Place	Currently in Good Standing	City Property
2008	Bloor Street Transformation Project	BIA	11,975	9,808	2027	Transportation Services	Currently in Good Standing	Priority Lien
1993	North York Performing Arts Centre	City Agency	10,000	10,023	none	Toronto Centre for the Arts	Currently no repayment schedule	City Property
December 2009	Sony Centre	City Agency	6,650	7,340	December 2029	Sony Centre	Currently in Good Standing	City Property
July 2007	Just for Laughs Toronto Festival	Not-for-Profit	500	500	December 2010	Economic Development & Culture	In Default	None
Total @ Dec. 31/13			77,500	71,995				
Total @ Dec. 31. 12			77,622	73,218				
Aggregate Limit			125,000					

No Longer Included:

Most Recent Date Approved	Name of Organization	Relationship to City	Original Amount \$000's	Expiry Date (Effective Expiry Date*)	Responsible Program Area	Loan Status	Security
December 1997	Squirrel's Nest Child Care Centre	Service Agreement	122	December 2004	Children's Services	Uncollectable – written off in 2013	City Property, Service Agreement
	Total		122				

***Expiry Date (Effective Expiry Date)**

Expiry date is the expiry date of the loan guarantee. Effective expiry date is amortization period of the loan (the number of years it would take to repay the loan in full). If the amortization period extends beyond the loan guarantee period, the borrower would be required to repay the balance of the loan at the end of the loan guarantee period, unless the loan guarantee is extended or the lender no longer requires a loan guarantee.

Conference Centre at Exhibition Place (\$35,821,658)

In March 2007, City Council authorized extending a loan of \$21.2 million to the Board of Governors of Exhibition Place for the construction of a conference centre within the existing Automotive Building.

In December 2007 an alternative financing plan addressing the significant increase in the projected construction cost from \$29 million to \$46.88 million for the conference centre was approved. The amount of the City loan was increased from \$21.2 million to \$35.6 million (\$38.675 million with interest on advances during the construction period) to be repaid over 25 years.

The payments on the loan are up to date with an outstanding balance of \$35,821,658 as of December 31, 2013 (December 31, 2012 - \$36,718,703).

Lakeshore Arena corporation (\$1,200,000)

As previously noted, the Lakeshore Arena Corporation has a number of loans and loan guarantees from the City. A \$1 million line of credit was provided by the City in September 2011 as working capital for the start-up of the new corporation. The Corporation has utilized this line of credit from time to time, and on December 31, 2013, an outstanding amount of \$0 was reported. The City also provided a \$1.2 million interest only loan to the Corporation at the time of its creation necessary to settle certain debts, and this amount remains outstanding. These loans are currently in good standing.

Leaside Arena (\$7,302,334)

In January 2012, City Council authorized a city capital project for the 2nd ice pad expansion at Leaside Arena, a City facility operated by the Leaside Arena Board of Management. The project cost was \$12.5 million, funded by way of city recoverable debt of up to \$7.5 million, a non-recourse loan from Infrastructure Ontario (IO) of up to \$1.5 million, \$1 million capital contribution from the City, and a community cash contribution of not less than \$2.5 million. The City issued a revenue bond to IO for their loan.

The project opened on time and on budget on September 1, 2013. By that time, the community had raised almost \$3 million in cash through fundraising, and the requirement for City's recoverable debt loan amount was reduced to \$7.3 million (inclusive of capitalized interest), and the IO non-recourse loan requirement was reduced to \$1.052 million.

The Leaside Arena Board is a City agency subject to quarterly variance reporting. In addition to the regular loan repayments, the loan agreements require the Leaside Arena Board of Management to impose a \$20 per hour surcharge on all prime-time ice contracts, to be put into a loan repayment reserve, until such time that one-years debt

service coverage is achieved. The Board made its first loan payment on January 31, 2014, and the loan is currently in good standing.

Bloor Street Transformation Project (\$9,808,281)

The Bloor Street BIA was established in 2006 to finance the Bloor Street Transformation Project, a streetscape improvement plan designed to reinforce Bloor Street's status as a pedestrian-oriented, premier shopping destination. The Bloor Street Transformation Project involved the reconstruction of Bloor Street between Avenue Road and Church Street to provide wide granite sidewalks, decorative street lighting, new street furnishings, trees, raised planting beds, public art, and new parking lay-bys.

In June, 2008, the City entered into an agreement with the Board of Bloor Street BIA to complete the transformation project at an estimated cost of \$15.5 million. The BIA Board has agreed to reimburse \$11,975,000 of the project cost including interest, through the annual BIA special levies over the course of eighteen years (2027). In addition, the BIA has agreed to pay \$1,400,000 to the City to offset a portion of the Project costs and the City has secured an additional \$2,125,000 in development related contributions to further offset the project cost.

All payments through the BIA special levy are up to date with an outstanding balance of \$9,808,281 on December 31, 2013 (December 31, 2012 - \$10,284,907). The loan is expected to be fully paid off in 2027. The repayment of the loan through the BIA levies has priority lien status.

North York Performing Arts Centre (Toronto Centre for the Arts) (\$10,023,000)

Over 1992-1994, the former City of North York provided approximately \$15 million in interim financing to the North York Performing Arts Centre Corporation (NYPACC) to help fund the approximately \$45 million construction cost of the North York Performing Arts Centre (NYPAC). Accounting records show that the balance outstanding on the loan was reduced to \$10,023,036 by December 31, 2003. No subsequent loan repayments were made. The \$10,023,036 loan balance in the City's books is offset by a \$10,023,036 credit in one of the City's amalgamation legacy Deferred Revenue accounts, and by the same amount in NYPACC's Long Term Liability account.

Ontario Hydro owns all the land on which the NYPAC was built, and the City has a 99-year lease with the landlord. The City owns and operates the North York Performing Arts Centre, which is now called the Toronto Centre for the Arts (TCA) as a city agency, managed by its own Council appointed Board. The TCA receives an annual operating subsidy from the City.

In November, 2012, City Council recognized the TCA as a community cultural asset and committed to supporting its operations, subject to a five-year business plan that shows a sustainable operation that minimizes the City's tax funding, to be presented and approved by City Council in 2013, prior to the 2014 Budget process, as part of an overall review of

the three major theatres. This plan was to address the outstanding financial issues between the TCA and the City including a final resolution of the \$10 million loan payable by the TCA to the City which relates back to the construction of the NYPAC some 20 years ago.

The studies were completed in the summer of 2013, and a report to Executive Committee in December 2013 outlined the establishment of a Theatres Working Group to continue "to discuss options to advance the missions of each of the three theatres while increasing the effectiveness of their operations". The issue of the TCA loan was not addressed, and based their current operating subsidy requirement it is unlikely the TCA is in any position to repay this loan. The Theatres Working Group, with the General Manager, Economic Development and Culture, is undertaking a consultant study of future governance and operating models for the 3 theatres and a report to Council with recommendations and an implementation strategy is expected by the end of the second quarter of 2014.

Sony Centre (\$7,340,355)

The Sony Centre, Canada's largest soft seat theatre (3,191 seats), was opened as the O'Keefe Centre on October 1, 1960, and has played host to a variety of international attractions and stars. The theatre was the home of the Canadian Opera Company and National Ballet Company until 2006. Programming now consists of large scale entertainment productions, cultural and educational programming, concert and event productions, and reflects a focus on diverse, ethno-specific audiences.

The theatre, designated a historical site by the City of Toronto, recently underwent extensive renovations. The theatre reopened in October 2010 with completed interior renovations, with the project budgeted for \$35.469M and actual spending of \$35.45M. The south side plaza completion, to be provided by the condominium tower developer, has been delayed. Some exterior work to fulfill the heritage easement agreement is to be completed by 2015 at an additional cost of \$2.4M. The City owns and operates the theatre through a Council appointed Board as a City Agency as well as provides subsidy for its operations (2013 Budget is \$3.405M gross, \$1.432M net).

In December 2009 and February 2011, City Council granted capital completion loans to Sony Centre for the Performing Arts in the amount of \$4.65 million and \$2 million respectively, totalling \$6.65 million for the redevelopment of the Centre. The Sony Centre committed to repay the capital completion loan in 15 annual installments of principal and interest compounded semi-annually at an interest rate of 5%, funded by ticket surcharge revenues, commencing on January 1, 2012. However, due to general economic slowdown and resulting insufficient surcharge revenues to repay the loan, City Council granted a 2-year loan repayment deferral on interest and principal in January of 2013, with the interest accrued over the 2-year holiday being re-amortized over 15 years with principal and interest payments to commence December 31, 2014 at the original interest rate of 5%.

The loan is to be repaid using a future Facility Fee surcharge levied on ticket sales and by future naming rights proceeds. The viability of the Sony Centre in its current operating structure without ongoing operating subsidies is very questionable and deemed unlikely by the Theatre Review Committee which was established to review options for future of the three Major City Theaters: St. Lawrence Centre for the Arts; Toronto Centre for the Arts; and the Sony Centre. Toronto currently has a surplus of large theatre venues, many of which are underutilized. The current activity level at the Sony Centre can not generate sufficient funds to service both the City loan and fund the \$8.2 million in capital maintenance requirements included in its 2014-2023 Capital Plan. Council approved debt funding for the Sony Centre's 2014-2023 Capital Plan, and the Centre expects it will be able to make its first loan repayment installment due on December 31, 2014.

As previously noted, the Theatres Working Group, with the General Manager, Economic Development and Culture, is undertaking a consultant study of future governance and operating models for the 3 theatres and a report to Council with recommendations and an implementation strategy is expected by the end of the second quarter of 2014.

The principal amount of the loan payable has increased to \$7,340,355 as of December 31, 2013 to account for interest on the outstanding balance. The principal amount of the loan will grow to \$7,712,000 by the time the first loan repayment is due on December 31, 2014.

Just for Laughs Toronto Festival (\$500,000)

In July 2007, City Council authorized a \$500,000 loan to Just for Laughs to establish a Just for Laughs Comedy Festival in Toronto. The loan was due in December 2009. The loan was made under a 'Tourism Event Development Loan Program' administered by the Economic Development, Culture and Tourism Division.

The first Toronto Just For Laughs Comedy Festival was held in July 2007, as a three day event that that attracted over 60,000 to the outdoor festival site on Yonge Street and to the main venues at Massey Hall and the Elgin Theatre. The 2008 event was expanded to four days and five venues and it attracted over 153,000 festival attendees.

The Toronto Just For Laughs Comedy Festival incurred a deficit in those first two years of operation, and City Council extended the loan repayment to December 31, 2010. This loan has yet to be repaid.

The confidential attachment to this report recommends a adopting a repayment plan from the organization, as negotiated by the General Manager of Economic Development and Culture. This recommendation will be released publically if and when the necessary agreements have been executed.

Strengthening the Loan and Loan Guarantee Portfolio Oversight

The front line responsibility for monitoring the operating and financial status of an organization resides with the responsible program area, who through regular monitoring, should be able to detect difficulties before they manifest into a default, and to assemble and work with the organization and appropriate City staff to find ways to mitigate these difficulties.

Since the last report on the status of the loan and loan guarantee portfolio, the Deputy City Manager and Chief Financial Officer has been working with the responsible program area staff with direct oversight for organizations to which the City has provided loans and loan guarantees to ensure that appropriate controls and performance oversight objectives are followed. However, loans and loan guarantees are not without risk. A Doubtful Loan Guarantee Reserve was created to provide a first line of funds in the event that the City is obligated to make payment as a result of a default of loan guarantee or direct loan. The Deputy City Manager and Chief Financial Officer will review annually the adequacy of funds in the Doubtful Loan Guarantee Reserve and will make any necessary adjustments where the cost or risk of loss under a loan guarantee or direct loan is determined to be likely and should be recognized.

Further, this report recommends Council amend the Policy for Line of Credit and Loan Guarantees to add a provision that for any capital fundraising plan proposed in respect of debt repayment for any new project for which a loan or loan guarantee is being sought, to include a requirement that the proponent provide a plan for repayment of the loan amount by alternate means if fundraising should prove to be insufficient to repay the loan.

CONTACT

Adir Gupta, Manager, Financial Policy, Corporate Finance, 416-392-8071,
agupta@toronto.ca

Joe Farag, Director, Corporate Finance, 416-392-8108, jfarag@toronto.ca

SIGNATURE

Roberto Rossini
Deputy City Manager and Chief Financial Officer

ATTACHMENTS

Confidential Attachment – Confidential Information