TORONTO

REPORT FOR ACTION

Annual Report on City's Loan and Loan Guarantee Portfolios

Date: June 18, 2021
To: Executive Committee
From: Chief Financial Officer and Treasurer
Wards: All

SUMMARY

This report provides an annual update on the City's loan and loan guarantee portfolios for the year ending in 2020.

The City currently guarantees three operating lines of credit and eight capital loan guarantees under Council approved policies for line of credit and loan guarantees for cultural and community-based organizations. In addition to the guarantees, the City currently has outstanding a total of seven direct loans: six to City agencies and corporations, plus one to an external organization. All loans and guarantees are in good standing as at the 2020 year end.

The effects of COVID-19 and related closure of many of the not-for-profit and City agency venues associated with these loans and guarantees occurred in the 2020 calendar year and continue to the date of this report. The City has monitored the status of these loans and guarantees. As at December 31, 2020, some of the loans have been permitted to defer required payments by lenders due to lack of sufficient cash flow due to COVID related business closures. Allowable deferred payments are not considered a default on the loan.

Currently at this point in 2021, these loans remain in good standing. The entities subject to this report have been staying current for the most part by adjusting operations to contain costs and through the receipt of financial assistance measures such as federal and provincial support programs and/or lender authorized payment deferrals, or by accessing associated existing debt service reserves and a line of credit to fund loan payments.

The City will continue to monitor and bring forward any necessary actions for Council consideration that may arise from any future loan servicing deficiencies.

At this time COVID closures still exist, however no immediate actions surrounding any changes in loan terms are required. This does not however preclude that future actions may become necessary to ensure the long term viability of loan servicing under these loans and guarantees should any conditions change such as the provision of financial supports and/or potential re-opening revenue streams. Such reporting will occur as necessary.

This report recommends extending a line of credit guarantee with a not-for profit performing arts group for an additional three year term as well as extending the loan term for a City loan to a City services corporation for an additional one year term.

RECOMMENDATIONS

The Chief Financial Officer and Treasurer recommends that:

1. City Council approve the renewal of the following:

a. the line of credit guarantee issued by the City on behalf of the Toronto Symphony Orchestra (TSO) to its lender in the amount of $5,000,000 (inclusive of all interest payable by TSO) for a three-year period commencing on November 1, 2021 and ending October 31, 2024.

b. the capital loan issued by the City on behalf of the Lakeshore Arena Corporation in the amount of $4,047,660 (interest payments only) for a further one-year period commencing on November 1, 2021 and ending October 31, 2022.

FINANCIAL IMPACT

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 at December 31, 2020, there were a total of:

- 3 outstanding operating line of credit guarantees with a maximum exposure of $6.0 million (see Table 1)
- 7 outstanding capital loan guarantees in the amount of $52.0 million (see Table 2) and
- 6 direct city loans with an outstanding balance of $50.6 million (see Table 3).

As at 2020 year end, there are no loans in this portfolio in default as shown in the following chart. Some loans are under approved loan payment deferrals due to the financial impacts of COVID-19 related restrictions on business operations and resulting revenue stream deficiencies.

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	$5,995	0	$0	0%
Capital Loan Guarantees	7	$52,020	0	$0	0%
Direct City Loans	6	$50,602	0	$0	0%
Total @ Dec. 2020	16	$108,617	0	$0	0%
Total @ Dec. 2019	17	$126,840	0	$0	0%

This report recommends extending the term of one line of credit guarantee for an additional three year term. This line of credit for the Toronto Symphony Orchestra has been operated in good standing by the not for profit performing arts group and as such the guarantee renewal has been recommended.

An interest only loan to the Lakeshore Arena Corporation set to expire in October of 2021, is also being recommended for renewal for a one year term. This loan was anticipated to have been transferred into a related Infrastructure Ontario loan prior to October 2020 but circumstances described later in this report will likely prevent this from happening. The loan is an interest only loan, some of the 2020 payments have been deferred, however the continuance of the loan for an additional one year period will not have any further net financial impact on the City.

This report presents the financial standing of the loans and guarantee within this portfolio for the 2020 calendar year.

The effects of COVID-19 and related closure of many of the not-for-profit and City agency venues associated with these loans and guarantees began within this 2020 calendar year and has continued into 2021. In addition to City agencies, many of the not-for-profits operate in City-owned facilities so it is in the City's interest to ensure business continuity. The entities subject to this report have been staying current by managing costs during the business closures and through various government COVID related financial support programs where eligible. Some of the loans have been granted payment deferrals or have accessed associated existing debt service reserves to fund loan payments. The City will continue to monitor the status of these loans and guarantees and bring forward any necessary actions for Council consideration that may arise from any future loan servicing deficiencies.

The Chief Financial Officer and Treasurer reviews and reports annually on the risk of loss under the City's loan guarantee and loan portfolios. With regular monitoring, it is possible to identify financial risks earlier and to take action to avoid or mitigate potential losses.

DECISION HISTORY

In April 2013, City Council adopted a revised framework for loans and loan guarantees made by the City. 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

In the 2014 Annual Report on City's loan and loan guarantee portfolio, additional criteria were added concerning limiting fundraising as a source of funds to repay loans. That report can be viewed at:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX41.10

The 2015 Annual Report on City's loan and loan guarantee portfolio provided direction for staff to consider a plan for permanent financing of a temporary interest only loan to a City services corporation (Lakeshore Arena Corporation) and acceptance of settlement terms on a loan in default (Just for Laughs). That report can be viewed at:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX5.14

In November 2015, Council adopted recommendations from the Deputy City Manager & Chief Financial Officer to write off loans to two civic theatres (Sony Centre and Toronto Centre for the Arts) and partially write-down a loan to an arena (Lakeshore Arena Corporation), as recovery of the loans was considered

unlikely and further, to set those entities on a more sustainable footing for future operations. That report can be viewed at:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX9.10

The 2016 Annual Report on the City's loan and loan guarantee portfolio provided direction for staff to consider extending the repayment term on a loan guarantee to the Theatre Centre and extending repayment terms on a direct loan to the Board of Governors of Exhibition Place for the Conference Centre. That report can be viewed at:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX14.11

In December 2016, Council adopted recommendations from the Deputy City Manager & Chief Financial Officer to amend terms of a loan with Leaside Memorial Gardens Arena Board to better facilitate early repayment terms, to consider an increase to the City guarantee of a line of credit on behalf of the Toronto Symphony Orchestra, and to provide consent to Evergreen to obtain a third party guaranteed operating line of credit. That report can be viewed at:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX20.16

The 2017 Annual Report on the City's loan and loan guarantee portfolio recommended line of credit and loan guarantee renewals to four not for profit entities that were set to expire in 2017, in addition to a transfer of a loan guarantee for a City services corporation to a new third party lender. That report can be viewed at:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX24.12

The 2018 Annual Report on the City's loan and loan guarantee portfolio recommended a line of credit guarantee renewal for a not for profit entity that was set to expire in 2018. That report can be viewed at:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX33.12

The 2019 Annual Report on the City's loan and loan guarantee portfolio recommended City Council write off a remaining post settlement agreement balance on a loan from the City's Allowance for Doubtful Accounts. That report can be viewed at:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX4.7

The 2020 Annual Report on the City's loan and loan guarantee portfolio recommended line of credit renewals to two not for profit entities that were set to expire in 2020, in addition to a one year renewal for a direct City loan to a City services corporation. That report can be viewed at:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX15.9

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.

Non-profit organizations operate in a different financial environment than for-profit enterprises. Operating deficits from own revenues are not uncommon, and fundraising and government subsidies are sometimes core to not-for-profit sustainability.

Providing financial guarantees to qualifying organizations is beneficial to the City since these groups provide important services to the community that complement or offset the need for government to provide those services. The City also occasionally provides direct loans to its agencies and corporations, and in one instance to a third party, to contribute to the financing of a project that will create or enhance a municipal capital facility. Such loans increase the value of City assets and support new activities and/or 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 by the City. Since the annual reporting of this portfolio began in 2013, the City has written-off over $29 million in debt on six loan/loan guarantees out of a total cumulative loan/loan guarantee portfolio of $224 million.

For example, in 2013, the City assumed the operations and $3.9 million in remaining debt on a loan, guaranteed by the City, to Bike Share Toronto, as forecasted revenues were not achieved and ensuing operating deficits resulted in the inability of the operator to service the loan.

Further, in late 2015, the City wrote off direct loans to two civic theatres (Sony Centre and Toronto Centre for the Arts) totalling $17.1 million, as recovery of the loans was considered unlikely. In the same year, the City also wrote down $8.1 million from a $19.9 million direct interest only loan to the Lakeshore Arena Corporation (LAC), a corporation of the City, with the expectation the remaining balance of $11.8 million be permanently financed from a third party financier, with a continuation of the City guarantee.

For these reasons, it is important that the level of financial support be properly founded by business case analysis, 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 on the status of loan guarantees and loans provided by the City to cultural and community organizations, consideration was given to the following matters:

1. financial statements of the borrower and liquidity metrics;
2. status of payments and debt covenants;
3. economic conditions affecting the environment in which the borrower operates; and,
4. independent credit reports.

A finding that an organization is experiencing difficulties in any of the above conditions is not necessarily an indication of insolvency or imminent failure. However, in respect of loan guarantees, 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, and may impact on the City's credit and/or cash flow. 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.

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

a) lines of credit guarantees are intended to allow non-profit cultural and community organizations to 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 cultural, 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.

A. 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 credit guarantees 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 Chief Financial Officer. Organizations must also submit audited statements and operating budgets on an ongoing basis to the responsible program area 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 approximately $6.0 million in the aggregate 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. The table below shows the current maximum line of credit amounts and expiry dates.

Table 1 - Summary of Line of Credit Guarantees

Most Recent Date Approved	Name of Organization	Relation-ship to City	Amount Authorized $000's	Expiry Date	Responsible Program Area	Loan Status Dec 31/20	Security
April 2017	Young People's Theatre	Registered Charity	$175	December 2023	Economic Development & Culture	In Good Standing	City Grants (via TAC)
April 2017	Canadian Stage Company	Registered Charity	$820	October 2023	Economic Development & Culture	In Good Standing	City Grants (via TAC)
April 2018	Toronto Symphony Orchestra	Registered Charity	$5,000	October 2021	Economic Development & Culture	In Good Standing	City Grants (via TAC)
	Total		$5,995				
	Aggregate Limit		**$10,000**				

Young People's Theatre ($175,000)

Young People's Theatre (YPT) operates in a City Below-Market-Rent facility at 165 Front Street. YPT is the only large-scale theatre in Ontario dedicated to producing and presenting shows specifically for young people. More than 85,000 people attend YPT's theatrical productions and educational programs annually. In a typical year, the theatre generates box office revenue of more than $1 million and generates 72% of its budget through earned revenue and private sector donations. The theatre has remained fiscally stable throughout the past year with strong government support at all three levels, including the City of Toronto through the Toronto Arts Council and other programs, and through the federal wage subsidy (CEWS) program. The company has strong fundraising capacity and has been able to retain almost 100% of its private sector giving despite the challenges of the pandemic. The theatre has embarked on a $10.5 million expansion project to renovate and update both its theatre facility and its newly-purchased building at 161 Frederick Street, with 50% of the funding already raised. The project will provide expanded areas for programming and production, enhanced accessibility, increased social distancing capacity and modernized theatre equipment.

YPT has had a line of credit guarantee from the municipality dating back to the early 1990's. The theatre has a successful history in meeting its financial obligations with both its financial institution and the City under the existing terms and conditions of the guarantee. YPT did not draw upon the guaranteed portion of its line of credit during its fiscal 2020 period, and forecasts the continued need for the current guaranteed amount of $175,000 over the balance of this season.. The line of credit remains in good standing.

Canadian Stage Company ($820,000)

Canadian Stage Company operates in a City Below-Market-Rent facility at 26 Berkeley Street. Canadian Stage is also an legacy tenant of the St. Lawrence Centre for the Arts (a City agency) and the primary licensee of the High Park Amphitheatre. Canadian Stage produces and presents Canadian and international contemporary performance and theatre, supports emerging and established artists, and is a key arts organization in the St. Lawrence Market neighbourhood.

In 1987, Canadian Stage was incorporated from the merger of two companies, Toronto Free Theatre and CentreStage, which each brought debt into the newly merged not-for-profit organization. Since 1987, the accumulated deficit has fluctuated over the decades. Under current management, the deficit was halved in 2019 to $800,000, its lowest historical level and during 2020, despite the pandemic crisis, achieved a modest surplus.

Canadian Stage has had some form of line of credit guarantee from the City since 2001, to which it has met its financial obligations.

Canadian Stage receives annual Toronto Arts Council funding in the amount of $832,000, which approximates the level of the line of credit guarantee. Canadian Stage Company also has an externally restricted endowment fund held by the Ontario Arts Foundation with a current balance of $1.830 million.

Since 2017 Canadian Stage has posted consecutive operating surpluses from its operations and expects to do so again in the year ending June 30, 2021, despite the significant challenges faced as a result of the COVID-19 pandemic and closures.

Year-over-year increases in private sector fundraising, as well as federal and provincial emergency funding (e.g. CEWS), have helped to offset 95% loss of earned revenues experienced by Canadian Stage due to the pandemic and cancellation of all in-theatre productions.

Canadian Stage has continued to invest in artists, creation and communities through the pandemic, particularly through pivots to digital and outdoor performance, as well as direct investments to artists.

Canadian Stage continues to require the line of credit in the current amount, but has reported a year-over-year reduction in the line of credit draw levels. As such, debt servicing on the line of credit remains in good standing.

With three months remaining in the current fiscal year, the organization is on track to meet all revenue and year-end objectives by June 2021, including a balanced year end position. The financial impact of the pandemic has slowed progress towards retiring the historic deficit, but a three year-outlook predicts it will be reduced year-over-year.

Toronto Symphony Orchestra ($5,000,000)

Founded in 1922, the Toronto Symphony Orchestra (TSO) is one of Canada's largest orchestras, serving audiences and communities from all parts of Toronto. Pre-pandemic, a typical TSO season drew an annual attendance of 270,000 with nearly 150 concerts. The orchestra offers one of the largest educational programs in Canada, with school concerts for thousands of students, free open rehearsals, and the tuition-free Toronto Symphony Youth Orchestra.

During the pandemic, the TSO has continued to serve a broad and diverse audience through digital programs and drive-in concerts. It has continued to deliver its education programs through digital formats and has expanded its impact across the city through partnerships with community and health organizations. The orchestra's pandemic programming has been guided by renewed artistic leadership, with 2020/21 signifying the first season for new Music Director Gustavo Gimeno and the newly-created position of Barrett Principal Education Conductor & Community Ambassador, held by Daniel Bartholomew-Poyser.

The TSO fiscal year aligns with its concert season and ends on June 30. Its cash requirements are generally driven by the cycle of expenses and revenues within the concert season, which runs from September–June. Cash requirements generally peak during the January through April period and improve thereafter with subscription sales for the following season, end of year donations, and receipt of grants from the Toronto Symphony Foundation and arts councils.

Through a concerted effort and with significant support from donors, the TSO made significant progress reducing its accumulated deficit from nearly $12 million in 2014/15 to $2.6 million in 2018/19 (8.8% of FY19 revenues). This financial stability helped the organization maintain employment for its 150 plus staff and musicians during the pandemic and respond strategically to the loss of $11 million in earned revenues due to public health restrictions.

The cash flow impact of lost revenue from March 2020 onwards has been partially offset by compensation and expense reductions, continued donor support, and emergency funding received from the provincial and federal governments. However, the current $5 million City guarantee will be essential to support the organization as it relaunches and recovers in the coming years.

Pre-pandemic deficit reduction also allowed the TSO and the Toronto Symphony Foundation (TSF) to access endowment matching funds from the federal Canada Cultural Investment Fund – Endowment Incentives program starting in 2018/19. The program requires that an organization's deficit (TSO's) be less than 15% of revenues, but due to temporary flexibilities introduced by Canadian Heritage during the pandemic, the TSF will be able to continue receiving matching funding against pledged contributions in the current and upcoming seasons.

The TSF is a registered charity (designated as a Public Foundation) established to aid the Toronto Symphony by receiving, administering and investing endowment gifts from which it makes annual distributions to the Toronto Symphony. Its 2020 financial statements indicate assets just over $41 million (most of which are restricted, however).

In 2019, City Council discontinued the Major Cultural Organizations Grant Program (2019.EC8.8), which means that as of 2020, the TSO is supported through the Large Institutions program of the Toronto Arts Council (TAC). The grant allocation remains the same as when the TSO was directly funded by the City, at $1.220 million. As part of its regular reporting to TAC, the TSO has outlined a plan to support the recovery of its earned revenues and subsequently resume eliminating the remainder of its accumulated deficit.

TSO has drawn upon the guaranteed portion of its line of credit during its fiscal 2021 period, and forecasts the continued need for the current guaranteed amount of $5,000,000 into the future. The line of credit remains in good standing.

The City's guarantee is set to expire in October 2021 and the TSO has requested another three year renewal term. This report recommends renewing the guarantee for an additional three year term.

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. Such 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 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, sports or recreational 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 demonstrated community benefit.

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 7 capital loan guarantees with an outstanding balance of $52.0 million, as shown in Table 2 below. For comparison, at this time last year, the outstanding balance was $68.1 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. 31/20) $000's	Expiry Date (Effective Expiry Date**)	Responsible Program Area	Loan Status Dec 31/20	Security
July 2016	YMCA 505 Richmond	Registered Charity	30,000 converting to 9,500	16,226	2021 2049	Parks Forestry & Recreation	In Good Standing	Second Charge and assignment rights
August 2014	Evergreen at the Brickworks	Registered Charity	7,500 (jointly with TRCA)	1,376	June 2023	Economic Development & Culture, Parks, Forestry & Recreation, TRCA	In Good Standing	Leasehold Improvements to City/TRCA lands
April 2017	Lakeshore Arena Corporation	City Services Corporation	30,860	24,559	October 2042	Parks, Forestry & Recreation	In Good Standing	Leasehold Interest of facility on TDSB lands
2003	Ricoh Coliseum Arena	City Agency	20,000	6,955	July 2022 (Jul 2025)	Exhibition Place	In Good Standing	Leasehold Improvements to City lands
	Sub-Total @ Dec. 31/20		**88,360**	**49,116**				

Most Recent Date Approved	Name of Organization	Relationship to City	Amount Authorized $000's	Current Balance (Dec. 31/20) $000's	Expiry Date (Effective Expiry Date**)	Responsible Program Area	Loan Status Dec. 31/20	Security
Artscape:								
April, 2017	Distillery District Studios	Not-for-Profit	250	46	June 2022	Economic Development and Culture	In Good Standing	Assets (chattels)
April, 2017	Wychwood Barns	Not-for-Profit	3,200	2,541	October 2022	Economic Development and Culture	In Good Standing	Leasehold Improvements to City lands
January 2009	FCM – Wychwood Barns	Not-for-Profit	600	304	August 2029	Economic Development and Culture	In Good Standing	Leasehold Improvements to City lands
Sub-Total Artscape @ Dec. 31/20			**4,050**	**2,904**				
Total @ Dec. 31/20			**92,410**	**52,020**				
Total @ Dec. 31/19			**93,410**	**68,181**				
Aggregate Limit			**300,000**					

****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.

YMCA ($16,225,822)

In July 2016, City Council approved the provision of a construction loan guarantee on behalf of the YMCA to fund the construction of a 55,000 sq. ft. YMCA community centre as part of the redevelopment of a former City owned property at 505 Richmond Street West, in an amount not to exceed $30.0 million (inclusive of all interest costs payable) during the construction period.

City Council also authorized the payment of $19.0 million as the City's share of the project upon substantial construction completion, at that time projected for 2019, to partially pay down the construction loan leaving a remainder balance for YMCA's proposed construction take-out mortgage. This contribution is intended to be repaid from existing and future Section 37 funding within the King Spadina Secondary Plan Area. Currently, City Planning advises that amounts currently collected and available for this project exceed the $19 million required, with additional secured funds not yet received and also likely available by the project's substantial completion date.

The City will also enter into a Community Use Agreement with the YMCA to ensure community use of the facility for a 30 year period.

City Council further approved the provision of a capital loan guarantee for said mortgage on behalf of the YMCA to its Lender, in an amount not to exceed $9.5 million, inclusive of all interest costs payable by the YMCA, for a period commencing upon substantial completion of the Project for a term not to exceed 30 years, for the purposes of allowing the YMCA to secure a fixed-term amortizing mortgage to be provided by the Lender for any remaining portion of the construction loan following completion of Project construction.

The City and the YMCA finalized the terms of the construction loan and loan guarantee with the lender, Infrastructure Ontario in 2019. Construction of the YMCA facility within the overall development began later in 2019 and draws on the construction loan at December 31, 2020 totalled $16,225,822.

The construction of the facility had been delayed within the context of the overall development prior to COVID-19 and then further pandemic related supply delays has pushed the expected substantial completion date until mid-2022. Staff will continue to monitor the completion of this project. Associated cost increases with the delays are not expected affect the total City guarantee amount.

Evergreen Brick Works ($1,376,000)

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 2010, providing a dynamic public space in the heart of Toronto's Don Valley. The facility engages 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 of $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 held $500,000 as security for loan payments.

During 2014, Evergreen advised that it would not be able to meet covenants requiring the loan balance to be reduced to $1 million by December 31, 2014 and to be extinguish by June 30, 2016, due to slower than anticipated capital fundraising revenues for this Project. Evergreen further 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.

In August 2014, City Council approved Evergreen's proposal to repay the loan through operating revenues rather than from fundraising, and an extension of the loan guarantee term to June 30, 2023. Council also authorized release to Evergreen of the $500,000 cash security held by the City, incrementally over a four year period, provided that annual year-end maximum loan balance targets are met. Such targets have been met and as at December 31, 2017 all of the cash deposit security has been returned to Evergreen.

In 2016, Evergreen notified the City and TRCA of its need to establish an operating line of credit and guarantee from a third party as part of its ongoing business operations. This action required the consent of the City and TRCA as co-guarantors of the existing capital loan to permit Evergreen from incurring any further indebtedness while the capital loan is in place.

This consent was granted by City Council in December 2016 subject to the new line of credit being ranked subordinate to the existing capital loan guaranteed by the City and the TRCA.

As of December 31, 2020, the outstanding loan balance on the loan guaranteed by the City was $1,376,000 (December 31, 2019 - $1,720,000).

Lakeshore Arena Corporation ($24,559,047)

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 (originally through a land exchange with the TDSB) and a capital loan guarantee to a third-party lender. The final cost of the facility was approximately $44 million, almost entirely debt financed. The City's guarantee to the third-party lender was continued on behalf of the LAC, in addition to the City directly providing the LAC with loans for capital and a line of credit.

In October 2017 the LAC successfully transferred its third party financing, which was set to expire, and its direct City loan (interest only) into a consolidated long term loan with Infrastructure Ontario, guaranteed by the City.

A summary of the total revised debt of the LAC is provided in the following table. The total debt as at December 31, 2020 was $29,706,707 (December 31, 2019 - $29,545,378).

	Dec. 31, 2019	Dec. 31, 2020
Third Party Loans Guaranteed by City - Fixed rate term loan	$25,297,718	$24,559,047
Direct City Loans:		
Interest Only Capital Loan	$4,047,660	$4,047,660
BBP Energy Loan	$200,000	$100,000
Line of Credit *	$0	$1,000,000
Total Debt	$29,545,378	$29,706,707

*including line of credit up to $1 million

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 also hosted three seasons of the Battle of the Blades Franchise on CBC.

Since assuming control, revenues from Arena operations have exceeded projections. The Arena generates income of more than $2 million per year after expenses but before debt service and depreciation. However, meeting debt service costs, half of which was temporary financed, consumed most of the income from the facility.

At the end of October 2017, LAC successfully consolidated its former loan with Versa Bank that expired in the amount of $19 million, with the remaining balance on the City loan of $11.7 million. The total authorized loan amount for the IO loan with City guarantee, inclusive of interest, was set at $30.8 million.

IO loans are themselves sourced from Ontario government debt issuances, which afford lower interest rates than banks. However, unlike banks, the maximum amount to be lent does not include allowances for potential defaults and remedies. As such, IO's treasury division calculated the potential cost of unwinding the $30.8 million loan in the event of an un-remedied default by LAC to be approximately $4.1 million (defined as a make-whole-provision) at the outset of the loan.

Effectively, IO made available for immediate loan draw the amount of $26.7 million, leaving $4.1 million remaining in the direct City interest only loan in the interim, until such time as the principal balance is reduced to a sufficient level that will afford additional draws up to $4.1 million, while remaining within the $30.8 million City guarantee and make-whole provision.

IO had advised in 2019 that an additional amounts might be drawn from this loan, which would reduce the outstanding principal balance of the City loan to LAC. The current status of this action is discussed later in this report.

LAC has available a line of credit with the City of Toronto for up to $1,000,000 at 3% per annum, to cover periodic operating cash flow shortfalls. The line of credit is unsecured and there are no specific terms for repayment. As a result of revenue loss from facility closures due to pandemic, LAC is projecting a $1.7 million deficit as of December 31, 2020. Since the pandemic, LAC opened to host limited sporting events for the National Hockey League (NHL). As part of the City's COVID-19 response plan, the City provided LAC with financial assistance totalling $1.4 million, comprised of the line of credit of $1.0 million that had been drawn upon and $0.4 million in emergency funding as well as deferred interest only loan payments due in 2020.

With the financial support as noted above, LAC was able to pay operational expenses including the existing IO loan payments as guaranteed by the City in 2020.

The payments on the loan are up to date as at Dec 2020 with an outstanding balance of $24,559,047 as of December 31, 2020 (December 31, 2019 - $25,297,718).

BPC Arena (formerly Ricoh) ($6,955,370)

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. In July 2005, BPC entered into a sub-lease agreement 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 $6,955,370 as of December 31, 2020 (December 31, 2019 - $8,228,227).

Artscape (Total of Guarantees – $2,904,040)

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.

Over time, Artscape has significantly increased its asset holdings. Artscape currently operates multi-tenant complexes in Toronto including the Artscape Wychwood Barns, Artscape Daniels Lauchpad and Spectrum, Artscape Youngplace, Artscape Gibraltar Point, Artscape Distillery Studios, Parkdale Arts and Cultural Centre, Artscape West Queen West, Artscape Triangle Lofts, Artscape Weston Commons and Artscape Sandbox. In developing these projects, Artscape has relied on, for some projects but not all, capital loan guarantees from the City.

To this end, Artscape has been able to leverage its assets to reduce its reliance on the City for a guarantee. The Artscape Triangle Lofts and the Artscape Youngplace 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 ($5.8 million guarantee on Artscape Youngplace, and the $1 million guarantee on Artscape Triangle Lofts), leaving these assets available for Artscape to leverage financing upon.

However, there continues to be existing 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, 2020 of $2,904,040 (December 31, 2019 - $2,935,442).

Artscape Wychwood Barns ($2,553,552)

In August 2010, City Council authorized a capital loan guarantee in the amount of $3.2 million for the Artscape Wychwood Barns project for the period of January 2011 to December 2014, which was extended to June 15, 2017. 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 to Artscape for 50 years. It provides affordable accommodation for 26 artists and their families, 17 individual artist work studios, 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 with some payment amounts deferred in 2020 being added to the loan by the lender resulting in an outstanding balance of $2,553,552 as of December 31, 2020 (December 31, 2019 - $2,541,181). The loan and loan guarantee had been renewed and extended in 2017 for an additional five year term ending in June 2022 with repayment amortization to the year 2038.

FCM Artscape Wychwood Barns ($304,152)

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 an energy efficiency project at the Artscape Wychwood Barns. The loan is to be repaid by Artscape to the City over 20 years pursuant to a loan agreement between the City and Artscape. 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 $304,152 as at December 31, 2020 (December 31, 2019 - $334,227). The loan is expected to be repaid by August 2029.

Artscape Distillery Studios ($46,336)

In order to attract the arts community and other creative entrepreneurs, the owners of the Gooderham & Worts Distillery site provided below-market rent leases to Artscape for two buildings in the Distillery District. In 2003, Artscape renovated the Case Goods Building as well as the Cannery Building which are now home to sixtythree 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 Artscape Distillery Studios was paid back in full, and the guarantee extinguished in April, 2012.

A second capital loan guarantee was made in the amount of $250,000. City Council most recently renewed the guarantee term on this loan in April 2017 with a new expiry ending in October 2022 when the loan is expected to be fully repaid.

This term loan, with an amortization period ending in 2022, has been paid according to schedule with an outstanding balance of $46,336 as of December 31, 2020 (December 31, 2019 - $60,034).

B. 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 total amount of all direct loans provided by the City under this policy is limited to $125 million in the aggregate. As of December 31, 2020, there were 6 direct loans under this policy with an outstanding balance of $50.6 million (2019- $52.6 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. 31/20) $000's	Expiry Date (Effective Expiry Date**)	Responsible Program Area	Loan Status Dec 31/20 $000s	Security
July 2011	Lakeshore Arena Corporation	City Services Corporation	1,000	100	None	Parks, Forestry and Recreation	In Good Standing	Leasehold Interest
November 2015	Lakeshore Arena Corporation	City Services Corporation	11,792*	4,048*	None	Parks, Forestry and Recreation	Deferred interest payments $61	Leasehold Interest
December 2016	Leaside Arena	City Agency	7,500	6,529	September 2043	Arena Board	Deferred payments $340	City Property
December 2016	Conference Centre at Exhibition Place	City Agency	38,675	29,671	2040	Exhibition Place	In Good Standing payments drawn from RF	City Property
2014	Expansion of BMO Field at Exhibition Place	City Agency	10,000	8,009	2034	Exhibition Place	Deferred payments $374	City Property
2008	Bloor Street Transformation Project	BIA	11,975	2,246	2027	Transportation Services	In Good Standing	Priority Lien
Total @ Dec. 31/20			**80,942**	**50,602**				
Total @ Dec. 31/19			**80,942**	**52,634**				
Aggregate Limit			**125,000**					

* Consists of transfer of $19.9 from Loan Guarantee to Direct Loan, less an authorized $8.1 million write-down in 2016, less a $7.7 million transfer to IO in 2017.

Conference Centre at Exhibition Place ($29,670,501)

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.

However, both the Toronto and North American economy and conventions and meetings market have declined significantly due to the recession starting in 2008, and actual revenues from the conference centre have been below expectations and at insufficient levels to retire the loan on their own. The Board of Governors of Exhibition Place in some years has been utilizing its conference centre reserve fund to help cover the debt payments without any financial impact to the City.

In this regard, during the 2015 annual review of loans and loan guarantees, City Council adopted a recommendation that the Board of Governors of Exhibition Place report through Executive Committee in the fall of 2016 on a revised business plan including addressing the loan repayment plan.

Exhibition Place commissioned a revised business plan for the conference centre with future year operating forecasts, and staff considered extending the loan repayment plan by an additional five year period in order to reduce the amount of annual payments, without any negative financial impact on the City. City Council adopted the extended repayment term at its meeting in December 2016.

In 2020 the City and Ontario Public Health Officials made the decision to cancel all programs and events due to the COVID pandemic. Accordingly, Exhibition Place processed many cancellations and postponements of 2020 events. Due to the loss of income and cash flow, it is projected that Exhibition Place will report an unfavourable net variance of $14.1 million to the 2020 Council Approved Operating Budget at year-end. In order to make loan payments to the City, as noted above, City Council approved draws, by Exhibition Place, of funds from the Conference Centre Reserve Fund (created for this purposes), as a source of funding for any shortfalls.

The payments on the loan are up to date with an outstanding balance of $29,670,501 as of December 31, 2020 (December 31, 2019 - $30,525,085).

BMO Field Expansion at Exhibition Place ($8,009,323)

In April 2014, City Council authorized extending a contribution of $10.0 million to the Board of Governors of Exhibition Place for the expansion of the BMO Field soccer stadium.

The $10.0 million contribution towards the expansion was to be debt financed by the City with full recovery from guaranteed annual payments over a 20 year period provided by the stadium's tenant, Maple Leaf Sport and Entertainment Ltd (MSLE). The expansion included expanded seating capacity, the addition of a partial roof, and other amenities. Phase 1 was completed in 2015 and remaining features are were completed in 2016. MLSE pays annual rent to the Board of Governors of Exhibition Place which covers both normal rent and the loan repayment. Exhibition Place in turn remits the loan repayment portion to the City.

Over the course of the pandemic in 2020, MLSE operations experienced economic hardship. Taking into account that limited relief funding was available in 2020, MLSE had to defer some of its annual rents including loan repayment when the operations were open in very limited capacity. As a result, the City did not receive all 2020 loan repayments until early 2021.

Until MLSE is able to return to more normal business operations, the organization continues having difficulties in meeting its 2021 lease obligations including loan repayment to the City. MLSE has applied for the Canadian Emergency Rent Subsidy (CERS) pending the decision of the federal relief funding. In addition, MLSE is currently in a rent deferral agreement working with Exhibition Place along with Corporate Real Estate Management (CREM) under City Council direction.

The payments on the loan were under partial deferral with an outstanding balance of $8,009,323 as of December 31, 2020 (December 31, 2019 - $8,211,337). All deferred amounts from 2020 have since been repaid in 2021.

Lakeshore Arena Corporation ($4,047,660)

The Lakeshore Arena Corporation (LAC) has had a number of loans and loan guarantees from the City dating back to 2007.

As previously noted, in October 2017, the LAC finalized a loan, with City guarantee, from Infrastructure Ontario (IO) to consolidate the remaining $11.7 million balance on the City direct loan, plus the remaining balance of $19.1 million on a third party loan that was set to expire at the same time. The new consolidated loan balance of $30.8 million was approved by IO, however the initial draw on the loan was set at $26.7 million.

The reason for the draw not being equal to the amount of the loan fully authorized was based on the fact that the City loan guarantee was set to a maximum of $30.8 million inclusive of all principal and interest payments, and IO requires guarantees for principal interest and potential risk costs associated with unwinding the loan in the event of a non-remedied default.

In this regard IO calculated an amount it was willing to immediately lend the LAC that satisfied its underwriters as being $26.7 million. The difference between this amount and the authorized amount of the loan at $30.8 million was characterized as a make whole provision by IO ($4.1 million).

Effectively, upon the loan execution, the $11.8 million direct City loan was reduced by $7.7 million by IO. This left a remaining balance of $4.1 on the direct City loan to be carried by the City with interest only payments funded by LAC.

However, as the regular loan payments begin to reduce the principal balance owing, IO could issue further loan draws to the City, on an annual basis, until such time as the make whole provision, and City loan balance of $4.1 million is reduced to nil. It was forecasted to take three to four years' time to fully reduce the make whole provision, at which time the direct City loan will be fully discharged.

As noted earlier in this report, IO had indicated in 2019 that addition loan draw amounts could be made available to reduce the City loan. However, recently IO has indicated that in light of COVID-19 and the arena being closed for use, the draws will be deferred until such time as the arena reopens and revenues resume. In the absence of knowing this precise date, and the pending expiry of the City loan in October 2020, staff recommended that the loan term be extended for one additional year. Similarly with continued arena closures in 2020, staff would recommend an additional one year extension of this loan until 2022. This action will afford time to resolve this balance with IO while the LAC continues to make interest only payments to the City, with no net financial impact. Thereafter, it is expected that full amount of the City loan may be transitioned to the existing IO loan as guaranteed by the City.

Since 2020, the City has been providing temporarily deferrals of interest only payments to LAC that is experiencing cash flow shortages. These supports will continue as needed in 2021 until LAC operations resume and become sustainable through their normal revenue streams.

The interest payments on the loan are under deferral ($61,338) with an outstanding balance of $4,047,660 as of December 31, 2020 (December 31, 2019 - $4,047,660).

Leaside Arena ($6,528,973)

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 City's debt is amortized over 30 years (to 2043) and the IO debt is amortized over 20 years (to 2033).

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-year's debt service coverage is achieved.

In December 2016, City Council reconciled both an operating deficit and surplus that occurred over the previous two years (2014 and 2015) at the arena, and further authorized an amendment to the loan guarantee agreement to better facilitate applying any future year operating surpluses toward early debt retirement.

A covenant in the loan agreement requires that any year-end operating deficit be added to the principal amount outstanding on the loan balance for re-amortization and recovery. For the 2016 operating year, the arena experienced a net operating deficit of $29,411. This deficit was reported through the annual statements for the City's Arena Boards of Management at the Budget Committee meeting on November 27, 2017.

For the 2017 operating year the arena's audit indicates a net operating deficit of $18,748. This deficit has not yet been reported to Budget Committee as part of the annual report on Arena Boards of Management. Nonetheless, staff proceeded with the necessary adjustments to the loan balance in accordance with the loan agreement.

Accordingly, the sum of the two deficits of $48,159 was added to the principal loan balance in 2019 and a revised loan amortization schedule was developed. . For the year ended December 31, 2018, Leaside Arena reported an unfavourable variance due to higher than expected building repairs, resulting in another small deficit of $3,604. Consistent with past practice, the $3,604 deficit at Leaside Arena has been added to the existing loan repayment principal from the City according to the 2018 Operating Surpluses / Deficits Settlement report approved by City Council at its meeting on November 25-26, 2020.

The audit of the 2019 financial statements for Leaside Arena are still in progress at the time of preparation of this report and therefore, the settlement calculation with the City has not been completed. Any surplus/deficit amount for 2019 will need to be deducted/added to the loan balance in a similar fashion in accordance with the loan agreement.

During 2020, the Leaside Arena Board of Management requested loan deferrals through a process established by the City to help City Agencies manage revenue loss as a result of the pandemic. While there were changes to the restrictions in the grey zone, indoor fitness was still not allowed leaving the Leaside Arena closed until further notice.

For this reason, loan payments are under deferral with an outstanding loan balance of $6,528,973 as of December 31, 2020 (December 31, 2019 - $6,566,841). The payments on the IO loan, which have no recourse to the City and is not included in the City's debt amount, are also under deferral, with a balance of $747,938 as of December 31, 2020. (December 31, 2019 - $759,408).

In 2021, Leaside Gardens budgeted a withdrawal of $266,702 from the Debt Service Reserve Fund to make payments for their 2020 Q2 and Q3 payments for IO loan and New Ice Pad loan. The possibility of drawing additional loan payments from the Debt Service Reserve Fund will be visited in Q2 & Q3 of 2021.

Bloor Street Transformation Project ($2,245,860)

The Bloor Street Business Improvement Area (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.

During 2019 the BIA was able to raise additional funds which it directed to the repayment of the loan. As a result the loan balance was reduced by over $3.6 million during this past year.

All payments through the Bloor Street BIA special levy are up to date with an outstanding balance of $2,245,860 on December 31, 2020 (December 31, 2019 - $3,082,601). The loan is expected to be fully paid off in 2027. The repayment of the loan through the BIA levies has priority lien status for the City.

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.

In previous annual reports, staff had noted a number of other loans from City reserve funds have been made under various programs. A review of such other loans found that they are being tracked and monitored by the applicable program area with whom a funding relationship was established with the borrower. Furthermore, the loan balances within reserve funds are reported on a regular basis within quarterly reserve and reserve fund variance reports to Budget Committee.

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, to provide time for remedies to be found. The Chief Financial Officer reviews annually the risk of loss under a loan guarantee or direct city loan. With regular monitoring, it is possible to identify financial risks earlier and to take action to avoid or mitigate potential losses.

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SIGNATURE

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