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June 1, 2014

Joseph Pennachetti
City Manager
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Toronto, ON M5H 2N2

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Dear Mr. Pennachetti:

The citizen members of the Board of Directors for the Hummingbird (Sony) Centre for the Performing Arts (the "Sony Centre") wish to engage your assistance as we believe that the Audit Committee was not in possession of all the necessary information when it passed its motion on May 28, 2014 to seek the removal of the current Sony Centre Board. We would like to ensure that City Council is fully informed when it considers this motion at Council on June 10 and 11, 2014.

The Citizen Members are very concerned that the action recommended in this motion, and the comments by certain City Councillors that has ensued, is the result of City Councillors and the public not being in possession of the facts, which will be to the detriment of the Sony Centre. The Audit Report primarily covers transactions of the Sony Centre for the period from 2008 to 2011 and the current citizen Board members were appointed *after* these transactions occurred. We would like to remind Council that the City always had oversight with both the previous and current Board through the representation of City Councillors on the Board and that City Councillors were all voting members. Since entirely replacing the previous Board, this current Board has been very active in making changes at the Sony Centre to improve processes, staffing, controls and strategic direction.

We are therefore requesting that the City Manager's office prepare a report to be presented at the next Council meeting, and present this report to Council, which sets out the initiatives that the new Board has taken since it started its work in January 2012, which include, but are not limited to the following:

- (a) We met with the Auditor General and advocated for an audit of the renovations of the Sony Centre as these renovations were substantially completed prior to our appointment to the Board. I also met with you and requested that you speak to the Auditor General in support of our request for the audit;
- (b) For some time now representatives from the City Manager's office, City Legal, City Clerks and other City staff have attended Board meetings to ensure that we were aware of any City resources we could draw on and to provide their assistance when appropriate, and we very much appreciate their assistance;
- (c) We requested that written reports be provided to the Board from the CEO at each Board meeting, and that key Sony Centre staff also attend and present written reports;
- (d) In collaboration with the City Manager's office, we undertook a review of key financial controls at the Sony Centre and implemented a series of revisions and improvements to several existing policies and procedures, including those concerning purchasing practices and conflicts of interest;
- (e) We ensured that control weaknesses identified by the Sony Centre's external auditors were resolved in a timely and satisfactory manner, and initiated greater communication and collaboration with the external auditors during the planning stage of the annual statutory audit;
- (f) We conducted detailed monthly reviews of the Sony Centre's financial performance and worked with the management team to achieve improvements in the quality, quantity, and timeliness of financial and operational reporting to the Finance Committee and the Board;

- (g) We were involved in the selection and hiring of a new Director of Finance and Personnel at the Sony Centre, including participating in interviews and reviewing the terms of the employment agreement;
- (h) We commissioned a new strategic plan in 2013 for the Sony Centre, and have started to implement those aspects of the plan that can be implemented within current budgetary constraints, such as enhancing our educational programming;
- (i) City Legal and the City Manager's office have provided support and advice regarding the process and selection of, and contract negotiations regarding, a new CEO for the Sony Centre and the retirement of the existing CEO. This process has been underway since October 2013;
- (j) We have participated in the Theatres Working Group to realize a new vision for, and greater cooperation between, Toronto's three civic theatres;
- (k) The Audit Report and its recommendations were endorsed by the Sony Board Members in its May 1, 2014 meeting. There was also a further special meeting held on May 23, 2014 so that further questions could be asked regarding the findings of the Auditor General;
- (l) At its last meeting the Sony Board passed a motion requesting that the Auditor General provide an additional report to the Board for its next meeting on other matters that he discovered while doing his audit. As Chair, I will be recommending at the next meeting that the Sony Centre Board forward this information to City Council for consideration at its meeting on June 10, 2014.

The Board wishes to continue the actions it believes are necessary to make the Sony Centre the City asset it should be, which include ensuring that proper

leadership is in place at the Sony Centre, continuing to execute on a new strategic direction for the Sony Centre, with a view to long-term financial independence, and continuing work to remediate the financial control environment, including implementing the Auditor General's recommendations.

The citizen members have dedicated hundreds of volunteer hours on this Board. The diverse background of the citizen board members ensures that the Sony Centre is served by a well-rounded group of individuals with a variety of expertise. We are concerned that the motion at the Audit Committee, as well as the previous motion of Councillor Fletcher, seconded by Councillor McConnell on February 19, 2014, has substantially delayed the Board's ability to carry out its responsibility to appoint a new CEO of the Sony Centre.

This Board has been working hard to clean up the situation at the Sony Centre that was left to us by the City and the previous Board. As staff from the City Manager's office have been in attendance and very helpful at all Board meetings, we believe that Council would benefit from hearing from you about the Board's accomplishments when considering the Audit Committee's motion, which we believe is without merit, and is not in the best interest of the Sony Centre, or the City of Toronto.

Yours truly,

Ron Forbes
Chair, Sony Centre Board of Directors

cc. Michael Williams, General Manager, Economic Development and Culture
City Clerk – for distribution to all Councillors