

## City Council

### Motion without Notice

MM42.37	ACTION			Ward: All
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### **Massey Hall Revitalization: City of Toronto Support - by Mayor John Tory, seconded by Councillor Kristyn Wong-Tam**

*\* This Motion has been deemed urgent by the Chair.*

*\* This Motion is not subject to a vote to waive referral. This Motion has been added to the agenda and is before Council for debate*

#### **Recommendations**

Mayor John Tory, seconded by Councillor Kristyn Wong-Tam, recommends that:

1. City Council approve the request for a loan guarantee (the "Loan Guarantee") to be provided in support of the Corporation of Massey Hall and Roy Thomson Hall ("Massey Hall") to its lender on an exceptional basis in order to support capital financing arrangements to complete the revitalization of the Massey Hall property at 178 Victoria Street, for an amount of up to \$3.0 million, inclusive of any accrued interest, plus potential enforcement costs and interest of up to \$50,000 should payment of the guarantee amount not be made within 15 business days of written notification by the lender; and direct the Deputy City Manager, Community and Social Services, to negotiate and enter into the necessary agreements and to take any security deemed necessary by and to the satisfaction of the Chief Financial Officer and Treasurer, in a form satisfactory to the City Solicitor.
2. Should the loan guarantee become payable by the City, the payment would be accommodated through a reallocation of funds within the Economic Development and Culture Approved Operating Budget.
3. City Council authorize and direct appropriate City Officials to take such action as may be necessary to implement City Council's decision.

#### **Summary**

Opened in 1894, Massey Hall is the most celebrated music venue in Canada and a critical component of Toronto's culture and economy. Massey Hall embarked upon an ambitious revitalization project in 2018, to expand its capacity to serve audiences, develop artists and act as a cultural and tourism hub for the city. Between construction and the first five years of operations, the revitalization of Massey Hall will contribute \$348 million to the local economy and create 4,000 jobs.

Going forward, the renewed facility will contribute to the economy with \$42.6 million in direct and indirect impacts, 430 Full Time Equivalent jobs, and 500,000 visitors annually. Massey Hall advances Toronto's reputation as a Music City, thereby contributing to tourism and the development of Toronto's creative industries.

Massey Hall's revitalization includes a full restoration of the exterior and interior of the building, including major advancements in accessibility, and the addition of a seven storey tower to house performance venues and production facilities, collectively known as Allied Music Centre. The revitalization beautifully preserves the historic character of the venue while simultaneously strengthening capacity to inclusively serve the needs of artists and audiences well into the future. Students and communities will engage and connect through expanded education and outreach activity. Additionally, artists will be able to create and perform at every stage of their careers with tailored artist development support. The Allied Music Centre will create permanent homes for artist development, music education, and community outreach programs. These programs invest in future stars and fans, and create access for underserved communities. These spaces will be made available for community use as Massey Hall is an open facility, accessible to a wide range of external organizations.

### Cost and Funding

The \$186.5 million revitalization of Massey Hall is a project of national significance, but the benefit will accrue most substantially to the City of Toronto. The cost of the revitalization has been borne principally by the federal and provincial governments, with commitments of \$46.3 million and \$42 million respectively, and to date, the City has contributed \$2.55 million in Section 37 funds (Ward 13). Massey Hall has also raised funds via corporate and philanthropic contributions (\$64 million), and through its own operational revenues (\$6 million). Massey Hall has secured additional funding commitments of \$20.5 million of the outstanding \$25 million in project financing which are unannounced and may not yet be publicly disclosed.

Financing is necessary to complete the revitalization project, to both address the funding gap of \$4.5 million as well as the timing of cash inflows, and negotiations with the lender, Toronto-Dominion Bank, are substantially complete. The recommended City loan guarantee is required by the lender in order to approve the necessary financing.

Completion of the revitalization project will provide additional opportunities for Massey Hall to generate funds, which could allow for an early repayment of its financing. Such opportunities include a potential sale of naming rights associated with internal performance venues, and other potential partnership opportunities. A conservative valuation of these potential opportunities is estimated at \$17.98 million. Further, Massey Hall is now partially open for programming, so traditional revenue streams are now becoming available and will increase over time.

### The Proposed Loan Guarantee

Massey Hall can access the financing required to finish the revitalization project, with the provision of supportive loan guarantees. As such, City staff have given consideration to Massey Hall's needs, and have been in discussions with its leadership and with representatives of the lender to negotiate a potential guarantee in a form that is acceptable to the City Solicitor.

A loan guarantee of \$3.0 million, inclusive of any interest accrued to Massey Hall, from the City of Toronto, plus potential enforcement and interest costs of up to \$50,000, is recommended through this motion. A loan guarantee agreement between Massey Hall, Toronto-Dominion Bank, and the City of Toronto has been negotiated by Economic Development and Culture staff, with review and input from the Office of the Controller, and Legal Services. The recommended loan guarantee includes the following terms:

- capped at \$3.0 million, inclusive of any accrued interest, in support of the following capital loans:

- a Bridge Loan of up to \$32 million to August 31, 2023, replaced by;
- a Take-out loan of up to \$21 million;
- according to the documents provided, the loan guarantee would expire on the later of February 28, 2029, or the last day of the 66th month from the date that the Take-Out loan is advanced to Massey Hall. It is important to note that Massey Hall may employ strategies to pay the loans off at an earlier date;
- should the lender require payment of the guaranteed loan, the City would have 15 business days to pay without accruing interest. Beyond this time, interest would accrue at the same rate as the underlying loan; and
- should there be any loan guarantee enforcement costs on the part of the lender or interest charged to the City for late payment, these costs would be capped at \$50,000.

In order to effect this arrangement, the City will provide a written Guarantee to the Toronto Dominion Bank, and will enter into additional agreements with Massey Hall and the Toronto Dominion Bank to impose additional requirements on them in regard to the City's guarantee. Massey Hall's repayment of the loans will be driven by the timing of its anticipated fundraising (some of which has already been committed), along with the realization of corporate sponsorship opportunities.

Issuance of a capital loan guarantee is considered to be a financial commitment of the City. Should circumstances result in Toronto Dominion Bank calling on the City to pay under the loan guarantee amount to the lender, the funds would be made available from the Economic Development and Culture approved budget.

### **Background Information (City Council)**

Member Motion MM42.37