

Annual Report on City Loans and Loan Guarantees
Appendix 4: City Loans and Loan Guarantees as at December 31, 2023

As at December 31, 2023, the City had authorized line of credit guarantees amounting to approximately \$5.995 million, provided capital loan guarantees for underlying loans of \$72.5 million, had outstanding direct loans of \$43.4 million, and provided a direct line of credit of \$1.0 million as are identified below.

Table 1: City Loans and Loan Guarantees as at December 31, 2023

	Number	Balance Outstanding (000's)	Total Amount Authorized (000's)
Line of Credit Guarantees	3	Balances fluctuate	\$5,995
Capital Loan Guarantees	5	\$72,474	\$84,460
Direct City Loans	5	\$43,401	\$67,769
Line of Credit	1	\$1,000	\$1,000
Total as at December 31, 2023	14		\$159,224

Existing Loan Guarantees

1. Line of Credit Guarantees:

Under City policy, line of credit guarantees may be offered to cultural and community organizations which have an existing financial relationship with the City. The maximum total amount for City line of credit guarantees is limited to \$10 million, and as at December 31, 2023, there were three (3) line of credit guarantees totaling approximately \$6.0 million, with the details provided below.

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Table 2 - 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 Dec 31/23	Security
May 2023	Young People's Theatre	Registered Charity	\$175	December 2026	Economic Development & Culture	In Good Standing	City Grants (via Toronto Arts Council, or TAC)
May 2023	Canadian Stage	Registered Charity	\$820	October 2026	Economic Development & Culture	In Good Standing	City Grants (via TAC)
July 2021	Toronto Symphony Orchestra	Registered Charity	\$5,000	October 2024	Economic Development & Culture	In Good Standing	City Grants (via TAC)
Total			\$5,995				
Aggregate Limit			\$10,000				

Young People's Theatre

Young People's Theatre is the only large-scale theatre in Ontario dedicated to producing and presenting shows specifically for young people. More than 85,000 people attend Young People's Theatre's theatrical productions and educational programs annually. Young People's Theatre operates in a City Below-Market-Rent facility at 165 Front Street and renewed its lease in fiscal 2021 for an additional ten years to August 31, 2031.

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Young People's Theatre has had a City line of credit guarantee dating back to the early 1990's. The current value of the line of credit is \$385,000, which is partially supported by a City line of credit guarantee of \$175,000, and which expires on December 31, 2026.

Young People's Theatre has had a successful history in meeting its financial obligations to its lending financial institution and the City under the existing terms and conditions of the guarantee agreement. Young People's Theatre's line of credit guarantee is in good standing.

Of note, Young People's Theatre receives annual Toronto Arts Council funding of \$326,000 and has an endowment fund held, controlled and managed by Ontario Arts Foundation valued at \$640,400 as at June 30, 2023.

Canadian Stage

Canadian Stage produces and presents Canadian and international contemporary performance and theatre and supports emerging and established artists. It operates in a City Below-Market-Rent facility at 26 Berkeley Street, is a legacy tenant of the St. Lawrence Centre for the Arts and is the primary licensee of the High Park Amphitheatre.

Canadian Stage has had a financial guarantee from the City since 2001. The City currently provides Canadian Stage with a line of credit guarantee for its \$820,000 credit facility, which is comprised of a \$745,000 line of credit with a Canadian Chartered bank, and a \$75,000 credit facility in favour of Global Payments Direct, Inc. (guarantees the Company's potential obligation against deferred subscriptions). These lines of credit remain in good standing. The City line of credit guarantee currently expires on October 31, 2026.

Of note, Canadian Stage receives an annual Toronto Arts Council grant in the amount of \$832,000, which approximates the level of the line of credit guarantee and acts as security to the City.

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Toronto Symphony Orchestra

Founded in 1922, the Toronto Symphony Orchestra (TSO) is one of Canada's largest orchestras, serving audiences and communities from all parts of Toronto. The TSO also 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.

Toronto Symphony Orchestra has had some form of City line of credit guarantee since 2004. Toronto Symphony Orchestra currently has a \$9.2 million line of credit, which is partially supported by a City line of credit guarantee of \$5 million. The balance is supported by a TSO foundational guarantee of \$4.2 million.

Toronto Symphony Orchestra receives annual Toronto Arts Council funding in the amount of \$1,220,000, which acts as security for the City line of credit guarantee.

Toronto Symphony Orchestra's line of credit is in good standing, and the TSO forecasts the continued need for the City line of credit guarantee. The existing City line of credit guarantee to the Toronto Symphony Orchestra is set to expire in October 2024, and this report recommends the extension of this guarantee for a further three-year term, ending October 31, 2027.

2. Capital Loan Guarantees:

Under City policy, capital loan guarantees may be provided to non-profit sporting, recreational and community organizations which have an existing financial relationship with the City for the purpose of enabling eligible organizations to acquire or upgrade community facilities to further initiatives that assist in increasing participation in cultural, sports or recreational activities, and to ensure the viability and sustainability of these organizations.

The maximum total amount of capital loan guarantees provided by the City under this policy is limited to \$300 million, with individual loan guarantees limited to a maximum of \$10 million.

As at December 31, 2023, there were five authorized outstanding capital loan guarantees totaling approximately \$84.46 million in aggregate, as detailed below.

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Table 3 - Summary of Capital Loan Guarantees

Most Recent Date Approved	Name of Organization	Relationship to City	Amount of Loan Guarantee \$000's	Current Loan Balance (at December 31, 2023) \$000's	Expiry Date	Responsible Program Area	Loan Status Dec 31/23	Security
July 2016	YMCA 505 Richmond	Registered Charity	\$30,000 converting to \$9,500 (at substantial completion)	\$26,998	2024 2049	Parks, Forestry & Recreation	In Good Standing	Second Charge and assignment rights
2003	Ricoh Coliseum	City Agency	\$20,000	\$2,629	July 2025	Exhibition Place	In Good Standing	Leasehold Improvements to City lands
2022	Massey Hall	Registered Charity	\$3,000*	\$20,438	Latter of February 28, 2029, or 66 months after TD advances "Take-out loan" to Massey	Economic Development	In Good Standing	2nd charge on assets.
April 2017	Lakeshore Arena Corp	City Services Corporation	\$30,860	\$22,183	October 2042	Parks, Forestry & Recreation	In Good Standing	Leasehold Interest of facility on Toronto District School Board lands
Sub-Total as at December 31, 2023			\$83,860	\$72,248				

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*City loan guarantee forms part of the overall support for these loans

Most Recent Date Approved	Name of Organization	Relationship to City	Amount Authorized \$000's	Current Balance (at December 31, 2023) \$000's	Expiry Date	Responsible Program Area	Loan Status Dec. 31/23	Security
Artscape:								
January 2009	FCM – Wychwood Barns	Not-for-Profit	\$600	\$226	August 2029	Economic Development and Culture	Receivership	Leasehold Improvements to City lands
Total as at December 31, 2023			\$84,460	\$72,474				
Total as at December 31, 2022			\$84,460	\$68,704				
Aggregate Limit			\$300,000					

YMCA

In July 2016, City Council approved the provision of a capital loan guarantee on behalf of the YMCA in support of financing for the construction of a 55,000 sq. ft. YMCA community centre, itself part of the redevelopment of a former City-owned property at 505 Richmond Street West. The City also entered into a related Community Use Agreement with the YMCA for a 30-year term.

Project financing was arranged with Infrastructure Ontario (IO) as the lender with the City providing supportive capital loan guarantees. The IO terms include an interest-only Construction Loan, supported by a Council authorized loan guarantee in an amount not to exceed \$30.0 million (inclusive of all interest costs payable) during the construction period.

At the time of construction substantial completion, the YMCA will refinance the construction loan with IO into a smaller "take-out" mortgage loan.

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Council has authorized a capital contribution of up to \$19.0 million at substantial completion as the City's share of the capital project. In addition, Council authorized a City reimbursement of 2/3 of the interest cost of the construction loan. At its meeting of April 6, 2022, Council authorized the release of \$21 million in Section 37 and Section 45 funds within the King Spadina Secondary Plan Area to meet these obligations.

Upon refinancing, the City's \$30 million loan guarantee will be replaced by a smaller loan guarantee, in an amount not to exceed \$9.5 million, inclusive of all interest costs, for a term not to exceed 30 years.

As at December 31, 2023, the outstanding loan balance was \$26,997,980 (same as December 31, 2022 as the use of the IO credit facility has reached its maximum). Substantial construction completion is currently anticipated in mid-2024.

Ricoh Coliseum/BPC Coliseum Inc

Located on the Exhibition Place grounds, Ricoh (now called "Coca Cola") Coliseum is home to the Toronto Marlies Hockey Club. This 8,300 seat arena, designed with sightlines and acoustics in mind, offers ice rentals, concerts, special and corporate events.

In 2002-2003, the City and Exhibition Place, BPC Coliseum Inc. (an affiliate of OMERS), and the Coliseum Renovation Corp began moving forward with a \$38 million renovation of Ricoh Coliseum. The funding and financing for this arrangement involved equity participation from both the City and OMERS along with third-party debt financing. The City also provided a 49-year lease to BPC Coliseum Inc. for the use of the facility (BPC has a sub-lease agreement with Maple Leafs Sports Entertainment).

The project involved third-party debt financing of \$20 million, requiring a City capital loan guarantee. The City provided a capital loan guarantee through a tripartite "Put Agreement" between the Bank of Montreal (lender), BPC Coliseum Inc. (borrower), and the City (guarantor). This agreement provides the lender with an option (the "Put") to require the City to purchase the total outstanding loan receivable from the bank (principal, interest, and enforcement costs), in the event of a loan default by the borrower. As this arrangement offers the lender protection against a potential loan default, it acts as a capital loan guarantee.

The underlying BPC loan remains in good standing. As at December 31, 2023, the outstanding loan balance was \$2,628,600 (December 31, 2022: \$4,161,000).

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Massey Hall

In April 2022, Council approved, on an exceptional basis, the provision of a capital loan guarantee in support of 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, plus potential enforcement costs of up to \$50,000.

The revitalization project of Massey Hall is considered a project of national significance, with the benefit accruing most substantially to the City of Toronto.

The total project cost is estimated at \$189.5 million.

The federal and provincial governments committed \$46.3 million and \$42 million respectively to this project, and the City contributed \$2.55 million in Section 37 funds (Ward 13).

Massey Hall has raised funds through corporate and philanthropic contributions as well as through its own operational revenues. Financing, for which the City provided its guarantee, was necessary to complete the revitalization project. The City loan guarantee forms part of an overall loan support package, which also includes future operational revenues, pledges and contributions.

TD's capital loan to Massey Hall, which was supported by the City's guarantee, includes a demand loan of up to \$22 million, structured as a bridge loan which would be replaced by a "take-out" loan of up to \$21 million by December 31, 2023.

Upon approving the City's capital loan guarantee, Council directed that, should the City's loan guarantee to Massey Hall become payable to the bank by the City, the payment would be accommodated through a reallocation of funds within the Economic Development and Culture Approved Operating Budget.

As at December 31, 2023, Massey Hall's construction loan balance was \$20,438,307, and was in good standing. (December 31, 2022: \$14,300,999.70)

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Artscape

Established in 1986, Toronto Artscape Inc. ("Artscape") was a not-for-profit corporation, with a mandate of developing and managing affordable working and living space for artists and to promote community cultural activities. Artscape was managing a portfolio of 14 separate properties.

Over the years, the City had provided capital loan guarantees to Artscape to assist it in raising the necessary funds to enable its development. In 2022, two of three City Capital Loan guarantees were no longer required and were released by Artscape.

In July 2023, Council authorized the provision of a line of credit guarantee which would support Artscape's \$1.5 million line of credit extension. However, Artscape announced that it was facing insolvency, and the line of credit guarantee was not provided. In 2024, Artscape entered into receivership.

At the time of receivership, Artscape had a City capital loan guarantee outstanding, which had been structured as a "mirror" loan with the Federation of Canadian Municipalities (FCM), whereby the City borrowed \$600,000 from the FCM, Green Municipal Fund Initiative, and at the same time, made a matching loan to Artscape. This arrangement was made to enable Artscape to finance an energy efficiency project at the Artscape Wychwood Barns.

As at the time of receivership, a balance of \$225,874.36 remained outstanding. The City is obligated to continue to make payments to the FCM. It has yet to be determined whether the City will be able to recover all or a portion of the balance through the receivership proceedings. Going forward, City staff will report on the result of the proceedings, including addressing this issue.

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Lakeshore Arena Corporation

Lakeshore Arena Corporation (LAC) 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, and the Arena has also hosted three seasons of CBC's Battle of the Blades.

This facility was originally conceived by the Lakeshore Lions Club, and the City provided the land and a capital loan guarantee to a third-party lender. In September 2011, the City assumed control of the Lakeshore Arena, establishing LAC as a City Services Corporation.

In 2014, third-party private financing to LAC of approximately \$19 million was maturing. The City refinanced this amount through an interim interest-only direct loan, which would then be refinanced. At the time, LAC had additional third-party debt of \$20 million.

Subsequently, the City restructured the \$19 million interim debt, as follows:

- Write-down and conversion of \$8.1 million of the City debt into a repayable Shareholder Capital Contribution. The underlying formula required LAC to make an annual contribution equal to 50% of net operating income, before amortization and depreciation, until such a time as the full amount was repaid.

Repayment amounts are required to be deposited into a reserve to support ongoing LAC capital maintenance expenditures. This arrangement was included in the Unanimous Shareholder Declaration for LAC.

- On October 2017, LAC refinanced its capital loans with Infrastructure Ontario, addressing the remainder of this debt, together with other third-party debt, for a total consolidated long-term capital loan of up to \$30.86 million, supported by a City guarantee. The City guarantee was not to exceed \$30.86 million, inclusive of interest and any other costs.

However, IO initially only made available a long-term capital loan of \$26.7 million, giving consideration to potential risks associated with unwinding the loan in the event of a non-remedied default.

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The City provided an interest-only loan to LAC to cover the balance of \$4.048 million which was ultimately to be replaced by IO financing. This City credit facility has been extended over time, and currently expires in October 2025.

The City continues to make available a \$1 million line of credit to LAC at 3% interest per annum to address operating requirements. LAC borrowed this amount in 2020 as a result of the pandemic economic shutdown conditions. As at December 31, 2023, LAC had payment delays of \$22,800 relating to the line of credit, which were resolved subsequent to year end.

While as at December 31, 2023, the entire principal amount of the line of credit remained outstanding, subsequent to year end LAC repaid a principal amount of \$100,000, leaving a balance of \$900,000. It is LAC's intention to repay \$100,000 each year in quarterly installments to further reduce this principal balance. Table 4 below provides a summary of City loans to LAC.

Table 4 - Summary of Lakeshore Arena Corporation Outstanding Debt

	December 31, 2023 (\$000's)	December 31, 2022 (\$000's)
IO Capital Loan- Guaranteed by City	\$22,183	\$23,002
Direct City Loans:		
Interest Only Capital Loan	\$4,048	\$4,048
Line of Credit	\$1,000	\$1,000
Total Loans and Loan Guarantees	\$27,231	\$28,050

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Existing Direct City Loans

Under the City policy, the occasional direct City capital loan may be provided to City agencies and corporations to contribute to the financing of a project that will create or enhance a capital facility. Total direct loans to be provided by the City under this policy are limited at \$125 million. As at December 31, 2023, there were four direct capital loans outstanding under this policy with a total \$43.4 million (December 31, 2022: \$45.1 million), as detailed below.

Table 5 - Summary of Direct City Loans

Most Recent Date Approved	Name of Organization	Relationship to City	Amount Authorized \$000's	Balance December 31/23 (\$000's)	Expiry Date	Responsible Program Area	Loan Status Dec 31/23	Security
September 2011	Lakeshore Arena Corporation	City Services Corporation	Line of Credit \$1,000	\$1,000	None	Parks, Forestry and Recreation	Outstanding interest payment of \$22.8 thousand, received subsequent to year end	Unsecured
Direct City Capital Loans								
November 2015	Lakeshore Arena Corporation	City Services Corporation	\$11,792	\$4,048	None	Parks, Forestry and Recreation	In Good Standing	Leasehold Interest
December 2016	Leaside Arena	City Agency	\$47,302	\$5,906	November 2043	Arena Board	In Good Standing	City Property
December 2016	Conference Centre at Exhibition Place	City Agency	\$438,675	\$26,842	2040	Exhibition Place	In Good Standing	City Property
2014	Expansion of BMO Field at Exhibition Place	City Agency	\$10,000	\$6,605	2034	Exhibition Place	Outstanding interest payment of \$73.0 thousand received subsequent to year end	City Property
Total as at December 31, 2023			\$67,769	\$43,401				

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Total as at December 31, 2022		\$67,769	\$45,062				
Aggregate Limit		\$125,000					

Conference Centre at Exhibition Place

In 2007, City Council authorized a loan of \$35.6 million (\$38.68 million inclusive of interest) to the Board of Governors of Exhibition Place for the construction of a conference centre within the existing Automotive Building. The loan repayment term is 25 years.

In 2020 and 2021, pandemic-related restrictions impacted cash flows. To assist Exhibition Place in meeting its loan payment obligations, Council approved draws from the Conference Centre Reserve Fund (created for this purpose) of \$1.7 million in 2020, and \$2.3 million in 2021.

As at December 31, 2023, loan payments were up to date, and the outstanding loan balance was \$26.84 million (December 31, 2022: \$27.83 million).

BMO Field Expansion at Exhibition Place

In April 2014, City Council authorized 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 was debt financed by the City over a 20-year period, with annual loan repayments supported by rent payments which Exhibition Place receives from the stadium's tenant, Maple Leaf Sport and Entertainment Ltd.

The outstanding loan balance was \$6.605 million as at December 31, 2023 (December 31, 2022: \$7.057 million). Table 5 notes year-end payment amounts of \$73,000, which were received subsequent to year end.

Leaside Arena

In January 2012, Council authorized the construction of a second ice pad at Leaside Arena, a City facility operated by the Leaside Arena Board of Management ("Leaside"). The project was completed in 2013 at a total cost of \$12.5 million and was funded by way of City (\$1 million) and community (\$3 million) capital contributions, and financing as follows:

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- City recoverable debt of \$7.3 million, inclusive of interest, to be amortized over 30 years (2043), with the debt recoverable from payments to be made to the City by Leaside (the "City loan"). Repayment of the City loan ranks as senior to the loan described below.
- A non-recourse loan from Infrastructure Ontario (IO) of \$1.052 million, to be amortized over 20 years (2032). This loan is at no recourse to the City.
- The City was required to issue a revenue bond to IO in support of this non-recourse loan where a revenue bond is secured by non-tax revenues. In the event that Leaside generates insufficient revenues to make debt repayments to IO, conditions of the loan agreement would impact Leaside Arena's ice rental rates.

In addition to the regular loan repayments, Leaside is required 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.

The loan agreement also requires that any Leaside year-end operating deficit be added to the principal amount outstanding on the City loan balance, for its ultimate recovery. In December 2016, Council approved a recommendation to better facilitate the application of any future year operating surpluses toward early debt retirement.

During 2023 - 2024, Leaside has been catching up with the completion of its annual audited financial statements, having recently completed 2020 through 2022, and are currently working on 2023. City and Leaside staff have been participating in ongoing discussion about updating the loan balance to reflect these years.

As at December 31, 2023, the total outstanding of the direct City loan balance was \$5,906,000 (December 31, 2022 balance: \$6,126,000) and non-recourse IO loan balance was \$557,457 (December 31, 2022: \$623,943). Both loans are in good standing.

Lakeshore Arena Corporation Direct Loan

Please see the details provided above in the section above on capital loan guarantees.