



**IN CAMERA**

**REPORT**

Report Date: June 24, 2020  
Contact: Tim Leung  
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VanRIMS No.: 08-2000-21  
Meeting Date: July 21, 2020

TO: Vancouver City Council  
FROM: Director of Finance  
SUBJECT: Pacific National Exhibition Banking Facilities

**IN CAMERA RATIONALE**

This report is recommended for consideration by Council on the In Camera agenda as it relates to Section 165.2(1) of the *Vancouver Charter*:

(d) the security of the property of the city;

(j) information that is prohibited, or information that if it were presented in a document would be prohibited, from disclosure under section 21 [disclosure harmful to business interests of a third party] of the Freedom of Information and Protection of Privacy Act; and

(k) negotiations and related discussions respecting the proposed provision of an activity, work or facility that are at their preliminary stages and that, in the view of the Council, could reasonably be expected to harm the interests of the city if they were held in public.

**RECOMMENDATION**

THAT Council authorize the Director of Finance, in consultation with the Director of Legal Services, to make arrangements to increase the City's maximum guarantee amount of the Pacific National Exhibition's banking facilities (loans or indebtedness) from \$24.9 million to \$34.9 million.

**COUNCIL AUTHORITY/PREVIOUS DECISIONS**

Since 2004, it has been Council policy that the City provides a guarantee to the lender of the repayment of all debts and liabilities entered into by the Pacific National Exhibition ("PNE") in accordance with any lines of credit or credit facilities, provided that the City's liability under this

guarantee is limited to the sum of the principal amount plus interest thereon from the date of when a written demand is made on the City.

In June 2016, Council authorized an increase to the maximum amount of the City's guarantee for PNE's loans and credit facilities from \$21.4 million to \$24.9 million to support ongoing capital and operating needs.

### ***CITY MANAGER'S/GENERAL MANAGER'S COMMENTS***

The City Manager RECOMMENDS approval of the foregoing.

### ***REPORT***

#### ***Background/Context***

Under normal conditions, the seasonal nature of the PNE operation requires the organization to carry a line of credit to bridge cash flow requirements during the year. As a result of the COVID-19 pandemic and related operations impact, the PNE has lost revenues from Playland closure and events cancellation that normally fund ongoing operations and capital expenditures. As well, additional costs are anticipated to reopen. Implementation of various revenue impact mitigation approaches such as suspending all non-essential spending, reducing staff wages and salaries, and requiring senior management approval for all expenditures is not sufficient to bridge cash flow requirements in the short to medium-term.

The current \$24.9 million credit facility is forecast to provide cash flow for operations through end of 2020. As the PNE plans to reopen, an increase in credit facility from \$24.9 million to \$34.9 million will bridge cash flow requirements for operations and capital expenditures through the fiscal year-end in March 2021. The PNE Board of Directors supports this increase in credit facility limit.

#### ***Implications/Related Issues/Risk***

##### ***Financial***

Subject to Council approval, the City's maximum liability under this guarantee will increase from \$24.9 million to \$34.9 million, plus interest, if the PNE is unable to repay its outstanding debt with the lender.

### ***CONCLUSION***

The Director of Finance recommends that Council authorize the increase in the maximum principal amount of the City's guarantee for PNE's banking facilities from \$24.9 million to \$34.9 million.

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