

EXTRACT FROM COUNCIL MEETING MINUTES MAY 19, 2015

**84. ONTARIO SOCCER ASSOCIATION  
PHASE ONE FACILITY RENOVATION AND STADIUM BUILD FINANCING AGREEMENT  
WARD 2  
(Addendum 2)**

MOVED by Councillor Carella  
seconded by Councillor Iafrate

That the recommendation contained in the following report of the Executive Director, Office of the City Manager, dated May 19, 2015, be approved:

CARRIED UPON A RECORDED VOTE

YEAS

Councillor Shefman  
Regional Councillor Rosati  
Regional Councillor Di Biase  
Mayor Bevilacqua  
Regional Councillor Ferri  
Councillor DeFrancesca  
Councillor Carella  
Councillor Iafrate

NAYS

**Recommendation**

The Executive Director, Office of the City Manager in consultation with the Director of Financial Planning and Analytics recommends:

1. That Council continue to support the Ontario Soccer Centre by consenting that the City of Vaughan continue to be a guarantor of the OSA's capital loan and continue to provide a postponement of claims as required by the OSA's bank covenants.
2. That a bylaw be enacted to authorize the Mayor and Clerk to execute a consent to the Second Amended And Restated Credit Agreement between the Ontario Soccer Centre, the Ontario Soccer Association and the Canadian Imperial Bank of Commerce (CIBC) in a form satisfactory to the Commissioner of Finance and Commissioner of Legal Services.

**Contribution to Sustainability**

Green Directions Vaughan embraces a Sustainability First principle and states that sustainability means we make decisions and take actions that ensure a healthy environment, vibrant communities and economic vitality for current and future generations. In addition to the fact that a stadium has significant features and assets that will enable the large soccer community in Vaughan to host high-caliber competitive and training programs, this facility will provide significant opportunity to increase City pride and exposure, boost economic growth and deliver a multi-use facility to accommodate a variety of active living (sport and recreation) and arts and culture events.

**Economic Impact**

There is no direct financial impact from this report.

The City of Vaughan has been the guarantor of the OSA's \$5 million credit facility with the CIBC since 1996. In addition, the City has agreed to a postponement of claims against the Ontario Soccer Association. Consenting to continue with these two provisions means that the City would continue to

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have a contingent liability for the amount of the credit facility and that it would continue to forego revenues from the revenue sharing provisions of the its agreement with the Ontario Soccer Association. As no revenues have been budgeted, there is no impact from continuing with this provision.

**Communications Plan**

A formal communications plan is not needed.

**Purpose**

The purpose of this report is to seek Council's approval to proceed to reaffirm the City's postponement of claim and guarantee up to \$5 million for the Ontario Soccer Association's (OSA) second amended and restated credit agreement with the CIBC which will allow the OSA to secure the necessary financing to complete Phase One of its facility renovation and stadium build.

**Background - Analysis and Options**

On Thursday, January 8, 2015, the Director, Parks Development and Executive Director, met with Mr. Ron Smale, OSA, and Mr. Johnny Misley, OSA Executive Director, with representatives from Maple Leaf Sports + Entertainment (MLSE) to further discuss the OSA Phase One and Two Capital Development Project. MLSE identified its timing and announcements for the Toronto FC2 professional soccer team who has committed to permitting the new stadium field at the OSC for its home games, contingent on the OSC completing its facility renovations no later than July 2015.

The Phase One component of the Project is currently proposed to include:

- Lifecycle replacement of the existing outdoor artificial turf field
- Lifecycle replacement and expansion of existing perimeter fencing
- Removal and expansion of existing spectator seating to a capacity of 2,000 seats
- Alterations to the current Press Box.
- Driveway repair and re-paving
- Partial parking lot repair and re-paving where required

**Ownership of the Soccer Lands**

The City has a long term lease from the Province and Sublease to OSA. The lands are owned by the Province and subject to a lease with the City until 2039. The OSA entered into a sub-lease agreement for the OSC lands with the City of Vaughan on June 20, 1996 for a 43 year term (expiring June 30, 2039). The current capital project to build a soccer stadium is in line with section 2 and section 3 b) of the original sublease.

Staff identified that the Phase One Capital Project conformed to the sub-lease agreement original concept plan. Therefore, in consultation with Legal Services it was determined that an amendment of the sub-lease to undertake the proposed capital project was not required. Staff advised Infrastructure Ontario (representing the Province as Landlord), who also agreed the proposal is in accordance with the sub lease.

In addition, Staff reviewed with OSA the building and planning process and requirements for necessary permits. It was agreed by all parties that the emphasis was needed on completing the Phase One Project to meet the July 1, 2015 first home field date.

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In January 2015, the OSA indicated to the City that it had secured all financing required for the completion of the work associated with its Phase One project. At that time, the Phase One capital costs were estimated to be \$5,000,000. Furthermore, the OSA confirmed at that time it would not be requesting a contribution from the City to fund the capital costs.

In order to help finance the capital costs, the OSA renegotiated its credit facility with its lender, CIBC. As part of an amended and restated credit agreement, the OSA will re-borrow the funds repaid to date against its \$5 million credit facility. The amount of funds to be drawn down is \$3,835,849. The terms and conditions of the credit facility are substantially unchanged except that the interest rate has been reduced from 5.85% to 3.2%. In order to fully execute the renegotiated agreement, the CIBC has requested that the City to reaffirm its guarantee and postponement of claim.

The original credit agreement between the OSA and CIBC was executed in 1996 with the City as a guarantor. Since that time, the original agreement has been amended and the City has continued to be a guarantor.

The current balance on the credit facility is approximately \$1.2 million and has always been in good standing. In addition to the guarantee, Vaughan has signed a postponement of claim, meaning that any monies owed to Vaughan under its agreement with the OSA will not be remitted to the City of Vaughan while there is a balance outstanding to the CIBC. At this time, there are no monies owed to the City of Vaughan.

In order to complete the proposed Phase One project, the OSA proposed to draw down the available credit facility back up to \$5 million. The revised proposed credit terms between the OSA and the CIBC will see the OSA's interest charges reduced from 5.85% to 3.2%. In order to execute the revised credit agreement, CIBC has asked to have the City of Vaughan confirm its continued agreement to the guarantee and postponement of claim.

Should the OSA default on their credit agreement with CIBC, the guarantee could be called. This is a contingent liability for the City of Vaughan. However, based on staff's review and the credit record of the OSA, the risk of a default is assessed as being low.

**Relationship to Vaughan Vision 2020/Strategic Plan**

This project encompasses the Vaughan Vision of being a city of choice that promotes diversity, innovation and opportunity for all citizens, fostering a vibrant community life that is inclusive, progressive, environmentally responsible and sustainable.

In consideration of the strategic priorities related to Vaughan Vision 20|20, the project will provide STRATEGIC GOAL: Service Excellence – Providing service excellence to citizens and to Preserve our Heritage and Support Diversity, Arts & Culture

STRATEGIC OBJECTIVES: Pursue Excellence in Service Delivery and Enhance and Ensure Community Safety, Health and Wellness – To deliver high quality services and to promote health and wellness through design and program.

**Regional Implications**

None

**Conclusion**

A stadium has significant features and assets that will enable the large soccer community in Vaughan to host high-caliber competitive and training programs and this facility will provide significant opportunity to increase City pride and exposure, boost economic growth and deliver a multi-use facility

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to accommodate a variety of active living (sport and recreation) and arts and culture events. Staff recommend that Council support the Ontario Soccer Centre by consenting to the continuing guarantee of the OSA's capital loan.

**Attachments**

N/A

**Report prepared by:**

Tim Simmonds, Executive Director, Office of the City Manager

**ONTARIO SOCCER ASSOCIATION  
PHASE ONE FACILITY RENOVATION AND STADIUM BUILD FINANCING AGREEMENT  
WARD 2**

**Recommendation**

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### **Regional Implications**

None

### **Conclusion**

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### **Attachments**

N/A

### **Report prepared by:**

Tim Simmonds, Executive Director, Office of the City Manager

Respectfully submitted,

Tim Simmonds