

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 27, 2017

Item 7, Report No. 7, of the Finance, Administration and Audit Committee, which was adopted, as amended, by the Council of the City of Vaughan on June 27, 2017, as follows:

By receiving Communication C28 from the Chief Corporate Initiatives and Intergovernmental Relations, dated June 26, 2017.

**7 ONTARIO SOCCER ASSOCIATION (OSA) AND SOCCER CENTRE ONTARIO (OSC)
 PROPOSED AMALGAMATION
 WARD 2**

The Finance, Administration and Audit Committee recommends:

- 1) That the following report of the Chief Corporate Initiatives and Intergovernmental Relations, dated June 19, 2017, be received;**
- 2) That the confidential recommendation of the Finance, Administration and Audit Committee (Closed Session) meeting of June 19, 2017, be approved; and**
- 3) That the following Communications be received:**
 - C2. Confidential memorandum from the Deputy City Manager, Legal and Human Resources, the Chief Corporate Initiatives and Intergovernmental Relations and the Chief Financial Officer and City Treasurer, dated June 16, 2017;**
 - C3. Mr. Tony Barbieri, President, York Region Soccer Association, Bradwick Drive, Concord, dated June 19, 2017;**
 - C4. Mr. James Barnes, President of the Scarborough Soccer Association, Fairfax Crescent Scarborough, dated June 18, 2017; and**
 - C7. Mr. Brian Mason, Eastern Ontario District Soccer Association, Morrison Drive, Ottawa, dated June 17, 2017.**

Recommendation

The Chief Corporate Initiatives and Intergovernmental Relations, in consultation with the Deputy City Manager Legal and Human Resources and Chief Financial Officer and City Treasurer, recommends:

- 1. That Council endorse the two City appointed OSC Board Members voting to support, in principle, the proposed legal amalgamation of the Ontario Soccer Association and Soccer Centre (Ontario) at the Special General Meeting of the OSC on June 24, 2017 subject to the City's Deputy City Manager, Legal and Human Resources and Chief Financial Officer and City Treasurer review of the final Draft Articles of Amalgamation and CIBC written formal approval of the amalgamation and that the City is able to appoint two members to the amalgamated organizations Facilities Management Committee;**
- 2. That Staff be delegated authority to negotiate and update the sublease for the lands at 7601 Martin Grove Road, Vaughan to better align with the proposed amalgamation including a requirement that the amalgamation organization provide the City with quarterly unaudited operating and capital financial reports and annual audited financial statements and report back to Council prior to finalizing the agreements; and;**
- 3. That Council ratify its decision.**

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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. The Soccer Centre has significant features and assets that will continue to enable the large soccer community in Vaughan to host high-caliber competitive and training programs, this facility provides significant opportunity to increase City pride and exposure, boost economic growth and deliver a multi-use facility that works in concert with our Active Together Master Plan.

Economic Impact

The City of Vaughan has been the guarantor of the OSC's \$5 million credit facility with CIBC since 1996. In addition, the City has agreed to a postponement of claims against the Ontario Soccer Association, meaning that any money owed to the City under an agreement with OSA and OSC will not be remitted while there is an outstanding balance on the credit facility. Consenting to the proposed amalgamation means that the City would continue to 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 its sub-lease agreement with the OSA and OSC.

The cost associated with completing the due diligence assignment was \$30,000 plus HST and was funded through the 2017 Operating Budget.

Communications Plan

A formal communications plan is not needed.

Purpose

The purpose of this report is to provide Council with the results of the Financial Risk Assessment of the Proposed Amalgamation of The Ontario Soccer Centre and The Ontario Soccer Association pursuant to direction from Council received: Item 4, Report No. 2, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on February 21, 2017. And to seek Council endorsement of the two City representatives voting for the proposed amalgamation.

Staff are also seeking for Council to ratify the Committee's decision as the OSC and OSA will be holding a Special General Meeting on June 24, 2017 to consider the proposed amalgamation which is prior to the next Council meeting.

Background - Analysis and Options

Given that the City has contractual agreements in place with the OSC and acts as a guarantor for the loan between CIBC and the OSC, Staff considered the potential impact of the Proposal on the financial interest of the City and presented those findings to Council [Item 4, Report No. 2, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on February 21, 2017.] as to ascertain a coordinated direction for the two City appointed Board Members.

A confidential Communication from the Deputy City Manager, Legal and Human Resources will also be provided for this meeting in respect of this matter.

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The City is the guarantor of the OSC's \$5.0M credit facility with the CIBC, a credit facility obtained by the OSC to construct and update the soccer center on lands subleased by the City to OSC, at 7601 Martin Grove Road, Vaughan, Ontario ("Facility"). Also the City has agreed to postpone any claim against the OSC in favor of the CIBC.

The OSA and OSC are two separate not for profit organizations both operating from the Facility. Both organizations have their own Board of Directors ("BOD") and are each responsible for their own operations. The City currently has two representatives on the BOD of the OSC. The organizations wish to amalgamate to reduce costs, improve efficiencies and enhance the "soccer experience" for those using the Facility.

The City, through its procurement process, retained Fazzari + Partners ("the Firm") to conduct a due diligence review of the proposed amalgamation for purposes of assessing whether the proposed amalgamation presents any greater risk to the City from a financial perspective ("Review").

To conduct the review, the Firm reviewed documents made available to it from the various related parties including the City, OSA, OSC, CIBC and any other organizations/companies or individuals that were able to provide the Firm with information to undertake the review.

As part of the review the Firm also conducted interviews with individuals it deemed necessary to interview.

Staff recommend that the City be able to appoint two members to the proposed Facilities Management Committee (FMC) to ensure that recreation service levels and operations and maintenance obligations continue to the satisfaction of the City under the proposed amalgamation.

The FMC would be responsible for the Soccer Centre. The FMC would support and assist the Facility Manager of the Soccer Centre by providing advice and recommendations related to the strategic business, maintenance and operations of the Soccer Centre. The FMC would also perform the following key responsibilities:

- Provide consultation on annual department operational plans
- Provide consultation on facility business plans, revenue development, marketing, promotions
- Provide consultation on alternative/innovative revenue development projects
- Provide consultation on capital improvement plans
- Provide consultation on new proposed facility rental rates

The committee is proposed to have a maximum of eight (8) individuals as follows:

- Facility Manager, Soccer Centre
- City of Vaughan (x2)
- Executive Director, Ontario Soccer Association
- Director, Business Operations, Ontario Soccer Association
- Manager, Business Development, Soccer Centre
- Independent (x2)

As the "OSA is obligated to ensure that the OSC performs all obligations and observes and performs all covenants" in the sub-lease, the proposed OSA amalgamation and the creation of a skills-based Board and Facility Management Committee will continue to ensure that Centre is operated and maintained in accordance with the current agreement and future amended agreements.

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Relationship to Term of Council Service Excellence Strategy Map (2014-2018)

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 Term of Council Service Excellence Strategy Map the Soccer Centre and ensuring its ongoing operations can be associated with the following priorities:

- T06 Invest, renew and manage infrastructure and assets
- T07 Continue to ensure the safety and well being of citizens
- T13 Support and promote arts, culture, heritage and sports in the community

Regional Implications

None

Conclusion

Given that the City has had contractual agreements in place with the OSA/OSC since 1996 and acts as a guarantor for the loan between CIBC and the OSA/OSC, Staff have considered the potential impact of the OSA proposal to amalgamate the two organizations and conclude that the proposed amalgamation would not produce greater financial risk for the City.

Attachments

Not Applicable

Report prepared by:

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