

Subject: FW: Vitanova Shelters Correspondence, Re: Report 10 Item 8 Development Charges Request for Deferral - Vitanova Foundation

Importance: High

c <u>7</u>
Communication
COUNCIL: <u>Nov 21/17</u>
FAA Rpt. No. <u>10</u> Item <u>8</u>

From: Richard Lorello [mailto:rlorello@rogers.com]

Sent: Tuesday, November 21, 2017 7:03 AM

To: Bevilacqua, Maurizio <Maurizio.Bevilacqua@vaughan.ca>; lafrate, Marilyn <Marilyn.lafrate@vaughan.ca>; Carella, Tony <Tony.Carella@vaughan.ca>; DeFrancesca, Rosanna <Rosanna.DeFrancesca@vaughan.ca>; Racco, Sandra <Sandra.Racco@vaughan.ca>; Shefman, Alan <Alan.Shefman@vaughan.ca>; Ferri, Mario <Mario.Ferri@vaughan.ca>; Rosati, Gino <Gino.Rosati@vaughan.ca>; Singh, Sunder <Sunder.Singh@vaughan.ca>

Cc: Kostopoulos, Daniel <Daniel.Kostopoulos@vaughan.ca>; Craig, Suzanne <Suzanne.Craig@vaughan.ca>; McEwan, Barbara <Barbara.McEwan@vaughan.ca>; Noor Javed <njaved@thestar.ca>; Tim Kelly <tkelly@yrmg.com>

Subject: Vitanova Shelters Correspondence, Re: Report 10 Item 8 Development Charges Request for Deferral - Vitanova Foundation

Good morning Ms. McEwan

Please post this correspondence with respect to the item in the subject matter for November 21 1pm Council meeting.

Good morning Mayor and Members of Council

I have reviewed the correspondence submitted by Mr. Federico, who wrote in his capacity of Chair of Vitanova Foundation and as a director of Vitanova Shelter's Corporation. As a matter of public record, Councillor Carella is also listed as a director and secretary of Vitanova Shelters Corporation. See Mr. Federico correspondence in the link below.

https://www.vaughan.ca/council/minutes_agendas/Communications/CL1121_17_C2.pdf

While I appreciate Mr. Federico's response, I believe that he could have been more forthcoming with more detailed financial information such as income statements and financial expenses showing exactly the monthly lease payment paid by Vitanova Foundation to Vitanova Shelters Corporation or whether or not, for example, Councillor Carella spouse draws any form of compensation from Vitanova Foundation. Mr. Federico states that Vitanova Shelters Corporation is a not-for-profit corporation. This could have be easily verified by Mr. Federico if he would have provided a profit / loss financial statement for Vitanova Shelters Corporation which would reflect Vitanova Shelters Corporation financial position.

As you are aware, Vitanova Foundation raises funds in part, through events hosted and organized by land development corporations and/or general contractors. Several members of council past and present have attended those same events. Those same land development corporations and/or general contractors have come before past terms and the current term of Vaughan Council seeking approval for their development applications and Councillor Carella has participated in at least some of those meetings.

Unfortunately Mr. Federico's correspondence does not address the fundamental issue of concern. The fundamental issue of concern that I and others have, is with the position this puts Councillor Carella in and his objectivity, specifically with the appearance of potential conflict of interest when he participates or votes on those development applications where the applicants have raised or are raising funds for Vitanova Foundations. That said, I am asking Vaughan Council in cooperation with the Vaughan Integrity Commissioner's office to address this concern.

Nevertheless Mr. Federico's correspondence confirms the following;

1. Vitanova Shelters Corporation is the property owner of 6299 Rutherford Road where Vitanova Foundation operates
2. There is and has for some time, existed a landlord / tenant relationship between Vitanova Shelters Corporation Vitanova Foundation.
3. Vitanova Foundation pays an undisclosed amount of monthly rent / lease to Vitanova Shelters Corporation
4. Vitanova Foundation's rent / lease payments to Vitanova Shelter Corporation are recorded by Vitanova Foundation's auditors in their CRA annual financial statements as part of the Foundation's overall occupancy costs. Albeit, the specific dollar amounts for lease payments were not provided.

Vitanova Foundation's online CRA financial filings confirm that occupancy costs were recorded as follows.

1. \$267,262 for year end 2016
2. \$248,984 for year end 2015
3. \$256,227 for year end 2014
4. \$232,220 for year end 2013
5. \$242,707 for year end 2012

Are we to assume that all or part of the occupancy costs filed by Vitanova Foundation to the CRA are in fact payments to Vitanova Shelters Corporation in the form of lease payments and / or management / administration fees?

Similar to the action taken by Councillor Ferri on a matter to do with his son, I would also request that a legal opinion be obtained by Councillor Carella or by the Integrity Commissioner's Office through the Ontario Superior Court of Justice on whether or not there is an issue with Councillor Carella's role and position with Vitanova Shelters Corporation. The primary issue of concern, is whether Councillor Carella has a deemed pecuniary interest under the MCIA which may preclude him from participating in matters in which land development applicants who host, organize or raise funds for Vitanova Foundation, who in turn pays occupancy costs to Vitanova Shelters Corporation where Councillor Carella is a director and secretary are relevant, or whether this deemed pecuniary interest is "so remote or insignificant" that it is exempted under s.4(k) of the MCIA.

Should Councillor Carella decline or refuse to seek the opinion / advice of the Ontario Superior Court of Justice, I would ask that the Integrity Commissioner's Office consider seeking the same.

This would help to alleviate any concern. See Canlii link of similar action taken by Councillor Ferri below.

<https://www.canlii.org/en/on/onsc/doc/2015/2015onsc4047/2015onsc4047.html?searchUrlHash=AAA-AAQAFZmVycmkAAAAAAQ&resultIndex=62>

I therefore request that Council defer its decision to grant Vitanova Shelters Corporation the requested deferral of the development charges, pending a review of more detailed financial information of Vitanova Shelters Corporation and an opinion from the Ontario Superior Court of Justice.

Sincerely
Richard T. Lorello