

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.**

CITY OF VAUGHAN

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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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EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 27, 2017

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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.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 27, 2017

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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:

Tim Simmonds, Chief Corporate Initiatives and Intergovernmental Relations, ext. 8427



c 28
Communication
COUNCIL: June 27/17
FAA Rpt. No. 7 Item 7

DATE: June 26, 2017

TO: Hon. Mayor and Members of Council

FROM: Tim Simmonds, Chief Corporate Initiatives and Intergovernmental Relations

RE: **COMMUNICATION – FINANCE, ADMINISTRATION AND AUDIT COMMITTEE, JUNE 19, 2017, ONTARIO SOCCER ASSOCIATION (OSA) AND SOCCER CENTRE ONTARIO (OSC) PROPOSED AMALGAMATION WARD 2**

On Saturday, June 24, 2017 the Ontario Soccer Centre Membership at a Special General Meeting did not support the motion to proceed with the proposed amalgamation of the Ontario Soccer Centre with Ontario Soccer Association.

The proposal required 2/3 of the membership to support the motion. 26 members voted. 17 were in favour of the motion and nine were not. The motion failed by one vote. Neither City member voted on the motion.

On Sunday, June 25, 2017 the Ontario Soccer Association voted to re-elect Ron Smale as President, for a fifth term. In addition, the Association elected a new Executive. This impacts the Ontario Soccer Centre as the Executive members have a dual responsibility and sit as members of the Ontario Soccer Centre.

The Ontario Soccer Centre Board will hold its next meeting in September at which time the board-elect will be formalized. The board-elect are;

Current Members

Ron Smale, President Ontario Soccer Association
Peter Augruso (Chair-Elect)
Michael Saniga
Johnny Misley, Ex. Dir. OSC
Tony Carella (City Representative)
Tim Simmonds (City Representative)

New Members

Brenda Brown
Leslee Bax
Vince Mazza
John Tzanis

Staff will continue to monitor and provide updates as necessary.

Sincerely,

Tim Simmonds
Chief Corporate Initiatives and Intergovernmental Relations



C3
Communication
FAA - June 19/17
Item #7

June 19, 2017

Mayor and Members of Council
City of Vaughan
2141 Major Mackenzie Drive
Vaughan, ON L6A 1T1

Dear Mayor and Members of Council:

Re: Finance, Administration and Audit Committee, June 19, 2017, Agenda Item 7, Ontario Soccer Association (OSA) and Soccer Centre Ontario (OSC) Proposed Amalgamation, Ward 2

I am writing in my capacity as president of the York Region Soccer Association--- the organization which represents nineteen soccer clubs from Steeles Avenue to Lake Simcoe, with a combined membership of 52,000 players. Five of our member clubs (Kleinburg-Nobleton, Glen Shields, Vaughan, Woodbridge, and Woodbridge Italia) are based in Vaughan with a combined membership of approximately 16,000 or 30% of our total.

At a meeting convened to discuss this issue the direction was unanimous to vehemently oppose the amalgamation of the Ontario Soccer Association and the Soccer Centre (Ontario), otherwise known as the OSC.

In our view, the arrangement that has been in place for over twenty years (whereby the OSC facility is controlled by a separate corporation on whose board the City of Vaughan has two representatives) has served the interests of the people of Vaughan well. To replace that arrangement with a so-called Facility Management Committee, whose sole responsibility would be to "provide consultation" in a number of areas, does not constitute sufficient local control of the Soccer Centre.

Any why is that important? Let me remind you that:

1. Since 1996, the taxpayers of the City of Vaughan have been the guarantors of the loan that permitted the creation of the Centre, and of the re-negotiated loan that supports its continued operation. In short, the local community has been the back-stop for the Centre for more than two decades.
2. The Centre is located on provincial lands that are leased to the City of Vaughan and subleased in turn to the Soccer Centre. The transfer of the sub-lease to a separate corporation on whose board the City will have no representation is a step backward in terms of local input on the operation of the Centre.
3. The five Vaughan clubs, taken together, are the greatest single users of the facility---over 25% of the permitted time. In addition, other clubs, based in or outside Vaughan, but with the bulk of their members being Vaughan residents, use about 40% of the permitted time.

The proposed amalgamation will reduce the say of the local community---the people who guarantee the loan and pay the bulk of the fees that constitute the Centre's principal revenue stream.

Reducing their say in the operation of the Centre is not acceptable.

We strongly advise that you vote against adoption of the recommendations contained in this report, and leave the operation of the facility in the hands of an un-amalgamated Soccer Centre (Ontario).

Sincerely yours,



Tony Barbieri
President
York Region Soccer Association

C4
Communication
FAA - June 19/17
Item #7

THE SCARBOROUGH SOCCER ASSOCIATION
45 Fairfax Crescent, Scarborough, Ontario. M1L 3Z6
Phone: 416-285-8002 E-mail ssasoccer@rogers.com

Sunday, June-18-17

Dear Mr. Carella,

I am writing in support of the York Region Soccer Association which has taken a position against the proposed amalgamation of the Ontario Soccer Centre with the Ontario Soccer Association. The City of Vaughan has been most generous and supportive of the game of soccer in the province of Ontario. As president of the Scarborough Soccer Association (13,000 members from 12 clubs) I can express the thanks of our Association for the leading role you have played in enabling the Ontario Soccer Centre to be built on land leased to the Provincial Association at no cost. We fully appreciate your generous lease agreement as Scarborough has a similar arrangement with the City of Toronto as it pertains to the Scarborough Soccer Centre. We have been tenants for 18 years and work closely with the City in making the Centre available to various community groups as well as in the maintenance and upkeep of the facility.

There has been no discussion or debate of this present proposal you are being asked to consider with the collective Board of Ontario Soccer. There has been no due diligence exerted in this matter and as a Board member of the OSA I have no idea as to whether or not this is or is not a good plan moving forward. We have been told that we are looking at twenty million dollars in expenses in the next ten years just in regular maintenance fees and age related repairs to the facility. This is only one liability the provincial body faces as it struggles financially. I would think that the City of Vaughan would want to continue to have a decisive say in the future of this facility and how it is run. The City currently has this as well as a provision that the Centre be made available to local clubs at a reduced rate. This requirement makes perfect sense not only to the citizens of Vaughan but also to soccer interests around the province. This is a facility located in the City of Vaughan and which currently has members of the City serving on its Board, and a facility that happens to sit on land leased to it by the City.

While the report that you are privy to may state that the risk factors to the City, as far as its partnership in this venture is concerned, are no greater in either scenario, I sense that your present position on the current board of the Centre (which operates as an entity outside of the OSA) would end. I don't think this would sit well with the tax base in Vaughan which would lose its voice at the table and perhaps its current access to the facility.

I humbly suggest that you defer this decision until more information is provided on all aspects of the amalgamation and until the OSA Board has been given sufficient time to examine the proposal and discuss it freely and fully. There is no rush for a decision as the Centre has operated under the current Board for many years and will continue to do so. A vote to defer would enable both sides to fully examine the benefits of the new proposal as opposed to those that currently exist with the present model.

Thank you for your kind attention to this matter. Have a great week. God bless.

Jim Barnes, President of the Scarborough Soccer Association.

Subject:

FW: Soccer Centre Amalgamation.

C7
Communication
FAA - June 19/17
Item #7

Begin forwarded message:

From: "Bevilacqua, Maurizio" <Maurizio.Bevilacqua@vaughan.ca>
To: "Maurizio" <mbevilacqua@rogers.com>
Cc: "McEwan, Barbara" <Barbara.McEwan@vaughan.ca>
Subject: FW: Soccer Centre Amalgamation.

From: Brian Mason [<mailto:president@eodsa.ca>]
Sent: Saturday, June 17, 2017 8:29 PM
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>; alan.sheffman@vaughan.ca; Ferri, Mario <Mario.Ferri@vaughan.ca>; Rosati, Gino <Gino.Rosati@vaughan.ca>
Cc: Tony Barbieri <[REDACTED]>
Subject: Fwd: Soccer Centre Amalgamation.

Mayor and City Councillors of Vaughan,

The Eastern Ontario District Soccer Association (EODSA) supports York Region Soccer Association's position as stated in the letter attached below.

The EODSA is a member district of Ontario Soccer representing approximately 45,000 members in over 60 soccer clubs in the Ottawa area.

If you have any questions or concerns, please contact me at this email address or the cell phone number below.

Kind Regards,

--

Brian Mason

Eastern Ontario District Soccer Association (EODSA)

Follow the EODSA on LinkedIn

president@eodsa.ca
(613) 233-6561 office
(613) 299-8544 cell

Suite 303
1150 Morrison Dr.
Ottawa, Ontario
K2H 8S9

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Thank you.

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Merci.



June 19, 2017

Mayor and Members of Council
City of Vaughan
2141 Major Mackenzie Drive
Vaughan, ON L6A 1T1

Dear Mayor and Members of Council:

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At a meeting convened to discuss this issue the direction was unanimous to vehemently oppose the amalgamation of the Ontario Soccer Association and the Soccer Centre (Ontario), otherwise known as the OSC.

In our view, the arrangement that has been in place for over twenty years (whereby the OSC facility is controlled by a separate corporation on whose board the City of Vaughan has two representatives) has served the interests of the people of Vaughan well. To replace that arrangement with a so-called Facility Management Committee, whose sole responsibility would be to "provide consultation" in a number of areas, does not constitute sufficient local control of the Soccer Centre.

101 Bradwick Drive . Concord, ON . L4K 1K5

www.yrsa.ca

905.660.3029 (t) 905.660.9832 (f)

Any why is that important? Let me remind you that:

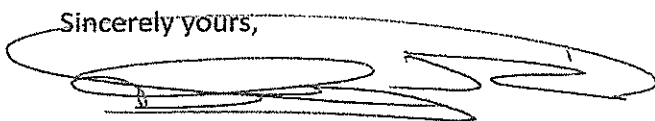
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Reducing their say in the operation of the Centre is not acceptable.

We strongly advise that you vote against adoption of the recommendations contained in this report, and leave the operation of the facility in the hands of an un-amalgamated Soccer Centre (Ontario).

Sincerely yours,



Tony Barbieri
President
York Region Soccer Association

**ONTARIO SOCCER ASSOCIATION (OSA) AND SOCCER CENTRE ONTARIO (OSC)
PROPOSED AMALGAMATION
WARD 2****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;
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Contribution to Sustainability

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Communications Plan

A formal communications plan is not needed.

Purpose

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Regional Implications

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Conclusion

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Attachments

Not Applicable

Report prepared by:

Tim Simmonds, Chief Corporate Initiatives and Intergovernmental Relations, ext. 8427

Respectfully submitted,

Tim Simmonds
Chief Corporate Initiatives and Intergovernmental Relations