



**STAFF REPORT
ACTION REQUIRED**
with Confidential Attachment

**Lakeshore Arena Corporation - Annual General Meeting
and Audited Annual Financial Statements 2012**

Date:	April 25, 2013
To:	Executive Committee
From:	City Manager
Wards:	City-wide
Reason for Confidential Information:	This report includes information pertaining to matters about identifiable individuals employed by a City agency.
Reference Number:	

SUMMARY

This report recommends the actions necessary to comply with the requirements of the *Business Corporations Act* (Ontario) for holding the 2012 Annual General Meeting of the shareholder of Lakeshore Arena Corporation including receipt of the Audited Financial Statements, transmittal of the 2012 Annual Report and confirmation of appointment of the auditor for 2013. This report also transmits the confidential disclosure of executive compensation paid by the corporation in 2012.

RECOMMENDATIONS

The City Manager recommends that City Council:

1. Treat the Council meeting at which this report is considered as the 2012 Annual General Meeting of the Shareholder for Lakeshore Arena Corporation by:
 - a. receiving the 2012 Audited Financial Statements of Lakeshore Arena Corporation, attached as Attachment 1 to this report;

- b. appointing Hilborn LLP Chartered Accountants as the Auditor of Lakeshore Arena Corporation for fiscal year 2013; and
 - c. receiving Lakeshore Arena Corporation's 2012 Annual Report attached as Attachment 2 to this report.
2. Forward a copy of the Lakeshore Arena Corporation 2012 Audited Annual Financial Statements, in Attachment 1 to this report, to the Audit Committee for information.
3. Receive the information in Confidential Attachment 3 concerning executive compensation disclosure.
4. Direct that the contents of Confidential Attachment 3 to this report from Lakeshore Arena Corporation be kept confidential in their entirety after the consideration of this report by Council for reasons of personal information about identified individuals.

Financial Impact

The Lakeshore Arena Corporation exceeded its budgeted revenue estimate for 2012 of \$4,187,117 with revenues of \$4,411,421. Expenditures were \$4,989,443, much less than the budgeted expenditures of \$6,093,395. The largest expenditure was the \$1,529,494 in interest paid to the retirement of the Corporation's long term debt of \$41,334,084. Amortization of capital assets was \$952,380, a significant reduction from the budgeted amount of \$2,073,612. This reduction was due to a shift from a declining balance to a straight line depreciation method used to value depreciated capital assets. The resulting operating deficiency for the year was \$578,022 which was significantly less than the budgeted deficiency of \$1,906,277.

The Deputy City Manager and Chief Financial Officer has reviewed this report and concurs with the financial impact information.

DECISION HISTORY

Lakeshore Arena Corporation is incorporated under the *Ontario Business Corporations Act* (OBCA). The City is the sole shareholder. The City of Toronto established the Lakeshore Arena Corporation effective July 19, 2011 to transition the management of Lakeshore Arena to the City from the Lakeshore Lions Club which had managed the facility upon the opening of the facility in September 2009. While the Toronto District School board owns the arena lands the City, through the Corporation, owns the arena complex building and related facilities. The mandate of Lakeshore Arena Corporation is to operate the arena complex. A staff report (EX28.4) which recommended a competitive process to sell, lease or manage the complex was considered by City Council at its February 2013 meeting. The report was received for information.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX28.4>

ISSUE BACKGROUND

This is Lakeshore Arena Corporation's second Annual General Meeting and represents the first full year of financial reporting for the period of January 1, 2012 to December 31, 2012.

COMMENTS

The 2012 audited Financial Statements in Attachment 1 show revenues of \$4,411,421 and an operating deficit for 2012 of \$578,022. Salaries and expenditures for corporation were \$995,098.

At December 31, 2012 the Corporation stated tangible capital assets of \$38,835,826 comprised of the building complex and its related equipment.

The 2012 Annual Report in Attachment 2 of this report indicates that in its first full financial year of operation the Lakeshore Arena Corporation achieved several key accomplishments including:

- Settlement of over \$500,000 of legacy accounts payable to vendors and service providers inherited from the former arena operator;
- Settlement of all legal claims against the corporation arising from claims against the former operator;
- A reduction of the capital debt associated with the arena complex by \$370,000;
- An increase in utilization of non-prime time ice; and
- A net income deficiency of \$578,000 well below the budgeted amount of \$1.9 million.

For 2013 the Corporation is committed to improving the facility by continuing to strengthen customer service relationships with tenants, permit holders and the general public. Marketing of the facility as a premier location for tournaments will continue. The second floor of the facility will be finished as a new restaurant and a sports development facility.

The protection of individual privacy is required by the *Municipal Freedom of Information and Protection of Privacy Act (MFIPPA)*. Specific compensation data of individual executives is private information under *MFIPPA*. Confidential Attachment 3 of this report provides for the 2012 salary disclosure of executives at Lakeshore Arena Corporation. Confidential Attachment 3 may not be discussed in public and must be kept confidential in its entirety after consideration of this report by Council for reasons of personal information about identified individuals.

CONTACTS

Peter Notaro, Strategic and Corporate Policy Division

Tel: 416-392-8066; Fax: 416-696-3645; E-mail: pnotaro@toronto.ca

Lance Alexander, Strategic and Corporate Policy Division

Tel: 416-397-4625; Fax: 416-696-3645; E-mail: lalexand@toronto.ca

SIGNATURE

Joseph P. Pennachetti
City Manager

ATTACHMENTS

Attachment 1: Lakeshore Arena Corporation 2012 Audited Financial Statements

Attachment 2: Lakeshore Arena Corporation 2012 Annual Report

Confidential Attachment 3: 2012 Executive Compensation Disclosure