



**STAFF REPORT
ACTION REQUIRED
with Confidential Attachment**

**Lakeshore Arena Corporation - Annual General Meeting
and Audited Annual Financial Statements 2013**

Date:	May 12, 2014
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 2013 Annual General Meeting of the shareholder of Lakeshore Arena Corporation (the Corporation) including receipt of the Audited Financial Statements, transmittal of the 2013 Annual Report and confirmation of appointment of the auditor for 2014. This report also transmits the confidential disclosure of executive compensation paid by the Corporation in 2013. Furthermore, this report, as a special shareholder matter, recommends that City Council reappoint the senior City staff on the board and authorize the recruitment of new tenant and citizen members to the board.

RECOMMENDATIONS

The City Manager recommends:

1. City Council treat the portion of Council meeting at which this report is considered as the 2013 Annual General Meeting of the Shareholder for Lakeshore Arena Corporation by:

- a. receiving the 2013 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 2014; and
 - c. receiving Lakeshore Arena Corporation's 2013 Annual Report attached as Attachment 2 to this report.
2. City Council direct the City Clerk to forward a copy of the Lakeshore Arena Corporation 2013 Audited Annual Financial Statements, in Attachment 1 to this report, to the Audit Committee for information.
3. City Council receive the information in Confidential Attachment 3 concerning executive compensation disclosure and that it be kept confidential in its entirety after the consideration of this report by Council for reasons of personal information about identified individuals.

Financial Impact

The Lakeshore Arena Corporation reported an operating deficiency of \$0.098 million which represented an unfavourable variance of \$0.051 million or 110.9% compared to the 2013 Operating Budget of \$0.046 million. The 2013 net operating deficiency was reduced by \$0.480 million or 83% from \$0.578 million in 2012 to \$0.097 million in 2013. The operating variance is primarily attributed to over-spending of \$0.383 million or 7.9% in Salaries and Benefits, Building and Equipment Maintenance, and utilities; and revenues of \$5.146 million which exceeded its budget of \$4.814 million by \$0.332 million or 6.9% due to the hosting of the "Battle of the Blades".

As of December 31, 2013, Lakeshore Arena Corporation had long-term debt of \$40.937 million, consisting of external debt of \$38.937 million and City debt of \$2.0 million. The three variable rate loan facilities totalling \$18.692 million as at December 31, 2013 will mature on September 30, 2014 at which time the City will provide the Lakeshore Arena Corporation a short term interest-only loan to discharge the three facilities. A subsequent report to Council is expected in 2015 to discuss re-financing of the long-term debt as well as future governance of the arenas.

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.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX7.1>

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>

ISSUES/BACKGROUND

Lakeshore Arena Corporation began operations in the fall of 2011. The mandate of the Corporation is to act as the manager/operator of the Lakeshore Arena complex in order to stabilize the operations. The Corporation Acts in accordance with the Unanimous Shareholder Declaration was approved by City Council on June 6, 2011. Through the disclosure contained in this report the Corporation is meeting its requirements for disclosure of executive compensation information.

COMMENTS

The 2013 audited Financial Statements of Lakeshore Arena Corporation in Attachment 1 show revenues of \$5,146,459 and an operating deficit for 2013 of \$97,919.

At December 31, 2013 the Corporation stated tangible capital assets of \$37,904,372 comprised of the building complex and its related equipment.

The 2013 Annual Report in Attachment 2 of this report indicates that in its second full financial year of operation the Lakeshore Arena Corporation achieved several key accomplishments including:

- Reduction of the net operating deficiency by \$0.480 million or 83% from \$0.578 million in 2012 to \$0.098 million in 2013;
- An increase in revenues of \$0.332 million or 6.9% from \$4.814 million in 2012 to \$5.146 million in 2013;
- A reduction in the total long term debt from \$41.3million to \$40.9 million;
- An increase in non-prime time ice utilization; and
- Commencement of operations for "Journey to Excel" and exploration of other proposals for high performance athletic development.

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 2013 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

Lance Alexander, Strategic and Corporate Policy Division
Tel: 416-397-4625; Fax: 416-696-3645; E-mail: laalexand@toronto.ca

Judy Skinner, Financial Planning Division
Tel: 416-397-4219; Fax: 416-392-3649; E-mail: jskinne1@toronto.ca

SIGNATURE

Joseph P. Pennachetti
City Manager

ATTACHMENTS

Attachment 1: Lakeshore Arena Corporation 2013 Audited Financial Statements
Attachment 2: Lakeshore Arena Corporation 2013 Annual Report
Confidential Attachment 3: 2013 Executive Compensation Disclosure