

Committee of the Whole (2) Report

DATE: Tuesday, September 24, 2019

WARD(S): ALL

**TITLE: TOURISM VAUGHAN CORPORATION (TVC) –
IMPLEMENTATION REPORT**

FROM:

Tim Simmonds, Interim City Manager

Wendy Law, Deputy City Manager, Administrative Services and City Solicitor

Michael Coroneos, Deputy City Manager, Corporate Services and Chief Financial Officer

ACTION: DECISION

Purpose

To provide information and recommendations related to the start-up and implementation of the new Tourism Vaughan Corporation (TVC), namely approval of: TVC Corporate By-law No. 1; Officers to the Board of Directors of TVC; The Corporation of the City of Vaughan Asset Transfer Policy; Memorandum of Agreement between the City of Vaughan and Tourism Vaughan Corporation; and other enabling matters.

Report Highlights

- On January 29, 2019 Council approved the Municipal Accommodation Tax and the creation of the Municipal Services Corporation ('Tourism Vaughan Corporation') to be the tourism promotion entity in Vaughan responsible and accountable for managing 50 per cent of the revenue generated from the municipal accommodation tax that came into effect on April 1, 2019.
- Formally registered as a Non-Share Capital Corporation on May 15, 2019 (having The Corporation of the City of Vaughan as its sole shareholder), Tourism Vaughan Corporation is on-schedule to start on January 1, 2020.
- Council ratification of the recommendations in this report provides the governance, strategic and operations foundation necessary to allow the TVC to conduct the affairs and transactions of the organization in accordance with its mandate and objectives, and applicable laws and regulations.

Recommendations

1. That, Tourism Vaughan Corporation Corporate By-law No. 1 (Attachment 1) be approved, as substantially presented in this report;
2. That, the following individuals be duly appointed to the Board of Directors of the Tourism Vaughan Corporation for the stated positions:
 - i. Tim Simmonds, Chair and President
 - ii. Regional Councillor Gino Rosati, Vice Chair
 - iii. Michael Coroneos, Treasurer
 - iv. Christine Vigneault, Secretary;
3. That, the Corporation of City of Vaughan Asset Transfer Policy 02.C.04 (Attachment 2) be approved, as substantially presented in this report;
4. That, the Mayor and City Clerk be authorized to execute a Memorandum of Agreement (Attachment 3), as substantially presented in this report, between The Corporation of the City of Vaughan and Tourism Vaughan Corporation, subject to the form and content of this agreement being satisfactory to the City Solicitor; and
5. That, the Mayor and City Clerk be authorized to execute operational agreements of mutual interest, as required, between The Corporation of the City of Vaughan and Tourism Vaughan Corporation, subject to the form and content of such agreements being satisfactory to the City Solicitor.

Background

On January 29, 2019 Council approved the Municipal Accommodation Tax (MAT) and the creation of a Municipal Services Corporation (MSC) to be the tourism promotion entity in Vaughan. Staff prepared a business case study for the Municipal Services Corporation that was adopted by Council on April 1, 2019 and proceeded with the legal work to establish the corporation as required by the *Corporations Act* (Ontario), the *Municipal Act, 2001* (Ontario) and the Municipal Services Corporation Regulation under the *Municipal Act, 2001* (Ontario Regulation 599/06).

Previous Reports/Authority

[Council Extract - Municipal Accommodation Tax](#)

[Council Extract - Municipal Services Corporation \(MSC\) - Tourism Promotion Entity in Vaughan](#)

Analysis and Options

In April 2019, the City retained WeirFoulds, a professional legal services firm to assist with the incorporation and organization of the proposed Municipal Services Corporation. The scope of work was as follows:

1. All necessary corporate name searches
2. Filing of Letters Patent or Articles of Incorporation
3. Preparation of Corporate By-law(s) and all other organizing consents and resolutions for the MSC.
4. Preparation of an Agreement between the City of Vaughan (sole voting member) and the MSC addressing issues including: governance structure; anticipated support provided to the MSC by the City; asset transfer policies; ownership, use and maintenance of intellectual property; audit requirements; wind-down provisions and other provisions as may be recommended by external legal counsel and accepted by the City.

Corporate name searches were conducted, and the proposed name: Tourism Vaughan Corporation was available. On May 15, 2019 TVC was incorporated as Municipal Services Corporation with the first directors being Tim Simmonds, Gino Rosati, Michael Coroneos and Dennis Cutajar (Attachment 4).

Further, a corporate by-law (By-law No. 1 as per Attachment 1) was prepared for Tourism Vaughan Corporation, setting out the following:

- Role of City as sole voting member
- Roles and responsibilities of Directors and Officers of the Corporation
- Committees and Advisors
- Procedural matters related to member meetings
- Accounting, audit and record-keeping
- Other matters

Under the provisions of the Municipal Accommodation Tax regulation (*section 400.1 of the Municipal Act, 2001, and Ontario Regulation 435/17*), the City is required to transfer 50 per cent of MAT revenues, less reasonable administrative costs, to TVC for the purposes of Vaughan-focused tourism marketing, promotion and program delivery. In conformity with the City's priority on Good Governance (i.e., public accountability and transparency in all its financial matters), an Asset Transfer Policy 02.C.04 as set out in Attachment 2 provides detailed guidance to the TVC, staff and the public, on the transfer, use and accounting of corporate assets as approved by Council.

A Memorandum of Agreement (Attachment 3) between the City of Vaughan and Tourism Vaughan Corporation has been prepared. The Agreement sets out the relationship

between the City and TVC including: guiding principles of TVC, City's assistance to TVC, financial matters, and requirements for public accountability and reporting.

Next Steps

Following Council's approval of the Memorandum of Agreement, TVC By-law No. 1 and the Asset Transfer Policy, the Chair will call the first public meeting of the Board of Directors for the TVC in early January 2020.

The City is currently in the recruitment process for a Manager of Tourism, Arts and Cultural Development reporting to the Director of Economic and Cultural Development. The Manager will also serve as the Executive Director of the TVC, managing the day-to-day affairs of the Corporation in carrying out its tourism marketing, promotion and program delivery mandate.

Financial Impact

The expenditures for establishing Tourism Vaughan Corporation are funded from revenues collected under the Municipal Accommodation Tax. Future spending arising from TVC will be set out in annual business plans and operating budgets approved by the TVC Board of Directors and adopted by Council.

Broader Regional Impacts/Considerations

Copies of this report will be circulated to the Vaughan Chamber of Commerce, hotel industry stakeholders, and the Central Counties Regional Tourism Organization for their information.

Conclusion

In conclusion, as the sole voting member of the new Tourism Vaughan Corporation, Council has the responsibility to appoint the Board of Directors and approve key enabling documents, as discussed in this report.

With approval of the recommendations in this report, Council will have established a sound foundation for the governance, leadership, management and operations of the new Municipal Service Corporation, called: "Tourism Vaughan Corporation".

For more information, please contact: Dennis Cutajar, Director of Economic and Cultural Development Department, ext. 8274.

Attachments

1. Tourism Vaughan Corporation Corporate By-law No. 1
2. The Corporation of the City of Vaughan Asset Transfer Policy 02.C.04
3. Memorandum of Agreement between the City of Vaughan and Tourism Vaughan Corporation
4. Letters Patent – Tourism Vaughan Corporation dated May 15, 2019

Prepared by

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