



Report to: General Committee

Meeting Date: April 20, 2020

SUBJECT: Destination Markham Corporation Update / Annual General Meeting (AGM) Matters

PREPARED BY: Christina Kakaflikas, Director, Economic Growth,
Culture & Entrepreneurship
Shane Manson, Senior Manager, Revenue & Property Tax
Lisa Riegel, Assistant City Solicitor

RECOMMENDATION:

1. That the report “Destination Markham Corporation Update / Annual General Meeting Matters” be received; and,
2. That the Mayor and City Clerk be authorized to execute an Agreement between the City of Markham and Destination Markham Corporation, substantially in the form attached to the report as “Attachment 1”, subject to the form and content of the agreement being satisfactory to the Chief Administrative Officer and the City Solicitor; and,
3. That Destination Markham Corporation By-Law No. 1, substantially in the form attached to the report as “Attachment 2”, be approved; and,
4. That the following eight (8) individuals be appointed to the Board of Directors of Destination Markham Corporation, to serve as independent Directors for a term of four (4) years: Ms. Aarti Patel, Mr. Chuck Thibeault, Mr. David Miller, Mr. Herman Grad, Mr. Hiren Prabhakar, Ms. Kate Seaver, Mr. Shafik Jiwani, and Ms. Susan Mandryk; and,
5. That the following four (4) members of Council be appointed to the Board of Directors of Destination Markham Corporation, to serve as non-independent Directors for the term of Council: Mayor Frank Scarpitti, Councillor Andrew Keyes, Councillor Amanda Collucci, and Councillor Khalid Usman; and,
6. That KPMG be approved as the auditor for Destination Markham Corporation; and,
7. That the Mayor and City Clerk be authorized to execute operational agreements of mutual interest, as required, between the City of Markham and Destination Markham Corporation, subject to the form and content of such agreements being satisfactory to the Chief Administrative Officer and the City Solicitor; and further,
8. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to provide information and recommendations related to the next phase of the implementation of the new “Destination Markham Corporation”

(DMC), and to obtain Council approval of the following: the Agreement between the City of Markham and DMC; DMC corporate By-Law No. 1; the appointment of Directors to the DMC Board of Directors; and the approval of the auditor for DMC. Approval of the foregoing will provide the governance, strategic and operational foundation necessary to allow DMC to conduct the activities and affairs of the corporation in accordance with its mandate and objectives, and applicable laws and regulations.

BACKGROUND:

In April, 2017 the Province of Ontario passed legislation that provided lower or single tier municipalities in Ontario with the authority to levy a transient accommodations tax (referred to in this report as a Municipal Accommodation Tax “MAT”). The legislation prescribed that at least fifty per cent (50%) of the MAT revenue be allocated to a non-profit entity whose mandate includes the promotion of tourism in Ontario or in a municipality.

In April, 2018, Council approved the implementation of a 4% Municipal Accommodation Tax on all Markham hotels effective January 1, 2019, and requested that Staff report back with a business case for the purpose of creating a non-profit, Municipal Services Corporation (MSC) to operate as the City of Markham’s tourism and destination management organization. In September, 2018, Council approved the business case and authorized Staff to complete the incorporation (with the City Solicitor, Treasurer, and the Director of Economic Growth, Culture & Entrepreneurship being appointed as the initial Directors of the corporation). The incorporation was completed in December 2018. On June 12, 2019, Council approved “Destination Markham Corporation” (“DMC”) as the legal name of the corporation.

Following a recruitment process conducted by Staff and a Nominating Committee of Council, on December 10, 2019, Council:

- approved a DMC Board of Director composition of twelve (12) Directors, comprised of eight (8) individuals to serve as independent Directors, and four (4) members of Council to serve as non-independent Directors;
- endorsed the appointment of the following eight (8) individuals to serve as independent Directors; Ms. Aarti Patel, Mr. Chuck Thibeault, Mr. David Miller, Mr. Herman Grad, Mr. Hiren Prabhakar, Ms. Kate Seaver, Mr. Shafik Jiwani, and Ms. Susan Mandryk; and
- endorsed the appointment of the following four (4) members of Council to serve as the non-independent Directors; Mayor Scarpitti, Councillor Keyes, Councillor Collucci, and Councillor Usman (which appointments were also confirmed by Council on Feb. 25, 2020).

OPTIONS/ DISCUSSION:

The next phase in the establishment of the City’s DMO is to establish the governance, strategic and operations foundation necessary to allow DMC to conduct the activities and

affairs of the corporation in accordance with its mandate and objectives, and applicable laws and regulations.

Legislative Framework

As a non-profit corporation, DMC is subject to the legislative requirements of the *Corporations Act* (Ontario) and the [*Not-for-Profit Corporations Act, 2010 \(Ontario\)* upon its provisions coming into force. As a Municipal Services Corporation](#), DMC is also subject to the legislative requirements of the *Municipal Act, 2001* (Ontario) and *Ontario Regulation 599/06* (Municipal Services Corporations).

Governance Framework

In addition the legislative framework applicable to DMC, Staff recommend that the following be established to govern the relationship between the City of Markham and DMC, and to govern the activities and affairs of DMC (in accordance with the legislative framework).

Agreement between the City of Markham and DMC

Attached to this report as “Attachment 1” is the proposed Agreement between the City of Markham and DMC, which sets out the framework governing the relationship between the City of Markham and DMC including: the objectives and guiding principles of DMC, the City’s assistance to DMC, financial matters, and requirements for public accountability and reporting.

The Agreement has been approved by the initial Directors of DMC (the City Solicitor, Treasurer, and the Director of Economic Growth, Culture & Entrepreneurship), and requires Council approval on behalf of the City of Markham.

DMC By-Law No.1

Attached to this report as “Attachment 2” is the proposed corporate by-law (By-law No. 1) of DMC, a by-law relating generally to the conduct of the activities and affairs of DMC, which sets out the following:

- role of the City of Markham as the sole Voting Member of DMC
- roles and responsibilities of Directors and Officers of the Corporation
- Committees and Advisors
- procedural matters related to Member and Director meetings
- accounting, audit and record-keeping
- other matters

By-Law No.1 has been approved by the initial Directors of DMC (the City Solicitor, Treasurer, and the Director of Economic Growth, Culture & Entrepreneurship), and requires Council approval on behalf of the City (as the sole Voting Member of DMC).

The City is the sole Voting Member of DMC (similar to the relationship between a sole voting shareholder of a “for-profit” corporation). As the sole Voting Member of DMC, the City (through Council) is required to provide approval of certain Annual General Meeting (AGM) matters relating to DMC, including the approval of by-laws passed by the Directors, the appointment of Directors, and the appointment of an auditor.

Board of Director Appointments

As previously stated, as the sole Voting Member of DMC, the City (through Council) is required to provide approval of certain Annual General Meeting (AGM) matters relating to DMC, including the appointment of Directors.

Once the governance framework is approved, Staff recommend that Council acting on behalf of the City (as the sole Voting Member of DMC) formally appoint the Directors endorsed by Council on December 10, 2019 and Feb. 25, 2020 to the DMC Board of Directors.

Auditor Appointment

As previously stated, as the sole Voting Member of DMC, the City (through Council) is required to provide approval of certain Annual General Meeting (AGM) matters relating to DMC, including the appointment of an auditor. Staff recommend that Council acting on behalf of the City (as the sole Voting Member of DMC) formally appoint the City’s auditor (KPMG) as the auditor of DMC.

FINANCIAL CONSIDERATIONS

None.

HUMAN RESOURCES CONSIDERATIONS

None

ALIGNMENT WITH STRATEGIC PRIORITIES:

Engaged, Diverse, and Thriving City
Stewardship of Money and Resources

BUSINESS UNITS CONSULTED AND AFFECTED:

Economic Growth, Culture & Entrepreneurship

Finance Department
Legal Services Department

RECOMMENDED BY:

Claudia Storto
City Solicitor

Christina Kakaflikas
Director of Economic Growth,
Culture & Entrepreneurship

Joel Lustig
Treasurer

Trinela Cane
Commissioner, Corporate Services

Arvin Prasad
Commissioner, Development Services

ATTACHMENTS:

Attachment 1 – Agreement between the City of Markham and Destination Markham Corporation
Attachment 2 – Destination Markham Corporation By-Law No. 1