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LIUNA



EXCLUSIVE WITH JOSEPH MANCINELLI

LEADER OF THE NATION'S LARGEST AND MOST SUCCESSFUL LABOUR UNION

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**EXCLUSIVE WITH JOSEPH MANCINELLI, LEADER OF THE NATION'S
LARGEST AND MOST SUCCESSFUL LABOUR UNION**

By Angus Gillespie





Joseph Mancinelli, LiUNA International Vice President and Regional Manager for Central and Eastern Canada.

As business navigates through the 21st century it has become abundantly clear that the need for combining a strong level of business acumen, innovative thinking, hard work and dedication is among the essential traits that separate great organizations from the rest.

THE LABORERS' INTERNATIONAL Union of North America (LiUNA) is an American

and Canadian labour union formed in 1903 that checks off all those essentials and is widely recognized as the most progressive and successful union of construction, waste management, show service and healthcare workers in Canada in addition to an always increasing base of other industry workers as well.

LiUNA members erect office towers, apartment buildings, schools, sports facilities, shopping malls, parking garages, factories and many other types of structures, including



Lister Block with the 20-storey student housing complex behind in downtown Hamilton.

houses. They construct roadways, bridges, dams, power plants and other major construction projects. Although it began solely as a construction union, members now work in various types of factories and manufacturing processing plants as well as in stores, offices, hotels and restaurants.

Government-funded services is one of the fastest-growing areas of LiUNA membership, from hospitals and nursing homes to school boards, municipal streets and parks departments, waste management and

recreation, to name just a few.

The Canadian Business Journal recently sat down for an in-depth discussion with Joseph Mancinelli, International Vice President and Regional Manager for Central and Eastern Canada of the Laborers' International Union of North America, representing 130,000 members in the LiUNA Central and Eastern Canadian region with 11 Locals in Ontario, five in the



A direct view of the magnificent 20-storey student housing complex in downtown Hamilton.

Atlantic Provinces and two in Quebec.

Innovative Investing

A notable strength that clearly delineates LiUNA from so many other unions is the level of business acumen at the executive level and the unwavering desire to diversify in areas that are able to provide excellent investment returns for each of its members, both past and present, while also making significant contributions within the community at large.

The LiUNA Pension Fund of Central and

Eastern Canada (LPFCEC), receives contributions from construction and service employees that are building roads, residences, tunnels, pipelines and hydro-electric facilities, and are employed in the healthcare industry, among other sectors. For several years, LiUNA's pension plan experienced modest growth primarily because of the stock and bond markets where good returns are possible, but it is very much a cyclical process. Of concern to Mancinelli and other executives at LiUNA, if looking at it over a 10-year average, the return may not adequately

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"What we really need is at least 6.5% to pay our pensions to our members and future pensions but if the stock markets are performing at 4% to 5% over a 10-year period – which in fact they do – the return is too low," begins Mancinelli.

Due to a requisite need to identify robust returns, LiUNA began examining alternative investment options and have been doing so for several years now. The union created a

Real Estate fund and LiUNA has impressively assembled the largest inventory of commercial property on the Queen Elizabeth Highway in the Golden Horseshoe area of southern Ontario between Hamilton and Mississauga, in what is regarded as one of the prime real estate locations anywhere in the country.

"The Private Equity fund is doing somewhere around 14% to 15% as of now, but we think it has the potential to do even greater than



Seasons Retirement Community in Stoney Creek, Ontario.

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LiUNA has also initiated a Conversion fund, which takes old, underutilized that will either be torn down and rebuilt, or in some cases the historical value will be retained by preserving the façade whenever and wherever possible.

“That is what we did in downtown Hamilton with our student housing project,” reflects Mancinelli. “It’s a huge building right next to the Lister Block. It’s now opened and it was filled

with students within eight weeks.”

In order to retain the streetscape, the façade was carefully removed from the former structure, which was known as the William Thomas building, named after the famous Ontario architect in the 1880s. Once the building was completed the façade was beautifully restored and resulted in LiUNA winning a national architectural award and preservation award.

The LiUNA Conversion fund is currently in the midst of erecting two residential buildings at the corner of King William and King Street in downtown Hamilton. Upon completion, two magnificent 30-storey towers will adorn the skyline.

Meanwhile, LiUNA’s Private Equity fund is designed to help small companies, either new or established, that are in need of capital.

“The Private Equity fund is doing somewhere

around 14% to 15% as of now, but we think it has the potential to do even greater than that, and maybe above 20%,” forecasts Mancinelli.

Overall, these types of alternative innovative investments have yielded LiUNA a 10% return for the last five years, which couldn’t possibly have been achieved by merely investing in the stock market.



LiUNA purchased majority ownership of the Hard Rock Hotel in Las Vegas, which will be rebranded as Virgin Hotel in a partnership agreement that includes Sir Richard Branson.

Las Vegas Virgin Hotel

An extremely exciting business partnership has taken hold between LiUNA and Sir Richard Branson's world-renowned Virgin brand. The alliance was formed due to LiUNA's eagerness to further expand upon investment opportunities with its pension plan and a desire to continue to promote its business networking practices.

The partnership centres on the Hard Rock Hotel and Casino in Las Vegas, which has been sold with LiUNA taking majority ownership. The innovative investment opportunity arose just over a year ago where a business partner group of LiUNA's called Juniper had been engaged in discussions with Brookfield Asset Management, the prodigious world-renowned corporation that is involved in numerous industries, including real

estate. It is estimated Brookfield has about \$350 billion of assets under management.

As part of the original plan, Brookfield pointed Juniper to the Fontainebleau Hotel in Miami but a far more palatable option soon came to light – the Hard Rock Hotel in Las Vegas.

"That's how we got into the game – when Juniper called us," confirms Mancinelli.

"I believe it's been a home run investment. It is already and we haven't even started."

– Joseph Mancinelli, on LiUNA's majority ownership stake in the Hard Rock Hotel in Las Vegas, soon to be the Virgin Hotel.

The investment arm of LiUNA, Fengate



Joe Mancinelli and his wife Enza visiting with Sir Richard Branson at his home on Necker Island.

Capital, began talks with Juniper and Virgin and a deal was soon reached, the result of which has LiUNA being the largest shareholder, followed by Juniper and then a group of smaller investors and Virgin – and the world-famous Virgin brand.

“It’s a sexy brand, because they’ve got the likes of Virgin Airlines and Virgin Mobile, and of course originally Virgin Records,” says Mancinelli. “The head of it all is still Sir Richard Branson. He’s

quite the entrepreneurial person and is always thinking out of the box.”

“We got together in March, 2018 in Las Vegas and the Hard Rock Hotel in Las Vegas is interesting because it also shares a music history with paraphernalia from various international artists,” continues Mancinelli. “But I think the Hard Rock brand has suffered a bit over the years and gotten a bit tired. We were quite impressed with using the Virgin brand.”



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Headquarters
1263 Wilson Ave.
Toronto ON M3M 3G3
T: 416.241.1183
F: 416.241.9845
1.877.834.1183

Eastern Office
60 Dodge St.
Cobourg ON K9A 4K5
T: 905.372.1183
F: 905.372.7488
1.866.261.1183

Northern Office
64 Saunders Rd.
Barrie ON L4N 9A8
T: 705.735.9890
F: 705.735.3479
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1,700-room Hard Rock Hotel was \$560 million USD. On the one hand, it is an incredible amount of money, but given that the accepted going rate to build a hotel in Las Vegas is \$1 million per door, it turned out to be a spectacular bargain. The property includes a large resort and five acres of swimming pool area along with a state-of-the-art convention centre, which Brookfield built less than five years ago. In addition to the 1,700 hotel rooms and the casino is a famous musical venue called The Joint where the likes of Paul McCartney have played in front of nearly 3,000 people. The hotel is just off the main strip, one street back and is thus far more conducive to a resort-style setting as opposed to the hectic convention scene.

A managing partner from Juniper named Richard Bosworth has been put in charge of daily operations and since that time the returns have been even greater than 8%, and so an executive decision was made to postpone renovations until February, 2020. It's expected the shutdown period will be between seven and eight months, before the grand reopening with the new Virgin Hotel brand.

"Right now we are getting about a 10% rate of return. After the renovation and rebranding, and the Hard Rock name disappears and the Virgin name goes up, we will definitely see double-digit returns from that investment," says Mancinelli.

Several strict stipulations were set out from Virgin and Sir Richard Branson including a request that all bedrooms be fitted with a divider between the sleeping quarters and the front

entrance of the room.

"For example, if you are a businesswoman and you're in your robe, you likely don't want to be seen by someone bringing your breakfast. This way, the bedroom will be secluded," says Mancinelli.

"Sir Richard Branson's folks are keen on providing excellent value, just like us. For example, paying for Wi-Fi Internet service on top of everything else is too much. People don't want to get charged \$18 to connect with the air. It makes no sense to me," he remarks.

Hotel guests throughout North America often voice their displeasure at the additional costs often associated with using the mini-bar in their rooms. A Snickers bar at a convenience store is \$1.50 but it is \$4 in most mini-bars, or it can be as much as \$5 for a small can of cola. In Virgin Hotels a Snickers bar is \$1.70 and a can of pop is about the same price.

"I don't want to gouge; we want people to come back," states Mancinelli.

Another key aspect of the Virgin Hotel deal that has nothing to do with LiUNA's pension plan is that its union members in Las Vegas will be doing all the renovations. The main reservation system will be provided by Hilton, which is the second-largest in the world behind only the Marriott chain.

"I believe it's been a home run investment. It is already and we haven't even started," Mancinelli proudly says.

It's expected LiUNA will contribute between \$150 million to \$160 million for the renovations, but even with that included, it's still

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a tremendous bargain, keeping in mind the \$1 million per hotel door cost to build in America's fastest-growing city.

"We met Sir Richard recently on Necker Island, which he owns and he was a great host. He's a very interesting person and very methodical. We'd like to do more hotel business with Virgin," says Mancinelli. "Perhaps in the future there will be a Virgin Hotel in Montreal and Toronto."

Public and Private Partnerships

The development of public and private partnerships has continued to expand in Canada with a great deal of success to the point it has now become a business phenomenon. A P3 business model is an arrangement between two or more public and private sectors. P3s are a contract involved in infrastructure provision, such as the building and equipping of schools, hospitals, transport systems, water and sewage systems.

A vast majority of unions don't seem to have much interest in supporting the P3 process – but LiUNA champions it and is a member of the Canadian Council of Public and Private Partnerships. The CCPPP is a national not-for-profit non-partisan, member-based organization with representation from across the public and private sectors. Its mission is to collaborate with all levels of government and indigenous communities, enabling smart, innovative approaches to public infrastructure development and service delivery that achieve the best outcomes for Canadians.

"We are going to have many P3 projects, which is great for our members. We will do the lion's share of the construction work. It's also an opportunity for our pension plan to invest in these projects."

– Joseph Mancinelli

"I spoke at their conference at the Sheraton Centre in downtown Toronto. Monte McNaughton was there for my presentation – he is now the Ontario Minister of Infrastructure," says Mancinelli.

Following his address before a large captive audience, Mancinelli and McNaughton spoke at length about the many potential infrastructure opportunities. Mancinelli came away from the discussion convinced that the Ontario provincial government is poised to do more P3s because it simply makes good business sense. Governments don't have the kind of budgets necessary to have the required infrastructure developed on time and on budget. Upon examining the previous Ontario government's agenda the hospitals that were built in a five-to-six year period were only able to be expedited due to the P3 methodology. All told, eight hospitals were built using the public-private partnership model and there are more to come.

In addition to hospitals, LiUNA has constructed provincial courthouses and OPP dispatch centres. These are all pseudo-governmental type construction projects that the government doesn't have the money to



Oakville and Brampton hospitals are two prime examples of how the P3 business model has worked out well for communities.



Brampton Hospital

execute alone, but are anxious to have them built because the communities are in such dire need.

"It's a model that is in place for 20 years. After that we hand it back to the government for zero. That's a great model. They get a hospital that will be around for a lot longer than 20 years but what they've done is they've downloaded the risk for 20 years to the private sector," explains Mancinelli.

In 20 years the operational portion of the project is given back to the government and it must be returned in excellent condition and that's an excellent deal for the taxpayers of Ontario. The millions in dollars saved can be earmarked for other necessities such as fixing our roads, bridges, sidewalks, sewers and schools and the list goes on and on.

"We are going to have many P3 projects, which is great for our members. We will do the lion's share of the construction work. It's also an opportunity for our pension plan to invest in these projects."

– Joseph Mancinelli

"If the government built the hospitals – let's take Oakville as example – it would have been \$500 million and that money would have had to come out of the public purse," Mancinelli points out.

Multiply the approximate \$500 million for the cost of one hospital by the number of hospitals needed throughout the province, and it quickly becomes apparent the government does not have nearly enough money to satisfy every community in need of upgraded

healthcare facilities. Instead, what happens is that municipalities are left with rundown healthcare facilities that are poorly maintained. Some communities such as Oakville – with a population of 220,000 people – didn't even have hospital.

Substantial opportunities remain in the realm of social infrastructure, but Mancinelli also has his eye on expanding business possibilities into transportation infrastructure P3 projects. Just recently, the Ontario government announced a package of \$28.5 billion for transportation enhancements, upgrades and new offerings. In addition to that, the federal government also has \$12 billion to inject in the Ontario economy this year.

"We are going to have many P3 projects, which is great for our members. We will do the lion's share of the construction work," confirms Mancinelli. "It's also an opportunity for our pension plan to invest in these projects. We want those handsome returns and we should be given that opportunity because we are taking some risk putting money into the projects."

The result of the P3 approach is win-win-win scenario. It provides an excellent economic return for LiUNA, the government builds infrastructure in a much shorter and more cost-effective time period and the community wins by receiving essential public services they would otherwise not have gotten – at least not anytime soon.

Meanwhile, Toronto's traffic has now exceeded Los Angeles in terms of being the most congested corridor in North America,



Joe Mancinelli and LiUNA have earned many awards and distinctions from various community organizations and indigenous groups.

which as Mancinelli points out, is a lousy reputation to be famous for in what is otherwise regarded as one of the premier cities in the world. The Gardiner Expressway, built in 1963, is first and foremost on his mind when it comes to transportation improvements in Canada's largest city. However, there still seems to be no viable solution as to how and when any meaningful upgrades will occur, due to various obstacles, most notably no land with which to build upon.

P3 projects are economic drivers, and it's something many people still do not understand, according to Mancinelli. Workers take their paycheques back to their respective communities and spend money and keep the economic ball rolling. In fact, construction is one of the few industries that was not seriously hurt by financial issues during the recession of 2008 and has continued to provide employment to hundreds of thousands of workers.



LiUNA is a huge proponent of building pipelines and using Canadian crude in order to help bolster the nation's economy. Instead, refineries are purchasing oil from countries such as Saudi Arabia.

Indigenous Relations and Natural Resources

LiUNA has unfailingly had an exceptional relationship with Indigenous communities across the country for many years. There are many important sensitivities to deal with and Mancinelli is well aware of the need to properly manoeuvre through those issues and not repeat the mistakes that have been made by many

Canadian corporations and other labour unions in the past.

"Years ago we signed a national protocol with National Chief Phil Fontaine. He has been a great mentor for our organization in telling us what to do and more importantly, what not to do. We genuinely believe that working closely with the Indigenous community has benefits not only for our organization but the community at large," states Mancinelli.

In addition to partnering with the Indigenous communities on the investment side, LiUNA has also taken the lead in the areas of recruiting and training their youth and retraining workers. Many successful training programs have been developed with such companies as Enbridge.

"The safest way to transport petroleum is through a pipeline – period."

– Joseph Mancinelli

There is a tremendous opportunity for LiUNA to partner with more of these Indigenous communities, which will undoubtedly be of sound benefit to their economic status. A perfect example is the Ring of Fire in northern Ontario. LiUNA can invest in those projects through its pension plan and also employ Indigenous workers on such prodigious projects that offer many good-paying jobs.

Without doubt there is a clear and defined split within the Indigenous community regarding the future development of pipelines. On the one side, there is a belief the environment is being harmed by building pipelines. The other side not only wants to build pipelines, they want to buy into them and take an ownership stake.

"The safest way to transport petroleum is through a pipeline – period," Mancinelli emphatically states. "There are safeguards now with modern pipelines where the risk of failure has been greatly reduced. The folks who are anti-pipeline are actually anti petroleum."

What may not be clear to many Canadians

is the number of everyday products that are in fact petroleum-based. It goes way beyond the surface-thinking of petroleum fuel that enters an automobile's gas tank. Mancinelli is convinced there is an education void and it needs to be addressed to alleviate undue, inaccurate concerns about the industry.

"People have to understand that even if tomorrow somehow electric cars magically took over and nobody needed to use gas-powered vehicles it would not reduce the demand for petroleum because there are a plethora of other petroleum-based products being used every day," he says.

A number of business opportunities within the energy sector have gone by the wayside that could have provided a tremendous amount of economic stimulus. One of those projects was the Energy East pipeline, which would have navigated from the tar sands of Alberta to New Brunswick, where they would have refined Canadian oil and used petroleum byproducts for many items used on a daily basis. Instead, Irving Oil must get its crude from Saudi Arabia – a country with enormous human rights issues. According to trade figures from Statistics Canada, oil imports from Saudi Arabia to Canada are up 66% since 2014.

"We're feeding these undemocratic regimes but we're not willing to use our own energy resources," says Mancinelli, while shaking his head in disbelief. "We'd rather import the oil because we don't want to build pipelines that would bring the crude to the refineries. It's insane. If you think about it from a political and

economic point of view, we're killing ourselves."

As Mancinelli points out, everyone wants to have a clean environment but says Canada can have an energy-based economy with pipelines and still be green and clean.

"I'm offended when people say we're not taking care of the Earth. Of course we want to be green and protect the Earth for my grandchildren as well. You can do both – and some people are missing out on that point. There is minimal, minimal risk with pipelines. How will the country survive if we destroy its economic backbone?" he asks.

Even more infuriating for advocates such as Mancinelli stems from the fact there is more than enough oil in North America to

accommodate Canada's needs. Virtually no oil needs to be imported from rogue nations like Saudi Arabia, Iraq and Iran, yet it happens.

"We need more politicians who have the courage to stick with what needs to be done, regardless of the lobbyists and protests," he opines.

The economy in New Brunswick has been struggling for quite some time. Mancinelli envisions what it would be like for that Maritime province if oil was coming in via the Energy East pipeline. Politics and opinions aside, there is certainly no disputing it would have altered the economy for the better. Meanwhile, Newfoundland was once the poorest province but thanks to Hibernia and many other



Building communities right across Canada.

energy-related projects, the economy there has improved significantly. Caught in the middle of it all are the companies such as TransCanada that eventually get fed up with the bureaucratic red tape and move on to other endeavours, often in another country altogether.

Philanthropy

As Canada's largest labour and building trade union LiUNA prides itself in helping with as many charities and community events as possible. The long list continues to expand each year and includes the likes of the United Way, Easter Seals,

Children's Wish Foundation and Larger Than Life to name just a few. LiUNA is also a main corporate sponsor of the Around the Bay Road Race in Hamilton, raising money for St. Joseph's Hospital.

Each year LiUNA contributes well beyond \$5 million to those in need and just recently

managed to raise an astounding \$917,000 for Mississauga Community Living. LiUNA also generously contributed \$1 million to the Canadian Museum of Human Rights in Winnipeg.

Mancinelli is often asked why LiUNA contributes so much time and financial backing for these types of philanthropic ventures.



Joe Mancinelli standing in front of the LiUNA photo wall, including a previous cover story in The Canadian Business Journal.

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"There are a number of reasons, but first and foremost from an altruistic point, it's clear that these groups need the help," he replies.

Governments don't have the money to prop up all these organizations and government can't realistically be all things to all people. It's important for leading businesses, organizations and individuals in the private sector to step up, and that is exactly what LiUNA has done and continues to do. Many of LiUNA's own members rely on these types of organizations, whether it's hospitals or other vital services within the community.

"We've injected funds to some of these organizations so they can help those who need it," notes Mancinelli.

It's no secret that some trade unions have not had a great historical reputation and that is another incentive driving the leaders at LiUNA. There is a determined desire to alter that paradigm and negative stereotype and prove to the community that all unions are definitely not created from the same mold. Making an impact on the general community can definitely change the way people feel about an organization.

"In many cases we've done a pretty good job and the communities believe we are a good community partner. We have given to those where LiUNA has no direct involvement," notes Mancinelli.

Without a doubt communities would be far worse off without the likes of solid corporate



LiUNA Gardens is a wonderful banquet hall for hosting many official events.

citizens such as LiUNA. Oftentimes, work and funding is provided by the organization and it's not even known throughout the greater community.

The Hamilton-Halton United Way presented LiUNA with an award for the work done at the Eva Rothwell Centre in one of the poorer neighbourhoods in Hamilton. Using its own financial and human resources, LiUNA built a

wheelchair ramp in front of the building with its trainees.

"Instead of doing concrete work at the training centre – that we would then have to break up and throw away – we decided to do something that would have a permanent impact with our trainees; some of them were Indigenous youth. The community centre did not have wheelchair access for the disabled. It is

a former school that was donated to them," says Mancinelli.

LiUNA takes enormous pride in its humanitarian efforts and unwavering support for charities. As with people from all walks of life, LiUNA workers have had family members who have been afflicted with any number of physical, psychological and emotional ailments and diseases. Despite an already full plate, there

is always that proclivity to try and squeeze out a bit more each year.

"I admit I put a lot of pressure on my staff to see if there is a way that we can afford to do another fundraiser," he smiles. "It's a lot of time and effort but we always manage to pull it off. I am very proud of the people here at LiUNA."



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