

To: Rodger, J.Mark[MRodger@blg.com]
Cc: Marjory Leonard[mleonard@collingwood.ca]
From: John Brown[jbrown@collingwood.ca]
Sent: Thur 3/3/2016 8:25:48 AM (UTC-05:00)
Subject: Re: Report. Confidential.

Clarification

On the issue if the 50 sale it was Ed that I asked and got no response from .I was however advised of the following

It was approved by council in camera (can't do that)

It was approved by the taskforce (not in any documentation I reviewed)

It was recommended by KPMG (denied by all partners involved)

Another story with no answer .

John

Sent from my iPhone

On Mar 3, 2016, at 06:57, Rodger, J.Mark <MRodger@blg.com> wrote:

JOHN THANKS FOR THE EMAIL, SEE MY RESPONSES BELOW.

From: John Brown [<mailto:jbrown@collingwood.ca>]

Sent: March-02-16 8:22 PM

To: Rodger, J.Mark

Cc: Marjory Leonard

Subject: Re: Report. Confidential.

Roger

I have asked both Sara and Dennis to provide their independent comments to you .lets see what their view is and see where we are.

This has taken some unexpected turns. First of all council (with your assistance) asked to be informed . All you received from CP staff was a link to their financials . You had to go to the OEB and construct the best information you could get to base your initial report on.after the fact ,new (but not all of what you asked for) information was produced to "counter" the position your research/experience in the business took you.

That's fine however the counter explanation is largely judgmental.some of it is a repeat of arguments discounted by the towns consultants yet it gets repeated without any reference as to why the consultants rejected it when it was originally made .in the case if BMA the treasurer reduced the SSA for water costs by 750 000 ,more than BMA predicted .CP staff left this out ,as you have .us this fair or balanced?

JMR – IN MY LATEST DRAFT I SENT TO YOU I EXPRESSLY INCLUDED THE POINT THAT TOWN STAFF HAVE ADVISED THAT FOR FISCAL 2016 THEY HAVE REDUCED COSTS BY AN AMOUNT OVER WHAT THE CONSULTANT IDENTIFIED – AND I INCLUDED THE EXACT DOLLAR AMOUNT GIVEN TO ME.

If you had received the assistance you(council) asked for before you came to your initial conclusions we would not be in this difficult position now ,but they did not respond in any meaningful way . Now it looks like there were lots of holes in you're first report and they are having to correct them for you .(at least to the less intense general reader)

JMR- THE FACT IS THAT IF THE TOWN HAD THESE RECORDS TO START WITH IT WOULD NOT HAVE BEEN NEW INFORMATION FROM COLLUS. YOU WILL RECALL THAT NEITHER YOU NOR YOUR COLLEAGUES WANTED ME TO GIVE COLLUS A DRAFT REPORT TO LOOK AT BEFORE I GAVE MY PRESENTATION TO COUNCIL. SO WE NEED TO DEAL WITH THE FACT THAT NEW INFORMATION DOES EXISTS, SOME OF WHICH DEALT WITH REPORTS/PRESENTATIONS TO COUNCIL, BUT WHICH TOWN STAFF FOR WHATEVER REASON DID NOT HAVE IN THEIR FILES.

Again, council asked you to get the business information necessary for you to inform them and you developed your report largely without the help of CP staff. You presented a position and advised council. We both agree that the info from CP staff is predominantly subjective and causes you to make few, if any, substantive changes to your view of the business experience. While CP staff have every right to put their interpretation of events (repeat their position in 2020 report/BMA report) you have given their comments such prominence that it gives the impression that they are somehow correcting your position. It is not at all clear that you are sticking to your initial conclusions (as presented to council in your in camera report) in the face of their unsubstantiated contrary opinions. **JMR- I DISAGREE, NONE OF THE RECOMMENDATIONS OR ESSENTIAL CONCLUSIONS HAVE CHANGED. WHAT IS DIFFERENT IS AN ACKNOWLEDGEMENT THAT ON SOME ISSUES THE PARTIES HAVE DIFFERENT INTERPRETATIONS OF EVENTS. SEE THE NOTE BELOW ON THE MAIN DRIVER BEHIND THE COLLUS SALE.**

Marjorie and I are saying that an acknowledgment of their position would be appropriate however a stronger statement from you that your conclusions have not been changed by their delayed participation. As we chatted, some up front recognition that they responded and a referral to their document (URL so that it can be read in full and not quoted repeatedly in YOUR document) would be fully appropriate and fair to all. However to repeat each of their contradictory unsubstantiated arguments beside your conclusions gives an impression (to the less intense and informed reader) that you should have talked to them before you presented to council and that they may be correcting you.

JMR – HERE IS A SPECIFIC EXAMPLE THAT I WOULD ASK YOU AND MARJORY TO CONSIDER – THE ISSUE OF THE CENTRAL DRIVER BEHIND THE 50% SALE. IN MY CONFIDENTIAL DISCUSSIONS WITH CERTAIN PERSONS THEY SAID, ON A CONFIDENTIAL BASIS, THAT THEY BELIEVED THE MAIN DRIVER WAS TO GET CASH FOR THE COMMUNITY CENTRE. YOU AND YOUR COLLEAGUES AGREE WITH THIS VIEW HOWEVER NO ONE ON TOWN STAFF IS PREPARED TO GO ON THE RECORD IN MY REPORT TO SUPPORT THIS VIEW.

I DELIVER THE REPORT TO COUNCIL AND THEN TWO COUNCILLORS WHO WERE DIRECTLY INVOLVED ON THE TASK TEAM ARE ADAMANT THIS WAS NOT THE CASE. AND NOW THE COLLUS EXECUTIVE AND BOARD MEMBERS SAY THIS WAS NOT THE CASE. WHILE THE MONEY ENDED UP BEING SPENT ON THE COMMUNITY CENTRE THERE DOES APPEAR TO BE SOME PASSAGE ON TIME BEFORE THE MONEY WAS SPENT, ALTHOUGH I AM NOT CLEAR ON THE TIME INVOLVED BETWEEN WHEN THE 50% SALE WAS APPROVED BY THE ONTARIO ENERGY BOARD AND WHEN COUNCIL PASSED A RESOLUTION TO SPEND THE MONEY THE WAY IT DID. AND THUS FAR I HAVE SEEN NO DOCUMENT INDICATING THAT THE CASH RECEIVED WOULD IN FACT BE DIRECTED TO THE NEW COMMUNITY CENTRE.

INSTEAD WE HAVE CONFLICTING INFORMATION ABOUT WHAT DROVE THE SALE. NOW THE STORIES ARE THAT THE COLLUS SALE HAPPENED BECAUSE:

- THE TOWN NEEDED MONEY SPECIFICALLY FOR THE NEW COMMUNITY CENTRE;**
- THE NEW COMMUNITY CENTRE HAD NOTHING TO DO WITH THE 50% SALE OF COLLUS;**
- THERE WAS CONCERN COLLUS WOULD NOT BE VIABLE GIVEN LDC CONSOLIDATION AND THIS WAS THE MAIN REASON FOR THE SALE;**
- THE MAYOR CHALLENGED ALL TOWN DEPARTMENTS TO DO MORE WITH LESS AND REDUCE DEBT AND COLLUS' GOAL WAS TO GET TOP \$ VALUE FOR THE TOWN.**

SO I WOULD ASK YOU BOTH, AND ALSO HAVE SARA AND DENNIS THINK ABOUT, OTHER THAN INDICATING THAT CONFLICTING EXPLANATIONS EXIST FOR THE MAIN DRIVER BEHIND THE SALE, HOW WOULD YOU PROPOSE THAT THE BLG REPORT DEAL WITH THE FUNDAMENTAL CONTRADICTIONS AROUND THIS POINT?

Let's see what Sara and Dennis provide to you in terms of the impression of how you have incorporated the CP staff comments and re think what council asked you to do for them (I think they were asking you to tell them what "you" thought based on the questions posed. I do not think they asked you to provide them with a variety of interpretations of what could have been -as you note, nobody knows for sure and there are always alternative

explanations for virtually everything .my view is they wanted to know what you thought .the fact that CP staff do not agree is understandable and must be acknowledged, but your experience and opinion based on the information you now have (including anything CP staff have advised you if and which has caused you to Chang your initial opinion) is critical and can not be allowed to become swamped by alternate theories which are not backed by any empirical evidence.

JMR – JOHN, A COUPLE OF ADDITIONAL ITEMS ARE IMPORTANT TO HAVE. 1 THE COUNCIL RESOLUTION THAT ACTUALLY APPROVED THE SPENDING OF THE MONEY ON THE COMMUNITY CENTRE. I WANT TO UNDERSTAND THE TIMING HERE AND WHAT REPORT, IF ANY, WENT TO COUNCIL ON THIS MATTER.

2. THE LETTER(S) FROM THE TOWN CONSULTANTS (YOU DESCRIBED AT LUNCH) WHO PREPARED THE REPORTS ON SOLUTIONS WHERE THE CONSULTANTS SAID THEY REVIEWED COLLUS' CRITICISMS OF THEIR REPORTS AND THE CONSULTANTS ENTIRELY REJECTED ALL COLLU'S COMMENTS.

We will continue no doubt,

JMR – WE WILL GET THIS DONE AND DELIVER A REPORT THAT IS AS ACCURATE AND THOROUGH AS POSSIBLE.

I WILL CALL MR. MCFADDEN TODAY AND TELL HIM THE MONDAY NIGHT COUNCIL MEETING IS POSTPONED BUT I NEED THE ANSWERS TO MY OUTSTANDING QUESTIONS BY NEXT WEEK OR I AM WRAPPING UP THE REPORT AND WILL SAY I ASKED COLLUS FOR ADDITIONAL INFORMATION AND THEY FAILED TO PROVIDE IT TO ME WITHIN THE TIME I HAD TO CONCLUDE THE REPORT.

Have a good night

(Sorry for typing -I'm dreadful at it on small keyboards)

Sent from my iPhone

On Mar 2, 2016, at 17:49, Rodger, J.Mark <MRodger@blg.com> wrote:

John lets discuss next week. I do not agree with Marjory's comments that the latest changes have somehow invalidated the report. This is neither accurate nor fair.

As we have discussed from the outset, for some themes I incorporated into the report the reality is there has been NO evidence to substantiate the point other than what has been communicated to me orally. For example, the rationale behind Collus having insufficient debt or the reason why no dividends were declared. There is no documentation to either of these things in any document I have looked at. This came through discussions with various people. However, when multiple senior people with direct experience with Collus have tended to describe similar themes on what has happened at Collus and I am able to point to some evidence that appears to be consistent with the oral reports, I have done my best to connect the dots to draw reasonable conclusions that I am comfortable with.

The challenge in this exercise is that on some fundamental issues we have contradictory information about events for which there is no documentation whatsoever, or if some documentation does exist, it can be contrary to the original point to be made.

So when new documents/information is produced that we did not have at the time when the first report was provided to council because the Town did not have the information, I assume no one is saying that I should simply ignore that new information. On what basis would I do that?

So for example, the new Collus package included a memo which Collus prepared which described, in its view, errors in one of the Town consultant reports. I am not giving any opinion about the validity of the Collus comments, but I cannot ignore the FACT that comments were sent. I fail to see how noting this fact destroys the report.

The reality is that we are, in some instances, dealing with conflicting information. As you know I have sent a follow up letter to Mr McFadden in an attempt to nail down some key outstanding matters I know council wants addressed (like whether the 50% option was predetermined by the time it got to Council). So let's see what the answer is. If we don't get any answers I will report on this fact as well. From our discussion the other day I have some ideas about how to deal with the new Collus input, but if the original draft of the report was based on the only documents the Town had it its possession, and then new documents came after the original draft report was done, one cannot simply disregard the

new information because we did not have access to it in the first instance? Doing this would destroy the credibility of the report.

The “he said, she said” issue is exactly why I added the “conflicting information” section on page 17 and it accurately reflects the reality of what has taken place here in my view.

Finally, to respond to Marjory’s specific point, I am not suggesting how Collingwood should “run things”. My goal is to write a credible, defensible, accurate report about what has actually taken place at Collus since 2000 given the information provided to me.

I am out of town starting tomorrow at meetings for the balance of the week but will be back on Monday.

Mark

J. Mark Rodger*

Incorporated Partner

Co-Chair, Energy Markets Group

T 416.367.6190 | F 416.361.7088 | mrodger@blg.com

Scotia Plaza, 40 King St W, Toronto, ON, Canada M5H 3Y4

Borden Ladner Gervais LLP | It begins with service

Calgary | Montréal | Ottawa | Toronto | Vancouver

blg.com

- Mark Rodger Professional Corporation



Please consider the environment before printing this email.

This message is intended only for the named recipients. This message may contain information that is privileged, confidential or exempt from disclosure under applicable law. Any dissemination or copying of this message by anyone other than a named recipient is strictly prohibited. If you are not a named recipient or an employee or agent responsible for delivering this message to a named recipient, please notify us immediately, and permanently destroy this message and any copies you may have. Warning: Email may not be secure unless properly encrypted.

From: John Brown [<mailto:jbrown@collingwood.ca>]

Sent: March-02-16 3:10 PM

To: Rodger, J.Mark

Cc: Marjory Leonard

Subject: Fwd: Report. Confidential.

Mark

Marjorie read your revised report after, and independently of ,me . You will note that her thoughts and mine strongly align.

She tends to be very direct however her general message is one that I , and I would imagine at least some of those who got the first version would have serious questions as to the way you handled the largely subjective opinions you received and on what /whose evidence you changed your reference to the new sports facilities .

John.

I will ask Sara to share her thoughts with you independent of the views of Marjorie and myself .

Sent from my iPhone

Begin forwarded message:

From: Marjory Leonard <mleonard@collingwood.ca>

Date: March 2, 2016 at 14:55:49 EST

To: John Brown <jbrown@collingwood.ca>

Subject: Report

John, I have been through the report twice and I must say that I feel the entire direction and tone of the report have been weakened.

I find the continual disclaimers throughout to be distracting and I feel that they are being emphasized, making sure everybody reads and understands that he was wrong when he told them otherwise 2 weeks ago. Section d on pg 6, in my opinion, is a major change of direction. Item 4 on pg 7 I feel that the words “but I have” should be added to the last sentence.

Perhaps he should put one disclaimer at the front that says “There are several points

throughout this document that Collus Executives disagree with. The findings that are stated in this report represent the conclusions that a reasonable person would draw from the information reviewed.”

The section beginning on page 17 – why did this get added. At this point I believe that it pretty well invalidates everything that has been said, written and presented. It is now down to ‘he said, she said’ and from somebody who is born and raised here regardless of what my opinion is of the Townie – who am I going to believe – our own or some big high priced lawyer coming in here and telling us yokels how to run things?

BTW – define synergy cost savings.