



FOUNDATION DOCUMENT PART I: THE 2012 SALE OF COLLUS SHARES

Chapter 3: Collus Reports to Council and Prepares for the Bidding Process (RFP); PowerStream Hires Compenso Communications

Commissioner: The Honourable Frank N. Marrocco, Associate Chief Justice, Superior Court of Justice, Ontario

Please note that the statements in this Foundation Document have not been tested for the truth of their contents. The contents may be tested, challenged, supplemented, proven false, or discredited through the evidence called and the submissions made at the Inquiry. It will be for the Commissioner to consider all the evidence before ascribing any weight to anything contained in the Foundation Document.

Chapter 3 Collus Reports to Council and Prepares for the Bidding Process (RFP); PowerStream Hires Compensio Communications

3.1 Collus Delivers its Annual Report and Business Plan to Council on May 30, 2011

176. On May 30, 2011, Chair Dean Muncaster, Ed Houghton, and Tim Fryer presented the Collus Annual Report and Business Plan to Town Council. The materials provided to Council included the organizational structure, financial forecasts, debt levels, mission, goals, and values of Collus, and conservation/green energy costs and programs.

Collingwood Council Agenda, May 30, 2011, [CJI0007933](#)

Collingwood Council Minutes, May 30, 2011, [CJI0007986](#)

Video recording, Collus presentation to Collingwood Council, 31:14-1:28:42, TOC0555937.00001

Transcript of Collus presentation, May 30, 2011, [CJI0009243](#)

Collus Annual Report and Business plan, May 26, 2011, [ALE0049388](#)

PowerPoint presentation for Collus Annual Report and Business Plan, [TOC0529995](#)

177. During the presentation, Ed Houghton described the relationship between Collus and the Town as follows:

We look at Council and our citizens as our partner. When I go to many other meetings with other LDC's they can't understand why we are so much involved with our municipality, we are integrated totally. Others have a tendency to try to stay apart from it but we find that we have had successes and we think that its the way to be, we are all apart of it and we actually try to make those lines between Collus and Public Utilities in the Town of Collingwood as grey as possible, because we think that serves our citizens better

Video of Council Meeting, Collus Presentation of Business Plan, May 30, 2011, TOC0555937.00001, 43:50-44:25

Transcript of Collus presentation, May 30, 2011, [CJI0009243](#)

Collus Slide Presentation to Council, May 30, 2011, [TOC0529995](#)

178. During a part of the presentation related to pursuing new entrepreneurial opportunities, Ed Houghton told Council that, “[t]hat is something we have been doing quite a bit of lately. And I think that very soon you’re going to be hearing something that we’re very much involved with. And I think you’ll be pleased and proud to hear what we’ve been up to.”

Video of Council Meeting, Collus Presentation of Business Plan, May 30, 2011, TOC055937.00001, 53:39-53:56

Transcript of Collus presentation, May 30, 2011, [CJI0009243](#)

Collus Slide Presentation to Council, May 30, 2011, [TOC0529995](#)

179. In response to a question from Deputy Mayor Rick Lloyd about how Collus Solutions staff provided in-kind services to the Town of Collingwood, Ed Houghton explained:

As an example, Brian McDonald is employed by Collus Solutions and so we pay 100% of his wages and benefits and those things, and Brian McDonald works 100% exclusively for the Town of Collingwood. From that perspective, all of his time is dedicated to the Town of Collingwood. So that is an in-kind service. At least 50% of my job is working with, and for, the Town of Collingwood and so that portion is also part of...So what we do is, we look at it from an in-kind perspective –Marcus’s time, Larry Irwin’s time, Tim’s time, a number of us, Pam’s time, a number of us work both sides and again we try and make that line very grey in the sense that it doesn’t matter. We are all part of this, we are either all tax based or user based and so we do that. That is what the in-kind portion is.

Deputy Mayor Lloyd then stated, “I just want to reiterate you do not receive a check from the Town of Collingwood nor do the other individuals you’ve talked [about].” Mr. Houghton responded, “no I do not”.

Video of Council Meeting, Collus Presentation of Business Plan, May 30, 2011, TOC055937.00001, 1:20:40 – 1:22:18

Transcript of Collus presentation, May 30, 2011, [CJI0009243](#)

180. Five years later, Ed Houghton described the meeting as follows:

...on May 30th, Our Chair Dean Muncaster, our CFO Tim Fryer and myself went to Council to provide them our 2011 Business Plan. During that discussion, Council, specifically the Deputy-Mayor asked about the changing electric industry and the move towards less LDCs. At that time we advised them that we would be coming to Council

with options for them to consider such as Status Quo, Full Sale, Merger and Partial Sale. The Deputy-Mayor said that they are not interested in a full sale and to bring that to Council would be rejected immediately and they understand that status quo was not an option. They were however interested a partial sale. We took this back to our Board and that is the reason we started looking at a partnership. As well, the Board was charged to look at what they believe was the right direction...The Deputy-Mayor and the six other Council members agree this is what happened.

The minutes and video of this Council meeting do not record the discussions described above by Mr. Houghton as having taken place.

Collingwood Council Minutes, May 30, 2011, [CJI0007986](#)

Video of Council Meeting, Collus Presentation of Business Plan, May 30, 2011, TOC0555937.00001

Transcript of Collus presentation, May 30, 2011, [CJI0009243](#)

Email chain including Ed Houghton, Cindy Shuttleworth, Pam Hogg and Larry Irwin, March 21, 2016, [CPS0006416](#)

3.2 Ed Houghton Requests a Meeting with Collus Chair Dean Muncaster and Independent Director David McFadden: Follow Up with the Board Chair

181. After the presentation to Town council about the Collus business plan, Ed Houghton and Collus Board members Dean Muncaster and David McFadden planned a meeting for Saturday June 4, 2011.

Emails chain including Ed Houghton, Dean Muncaster and David McFadden, May 31-June 2, 2011, [CPS0002151](#)

182. After their meeting, David McFadden asked Ed Houghton if he had arranged a meeting with Mayor Cooper on Friday (June 10, 2011).

Email from David McFadden to Ed Houghton, June 8, 2011, [TOC0516341](#)

183. On June 13, 2011, Ed Houghton confirmed to Collus Board Chair Dean Muncaster that a presentation would be made to Town Council on June 20, 2011 regarding “the various options and considerations for a “Strategic Partner””. Mr. Houghton asked if Chair

Muncaster had any concerns with him presenting this to the rest of the Board and key staff before June 20.

Email from Ed Houghton to Dean Muncaster, June 13, 2011, [TOC0049944](#)

184. On June 14, 2011, Ed Houghton asked Director David McFadden for input into the strategic options document being prepared for Council. Mr. McFadden responded:
- a. The timing of the share sale-should it wait until after the provincial election to have an idea of future direction of government; potential new policy that could affect taxes;
 - b. A partner might buy an interest in Collus Power without the need to create a new entity;
 - c. Good idea to expand the group to include the CAO.

Email between Ed Houghton and David McFadden, June 14, 2011, [TOC0050024](#)

3.3 PowerStream Considers Retaining Compenso Communications Inc.

185. Between the first contact from Paul Bonwick in January 2011 and June 1, 2011, PowerStream considered whether it should hire Mr. Bonwick's company, Compenso Communications.

[Summary Document 1-2 PowerStream Takes Steps to Retain Compenso](#)

186. PowerStream took several steps before signing a contract with Compenso. These steps included meetings with and advice from the PowerStream audit and finance committee. Summary Document 1-2 describes these steps in greater detail.

[Summary Document 1-2 PowerStream Takes Steps to Retain Compenso](#)

187. On May 18, 2011, Paul Bonwick sent a draft letter to Mr. Bentz, which was for Mayor Cooper's signature. His cover letter read, "[h]ere is a draft letter as per our discussion. Please review and let me know if the content is satisfactory."

Email from Paul Bonwick to Brian Bentz, May 18, 2011, [ALE0000135](#) (email) and [ALE0000136](#) (attachment)

188. The draft letter from Paul Bonwick was not on the Mayor Cooper's letterhead. It read:

Powerstream 161 Cityview Boulevard, Vaughan, ON L4H 0A9

Attention: Mr. Brian Bentz, President & CEO

Dear Mr. Bentz:

My brother, Paul Bonwick recently brought to my attention that he has submitted a proposal to provide services to Powerstream.

Paul has described the potential services his company will be providing to include but not limited to strategic advice in matters related to Public Relations, Strategic Planning, Acquisitions and Media Relations. He has also stated that these responsibilities could potentially incorporate advice related to the Town of Collingwood subject to certain conditions unfolding in the coming months.

Should these conditions come in to play Paul has suggested that a meeting be schedule with relevant parties to more formally clarify Paul's role with Powerstream.

This appears to be a reasonable course of action however I would emphasis that should you choose to engage Compenso in some manner of service, it should be based entirely on the merits of the proposal and completely unrelated to his relationship with me and that of my office.

I hope this short note provides the clarification to the matter at hand and I invite you to call should you have any further questions.

Sincerely, Sandra Cooper

Mayor

Email from Paul Bonwick to Brian Bentz, May 18, 2011, [ALE0000135](#) (email) and [ALE0000136](#) (attachment)

189. On May 19, 2011, Paul Bonwick advised Brian Bentz that Mayor Cooper had offered to call Mayor Lehman. Brian Bentz responded that Mayor Lehman was agreeable to receiving a call from Mayor Cooper. Paul Bonwick wrote to Brian Bentz to say: "as you can see by the letter I drafted, I wrote it with the thought of public disclosure if ever required. Please provide a phone number for Mayor Cooper to call Mayor Lehman." Following this exchange, Brian Bentz sent the draft "Mayor Cooper" letter to Jeff Lehman.

Emails between Brian Bentz and Jeff Lehman, May 19, 2011, [ALE0000141](#) (email) and [ALE0000142](#) (attachment)

Email between Paul Bonwick and Brian Bentz, May 19, 2011, [ALE0000138](#) (email) and [ALE0000139](#) (attachment)

190. On May 31, 2011, PowerStream CFO John Glicksman sent a draft consulting agreement to Paul Bonwick, which required Mr. Bonwick to represent and warrant that he had disclosed the scope of his services and his retainer to Mayor Cooper and to the Clerk of the Town of Collingwood. Mr. Bonwick wrote back with, "one small correction." He said that although he had informed Mayor Cooper, he had not, "formally engaged with the Clerk or any other municipal staff on this matter at this time."

Email from John Glicksman to Paul Bonwick, May 31, 2011, [ALE0000159](#) (email) and [ALE0000160](#) (attachment)

Email exchange between John Glicksman and Paul Bonwick, May 31, 2011, [ALE0000158](#)

191. On the afternoon of June 1, 2011, PowerStream CFO John Glicksman wrote to Paul Bonwick that there had been an, "apparent misunderstanding" about his disclosure to Mayor Cooper and to Clerk Almas. Mr. Glicksman wrote:

Thanks for your quick reply and comments on our draft letter. There still seems to be some apparent "misunderstanding" of the disclosures Brian thought you had made to-date to him with respect to both the Mayor and the City Clerk. He was under the impression that you had made disclosure to and received clearance from the City Clerk that under the Municipal Act there was no conflict for you to do work for us leading to or on a potential RFP of Collus and that you had received written confirmation of same from the City Clerk. Given that you had direct discussion with Brian regarding this it may be best for you to give him a quick call so that we can sort the wording out and get on with you supporting us on this exciting project. Thanks again for your co-operation on these matters.

Email from John Glicksman to Paul Bonwick, June 1, 2011, [ALE0000163](#)

3.4 Paul Bonwick Arranges a Meeting with the Town Clerk

192. Paul Bonwick contacted Sara Almas, the Clerk for the Town of Collingwood, on the morning of June 2, 2011, to ask if he could meet with her. They agreed to a meeting at 11:35 a.m. that day.

Exchange of Emails between Paul Bonwick and Sara Almas, June 2, 2011, [TOC0048763](#)

193. The Clerk made the following notes of the meeting:

→ electrical distributing

PowerStream -Utility Company out of Vaughan

-Paul Bonick

“Check” [CHEC] - as one of region

→ and Collingwood is a member.

PR-Activities/Community Outreach

President

→CEO-PowerStream Brian Bentz

→email to confirm?

Paul to send email-?

Ian’s role →Media Relations/Training

Grant writing-applications.

Excerpt from Clerk’s notebook, June 1, 2011, [CJI0009206](#)

194. Following this meeting, Paul Bonwick emailed Clerk Almas on June 2, 2011, writing:

Thanks for taking time to chat this morning regarding my forthcoming opportunity with Powerstream

It is a very dynamic and progress organization and I very much looking forward to working with their Team,

On a separate note, please call if I can ever be of assistance on the potential program opportunities we discussed.

Once again, please accept my thanks and have a great weekend.

Mr. Bonwick forwarded a copy of this email to PowerStream's President and CEO (Brian Bentz) and CFO (John Glicksman).

Email chain including Paul Bonwick, Sara Almas, Brian Bentz and John Glicksman, June 2, 2011, [ALE0000176](#)

195. That same day, Paul Bonwick wrote another email to Brian Bentz and John Glicksman, and copied Clerk Almas. He said that he described the services his company would be providing to PowerStream "throughout the Region as well as specific to Collingwood." He wrote that Clerk Almas had been:

...kind enough to offer an interpretation (opinion) of the "Provincial Conflict of Interest Act" as it relates to my sister being a member of Municipal Council. Ms. Almas was quite clear that there is no conflict of interest based on my company's relationship with Powerstream.

Email chain including Paul Bonwick, Brian Bentz, John Glicksman, and Sara Almas, June 2, 2011, [ALE0000175](#)

196. Paul Bonwick provided Mayor Cooper with Brian Bentz's email address on June 2, 2011. Mr. Bonwick copied Mr. Bentz on this email.

Email from Paul Bonwick to Brian Bentz, June 2, 2011, [ALE0000177](#)

197. On the same day, June 2, 2011, Mayor Cooper sent Brian Bentz a letter. The Mayor's letter said:

My brother, Paul Bonwick, recently brought to my attention that he has submitted a proposal to provide services to Powerstream.

Paul has described the potential services his company will be providing to include but not limited to strategic advice in matters related to Public Relations, Strategic Planning, Acquisitions, and Media Relations. He has also stated that these responsibilities could potentially incorporate advice related to the Town of Collingwood subject to certain conditions unfolding in the coming months.

Should these conditions come in to play Paul has suggested that a meeting be scheduled with relevant parties to more formally clarify Paul's role with PowerStream.

This appears to be a reasonable course of action however I would emphasise that should you choose to engage Compenso in some manner of service, it should be base

entirely on the merits of the proposal and completely unrelated to his relationship with me and that of my office...

Email from Sandra Cooper to Brian Bentz, June 2, 2011, [TOC0048811](#) (email) and [TOC0048812](#) (attachment)

198. On June 3, 2011, Mr. Bonwick wrote an email to Mr. Glicksman and copied Mr. Bentz. The subject line read "Agreement". Mr. Bonwick reported that:

The Clerk has been thoroughly briefed by me. Previously the discussion had taken place between the Mayor and the Deputy Mayor. I have also informed both Parties that Brian and I will be requesting a meeting over the next two or three weeks as time permits.

Please let me know if you have time available early next week to discuss the next steps for Powerstream. More specifically, I would like to discuss...Powerstream participation in some special events taking place over the summer.

As an fyi, I have learned that Collus has completed their evaluation using KPMG. This step is in keeping with the timelines discussed several weeks ago.

Email from Paul Bonwick to John Glicksman, Victoria Scoffield, Brian Bentz, and Sandra DiPonio, June 3, 2011, [ALE0000178](#)

199. On June 6, 2011, Clerk Almas forwarded Mr. Bonwick's June 2, 2011 email regarding their conversation to CAO Kim Wingrove.

Email from Sara Almas to Kim Wingrove, June 6, 2011, [TOC0049090](#)

200. On June 10, Paul Bonwick proposed a meeting with CAO Wingrove, writing that he, "would like to discuss a company that [he] had recently started to provide services. The purpose of the meeting is to provide disclosure as well as purpose an additional meeting." CAO Wingrove agreed and suggested the following Tuesday, June 14, 2011. Mr. Bonwick forwarded his conversation with CAO Wingrove to Deputy Mayor Lloyd with a note that read, "Hey Bubba, let me know if you have time to discuss this..."

Email chain between Paul Bonwick and Kim Wingrove, June 10, 2011, [TOC0049604](#)

Email from Paul Bonwick to Rick Lloyd, June 10, 2011, [TOC0049595](#)

201. During this time, Paul Bonwick was also communicating with representatives from Ontario's Liberal Party in order to arrange a meeting between a provincial minister and Mayor Cooper.

Email from Paul Bonwick to Sandra Cooper and Ed Houghton, June 8, 2011, [TOC0049345](#)

3.5 The Compenso Retainer is Signed by PowerStream

202. On June 7, 2011, PowerStream signed a retainer letter and non-disclosure agreement with Compenso. The agreement provided that PowerStream would pay Compenso monthly fees of \$10,000 and expenses of \$1,000, and that Compenso and Mr. Bonwick would identify potential targets, prepare "detailed briefings identifying key decision makers related to a particular opportunity", "[a]ssist in the preparation of any Proposals that PowerStream intends to submit", and "[a]ssist with any other duties required as it relates to PowerStream's M&A activity." Information under the heading "Methodology and Deliverables" included:

Issue Monitoring:

- [Compenso] is in constant contact with the Municipal Government Leaders and as such is able to monitor and report any changes or opportunities that may arise...our intelligence gathering will help prepare you to respond to any potential critical challenges brought forward regarding this approach.

Tactical Recommendations:

- Throughout this process we will provide PowerStream with an identified contact list and detailed verbal brief of tactics and recommended approaches for proceeding.

The agreement also expressly required that Mr. Bonwick make any disclosure which may be required in connection with this retainer with PowerStream:

Disclosure:

- Bonwick agrees to make all necessary and prudent disclosures of his/CCI's engagement with PowerStream. Any such disclosures shall be discussed and authorized by PowerStream in advance. Specifically, with respect to any authorized activity on PowerStream's behalf, relating to COLLUS Power, Bonwick represents and warrants that he has disclosed the scope of his services

and his retainer by PowerStream to the Mayor and Clerk of the Town of Collingwood, and shall provide written evidence of such disclosure to PowerStream. Further, with respect to COLLUS Power, CCI shall, after consulting with PowerStream, make any additional disclosure(s) that may be prudent or required by applicable law, during the course of this engagement, or any extension thereof. Further, Bonwick nor CCI, will advocate on PowerStream's behalf to the Province of Ontario, or any Ministry or Agency thereof, without PowerStream's express written direction, and further, any such authorized activity shall comply with applicable law, including the *Lobbyists Registration Act, 1998*.

Compenso PowerStream Retainer, June 7, 2011, [ALE0000192](#)

3.6 Solar Vent Activity: Ed Houghton Brings the Idea of a Solar Attic Vent Initiative to Collus Power

203. On June 10, 2011, and July 8, 2011, the Collus Power Board approved the solar initiative brought to them by Ed Houghton. These steps are described in Summary Document 1-3.

Minutes of Collus Power Board Meeting, June 10, 2011, [CPS0007007_0001](#)

[Summary Document 1-3: The Solar Attic Vent Activity](#)

3.7 Compenso Begins its Work for PowerStream: June 2011

204. Paul Bonwick arranged “an introductory and exploratory meeting” between the PowerStream executive team and Ed Houghton in the PowerStream boardroom. In a June 10, 2011 email to the PowerStream executives, Mr. Bonwick advised that it was, “our intention” to take Mr. Houghton out for dinner after the meeting, which was scheduled for June 15, 2011. Mr. Bonwick wrote that Dennis [Nolan], PowerStream EVP Corporate Services and Secretary, confirmed participation of “all Parties” that morning.

Email from Paul Bonwick to Brian Bentz, John Glicksman, Dennis Nolan, Mark Henderson and Eric Fagen, June 10, 2011, [ALE0000196](#)

205. On June 16 and 17, 2011, PowerStream had an off-site meeting. A slide presentation prepared for this meeting included the following information:

PowerStream has been approached by the Hon. Paul Bonwick. He is a principal of CCI, and has expertise in government relations and communications, and has close relationships within the community that may assist PowerStream in achieving its M&A objectives.

Email from Daniel Miller to Victoria Scoffield, John Glicksman and Lucy Lombardi, June 15, 2011, [ALE0000216](#) (email) and [ALE0000218](#) (attachment), p 5

206. At that meeting, an “M & A” Update presentation was provided that included the following points:

- The Town of Collingwood is seriously considering selling (in part or in whole) the utility;
- They have engaged KPMG to value the utility and develop an RFP to gauge the potential interest in a sale;
- Paul Bonwick has been retained to assist with services including identifying opportunities for purchase, merger or other business combinations with LDCs;
- Next steps would include
 - Continuing informal meetings with the President of Collus Power concerning the status of their plans regarding a potential M & A opportunity;
 - Broadening discussions with senior City staff and the Chair of Collus to make them aware of the interest, reputation and success with our M & A experience.

PowerStream Inc, M&A Update, Board Strategic Retreat, June 16 and 17, 2011, [ALE0000218](#), p 6-8

207. Meanwhile, on June 14, 2011, Paul Bonwick sent Deputy Mayor Lloyd an untitled email that said: “Meeting Powerstream...2:30...June 29, 2011.” Deputy Mayor Lloyd requested a different time, but Mr. Bonwick advised that the meeting could not be moved because Mayor Cooper had another commitment. On June 22, 2011, Mayor Cooper’s Executive Assistant invited Ed Houghton, Deputy Mayor Lloyd, Dean Muncaster and CAO Wingrove to an introductory meeting with Brian Bentz. Mr. Bentz extended the invitation to Barrie Mayor and PowerStream Chair, Jeff Lehman.

Emails between Paul Bonwick and Rick Lloyd, June 14, 2011, [TOC0050012](#)

Calendar Invitation for June 29, 2011, [CPS0002188](#)

Meeting confirmations for Ed Houghton, [TOC0518178](#); Sandra Cooper, [TOC0518179](#); Rick Lloyd, [TOC0518180](#); Paul Bonwick, [TOC0518181](#); Brian Bentz, [TOC0518182](#); Dean Muncaster, [TOC0518183](#)

Email from Shelley Fuhre to Kim Wingrove, Sandra Cooper, and Ed Houghton, June 24, 2011, [TOC0518186](#)

208. On June 22, 2011, Paul Bonwick emailed Brian Bentz, writing:

Good morning Brian;

Mayor Cooper informed me that she will be having lunch today with Mayor Lehman.

Is there a particular message you would like brought forward from Mayor Cooper?

Regards...

Email from Paul Bonwick to Brian Bentz, June 22, 2011, [ALE0000227](#)

3.8 Collus Reports to Council *in camera*: June 27, 2011

209. On June 27, 2011, Ed Houghton made an *in camera* presentation to Collingwood Town Council about a “study” Collus was doing to “investigate strategic opportunities.” A detailed report was to be provided to Council once the study was complete. The minutes of the meeting record that there were questions from members of Council about valuations, assets, staffing, shared resources, and high-use customers.

Collus Confidential Review of Options, June 27, 2011, [CPS0004397](#)

Council In-Camera Minutes, June 27, 2011, [TOC0516351](#)

210. In the hours leading up to the meeting, Ed Houghton sent an email to Paul Bonwick stating: “Sounds like mike is trying to hijack the process. Wants to speak to Council without COLLUS”. Mr. Bonwick responded: “Can't...has a responsibility to Collus!!! You should let Sandra know that clearly and now!!!!!!!!!!”.

Email chain including Paul Bonwick and Ed Houghton, June 27, 2011, [TOC0050768](#)

211. The slide presentation to Council stated that the purpose of the review was, “to ensure that the Municipality is receiving the most value for its dollar.” It identified, amongst other things, the current context of the electricity sector, a possible push for LDC consolidation, political risk due to concerns about the electricity cost, and increasing regulatory complexity.

Collus Confidential Review of Options, June 27, 2011, [CPS0004397](#)

212. The presentation identified four options: (1) maintain the current municipal ownership; (2) sell the Town’s entire ownership interest; (3) sell part of the Town’s ownership interest; or (4) a strategic partnership where the Town would receive cash and either retain a partial ownership interest in Collus Power or become a minority owner of the acquiring partner. The presentation recommended the strategic partnership option.

Collus Confidential Review of Options, June 27, 2011, [CPS0004397](#)

213. The presentation concluded with slides that informed Council that the next steps would include: 1) identifying and investigating potential parties to be a Strategic Partner; 2) preparing an Expression of Interest; 3) forming a Team made up of the Collus Power Board (Mayor Cooper, David McFadden and Dean Muncaster), Ed Houghton, Tim Fryer, CAO Wingrove, and a Council representative; 4) Preparing a Request for Proposal for the end of August, 2011; and 5) Calling the Request for Proposal at the end of October, 2011. The concluding slides were:



Next Steps:

1. It would be the intention to identify and investigate potential parties interested in the opportunities surrounding the Strategic Partnership Option. President & CEO, Ed Houghton should speak with potential Strategic Partners to determine/stimulate levels of interest.
2. (Possible Step) Prepare an Expression of Interest.
3. Establish a Team comprised of the Collus Power Board (Dean Muncaster, Mayor Sandra Cooper & Independent Director David McFadden), Ed Houghton, Tim Fryer, CAO Kim Wingrove and a Council Representative to meet with all interested Strategic Partners to outline the needs, wants and desires.
4. Prepare a Request For Proposal for the end of August.
5. Call the RFP for end of October, 2011.

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Conclusions:

- Timing is critical considering the upcoming election, possible provincial policy changes, upcoming town budget deliberations and current value.
- Confidentiality is critical to ensure that the greatest value is fully recognized.
- Any action taken must provide the greatest value to our Shareholder with the least impact to our customers and our staff.

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Collus Confidential Review of Options, June 27, 2011, [CPS0004397, p 24-25](#)

214. Council did not provide formal direction by way of resolution on June 27, 2011.

3.9 Brian Bentz Advises the PowerStream Board of his Upcoming Meeting with Paul Bonwick and Ed Houghton, and the Impending Collus RFP

215. On June 29, 2011, Brian Bentz reported to his Board of Directors that:

...Executive Management would be meeting with Ed Houghton, President & CEO of COLLUS and Paul Bonwick, PowerStream advisor, with respect to COLLUS' anticipated RFP process. It is expected that an RFP will be issued by the Town of Collingwood for proposals with respect to COLLUS, sometime in August or September.

Meeting Agenda and President & CEO Report to Board of Directors of PowerStream, June 29, 2011, [ALE0000341](#)

216. Paul Bonwick arranged a golf game and dinner for himself, Ed Houghton, Brian Bentz, and Mayor Lehman on June 29, 2011 at the Georgian Bay Club. Records from the Georgian Bay Club show a time for a foursome on June 29, 2011 at 4:50 p.m. made up of Houghton, Bentz, Lehman and Bonwick.

Email chain including Paul Bonwick, Sandra DiPonio and Ed Houghton, June 10-13, 2011, [TOC0049844](#)

Email from Paul Bonwick to Brian Bentz and Ed Houghton, June 24, 2011, [ALE0000228](#)

Brian Bentz Calendar note, June 24, 2011, [ALE0000229](#)

Tee Time Report, June 29, 2011, [CJI0007639](#)

Member Account History, June 29, 2011, [CJI0007640](#)

3.10 Solar Vent Activity: Paul Bonwick Briefs PowerStream President Brian Bentz

217. Paul Bonwick briefed Brian Bentz in advance of a meeting scheduled with Ed Houghton on July 7, 2011 at the PowerStream offices in Vaughan, writing:

Further to our telephone conversation, topics for discussion will be Solar Strategic Alliance.

Ed's proposal/objective for Collus Board is 1000 unit (500 homes). I believe his intention is for similar commitment from Powerstream. Intent is to expand program to other Check [CHEC] members as we move forward.

Water opportunity is also on slate for discussion.

Dean will be providing his perspective as well as listening to yours...

The meeting of July 7, 2011 and the PowerStream consideration of the solar attic vent project are described in greater detail in Summary Document 1-3.

Collus Meeting Outlook Invitation, July 7, 2011, [ALE0000231](#)

Email chain including Paul Bonwick and Brian Bentz, [ALE0000234](#)

[Summary Document 1-3: The Solar Attic Vent Activity](#)

218. Four days after the scheduled meeting with Ed Houghton and Brian Bentz, Paul Bonwick emailed Mr. Houghton at his Gmail account, copying Eric Fagen (PowerStream's Director of Communications), asking about the number of [solar attic vent] units in Mr. Houghton's business plan and the expectation in place for PowerStream. Mr. Houghton replied from his Gmail account, advising that he had approval to purchase 1000 units on behalf of Collus. He wrote that it was his "understanding that PowerStream was thinking 1000 or more."

Email chain including Paul Bonwick, Ed Houghton, Eric Fagen, Dennis Nolan, Mark Henderson, and Brian Bentz, July 11, 2011, [ALE0048824](#)

219. Eric Fagen forwarded the email chain to Dennis Nolan. Mr. Nolan, in turn, forwarded the chain to Mark Henderson, PowerStream Executive Vice President and Chief Operating Officer, and Brian Bentz, copying Mr. Fagen, writing:

While I agree with the need to proceed with this pilot, we need to revisit the numbers. Our preliminary estimate, based upon these numbers, is approx. \$200,000.00. Apparently Ed is of the understanding that it is cost recoverable under CDM [Conservation and Demand Management] and we are not of the same view.

Email chain including Paul Bonwick, Ed Houghton, Eric Fagen, Dennis Nolan, Mark Henderson, and Brian Bentz, July 11, 2011, [ALE0048824](#)

220. In the summer of 2011, Collus and PowerStream embarked on a joint marketing campaign and purchase of International Solar Solutions solar attic vents. Collus and PowerStream contributed funding for advertising, staff time, and funding for the solar attic vents in the

summer and fall of 2011. Paul Bonwick and Ed Houghton participated in the organization and communications of these marketing steps. The activity preceded the Collus Power RFP bids and continued during the bid period. Details of these activities are included in Summary Document 1-3.

[Summary Document 1-3: The Solar Attic Vent Activity](#)

221. PowerStream highlighted its involvement with the solar attic vents in its response to the Collus Power RFP, noting that the solar attic vents project was an example of collaboration between Collus Power and PowerStream.

PowerStream's Response to COLLUS Power Corp Request for Proposal, Part Two, November 16, 2011, [ALE0000967](#)

3.11 The Collus Power Board Approves Next Steps for the Collus Power “Strategic Partner Option”

222. On July 8, 2011, the Board of Directors for Collus Power met and approved moving forward with the strategic partner option. The Minutes reflect that “...the Board supports the preferred option of moving forward with the Strategic Partner option, and fully supports Management in the execution of that direction.”

Minutes of a Meeting of the Board of Directors of Collus Power Corp., July 8, 2011, [CPS0007018 0001](#)

223. At a Collus Solutions board meeting on July 8, 2011, CFO Tim Fryer reported that he was reviewing current service agreements and considering the adjustments that needed to be made. Mr. Fryer indicated that he was working to have recommendations on the matter ready for the next board meeting so that Collus Solutions' 2012 budget could be finalized.

Collus Solutions board meeting agenda, July 8, 2011, [TOC0515608, p 7](#)

Collus Solutions board meeting minutes, July 8, 2011, [CPS0007021 0001](#)

224. A meeting of the Collus board of directors was also held on July 8, 2011. Draft minutes from this meeting indicate, amongst other things, that:

Ms. Hogg circulated resolutions for signatures for Collus Solutions Corp., Collus Power Corp., Collus Energy Corp., and Collingwood Utility Services Corp with respect to the; financial statements; transaction of business; confirmation of acts; election of directors; appointment of auditors; and appointment of officers for each of the Corporations.

Collingwood Utility Services Corp board meeting minutes, July 8, 2011, [CPS0008515_00001](#)

225. Finally, Collus' Annual Meeting of the Shareholder also took place on July 8, 2011. The minutes of this meeting recorded, amongst other things, that:

...

Mr. Muncaster recognized that the sole shareholder is the Corporation of the Town of Collingwood and advised that Deputy Mayor Rick Lloyd had been appointed by Council as the voting representative. Mr. Lloyd was in attendance and confirmed that he would vote on behalf of the Town.

...

The Chair presented the Consolidated Financial Statements for the four corporations, Collingwood Utility Services Corp., Collus Power Corp., Collus Solutions Corp. and Collus Energy Corp., which had previously been provided to the Town...Deputy Mayor Lloyd acknowledged that the reports had been approved by Council of the Town of Collingwood on May 30, 2011. He moved the approval of the Financial Statements for the fiscal year ending December 31, 2010 and therein to confirm, ratify and approve the acts of the Directors for the same fiscal year.

...

Mr. Houghton stated that Collus continues to have a strong close working relationship with the Town of Collingwood. It is a pleasure to work alongside with the Town. Mr. Houghton also expressed kudos to Mr. Irwin and his I.T. Department for all that they do for the Town.

...

Mayor Cooper stated that Collus does a great job of facing challenges, and applauds the strategic planning for the future. Mayor Cooper also stated that Council recognizes the hard work of staff and hopes that staff recognizes is as well.

...

The draft Minutes did not record any discussion of a potential sale, merger, or strategic partnership

Collingwood Utility Services Corp annual meeting of the shareholder minutes, July 8, 2011, [TOC0344452](#)

3.12 Initial Meetings with Potential Bidders

226. Calendar entries indicated that, on July 20, 2011, Ed Houghton and Dean Muncaster were scheduled to meet with representatives from Hydro One and St. Thomas Energy.

Calendar Invitation, July 20, 2011, [CPS0002222](#)

Calendar Invitation, Meeting with St. Thomas Energy (Dean, Brian Hollywood & STE Chair), July 20, 2011, [CPS0002221](#)

227. In a July 20, 2011 email, Michael Angemeer of Veridian proposed a telephone call with Ed Houghton and apologised for not getting back to Mr. Houghton sooner.

Email from Michael Angemeer to Ed Houghton, July 20, 2011, [CPS0002235](#)

3.13 Horizon Utilities

228. Horizon Utilities was formed in 2005 when Hamilton Hydro Inc. and St. Catharines Hydro Services Inc. merged.

<https://www.horizonutilities.com/ourCompany/about-us/Pages/OurHistory.aspx>, [CJI0009242](#)

229. On July 12, 2011, Ed Houghton sent Max Cananzi, President and CEO of Horizon Utilities, an email with the subject line "Confidential Phone Call". In the email, Mr. Houghton stated:

I was hoping that you could allow me a few moments of your time in the near future so that I may give you a confidential phone call. If so could you provide me a couple of times and the phone number to which to call.

Mr. Houghton and Mr. Cananzi arranged to speak later that day.

Email chain including Ed Houghton and Max Cananzi, July 12, 2011, [ALE0049393](#)

230. Two days later, Max Cananzi emailed Ed Houghton stating:

It was great hearing from you on Tuesday. I am very interested and excited by what you had to say and look forward to discussing more about this with you when we meet.

I am available to meet with you on Tuesday July 26th and Thursday July 28th. If this is too late I can meet with you on Monday July 18th. My preference would be the 26th or 28th but I appreciate and respect that you may be wanting to move this along quicker. With summer vacations etc.. it just makes it a bit tougher for me to bring along the individuals that I think would contribute the greatest to such a discussion but we will manage no matter what to meet your timelines.

Please let me know what works and where the meeting is to be located at your earliest convenience.

Email chain involving Ed Houghton and Max Cananzi, July 14, 2011, [TOC0052060](#)

231. On July 25, 2011, Max Cananzi told Neil Freeman, VP Business Development and Corporate Relations, about a meeting with Collus on the following day, code named "Project Runway." Mr. Cananzi asked Mr. Freeman to begin gathering information on Collus, such as annual reports, and noted there would not be a lot of time until the meeting and there was lots of work to do. Neil Freeman circulated slides within Horizon that same day comparing Horizon to the other competitors.

Email from Max Cananzi to Neil Freeman, July 25, 2011, [ALE0049438](#)

Email from Neil Freeman to Max Cananzi and John Basilio, July 25, 2011, [ALE0049430](#) (email) and [ALE0049431](#) (attachment)

232. A meeting of Collus Power and Horizon was planned for July 26, 2011. Max Cananzi, Neil Freeman, John Basilio, Grace Rafter, Ed Houghton and Dean Muncaster were invited to attend.

Calendar invitation, July 26, 2011, [ALE0049409](#)

233. After the July 26, 2011 Collus-Horizon meeting, Neil Freeman sent a thank you to Ed Houghton and a link to the Horizon Directors' biographies on the web. Horizon proceeded to begin its preparatory work. On July 28, 2011, Horizon obtained the collective agreement for Collus Power employees.

Email from Neil Freeman to Dean Muncaster, Ed Houghton, Max Cananzi, and John Basilio, July 26, 2011, [TOC0052966](#)

Email with attached collective agreement for Collus, July 28, 2011, [ALE0049450](#) (email); [ALE0049451](#) (attachment)

234. After the Collus-Horizon meeting, Ed Houghton sent a package describing the solar vent retail offer to Max Cananzi of Horizon Utilities. On August 4, 2011, Mr. Houghton contacted Horizon about another meeting. Through follow-up discussions with International Solar Solutions Inc. representative Alec Young, Horizon learned that Collus Power and PowerStream were partnering on solar vents, and that Mr. Houghton and Brian Bentz were the main contacts. ISSI offered Horizon the ability to participate at \$175 per vent (155 if they purchased 5,000 solar attic vents). Horizon did not pursue this.

Email from Ed Houghton to Max Cananzi, August 2, 2011, [ALE0049458](#) (email), [ALE0049461](#) (attachment), [ALE0049462](#) (attachment), [ALE0049463](#) (attachment), [ALE0049464](#) (attachment)

Email from Leigh Forrest to Max Cananzi, August 4, 2011, [ALE0049474](#)

Email chain including Brian MacDonald, Neil Freeman, and Max Cananzi, August 21, 2011, [ALE0049480](#)

Email chain including Alec Young, Brian MacDonald, and Peter Budd, August 19, 2011, [ALE0049482](#)

235. In an email exchange between Max Cananzi and Neil Freeman on August 22, 2011, Mr. Freeman said he had spoken with Ed Houghton about the solar attic vent initiative, writing:

Max: Ed is here. I just had an extended conversation with him. He was welcoming and wants us to jump on board. He acknowledges that this initiative without CDM [Conservation and Demand Management] recognition and talks about the initiative in the language of "doing the right thing". He says OPA has taken notice and his hope is that if more LDCs participate then OPA will include this gaget in Tier 1.

He says he really likes Horizon's approach to business and I asked him if he did so more than PowerStream, to which he said they are the same. He said he does not know you well but has been observing you for years and has a lot of respect for you.

Max Cananzi provided information about the solar attic vent program to Horizon staff.

Email from Neil Freeman to Max Cananzi, August 22, 2011, [ALE0049484](#)

Email from Max Cananzi to staff, August 24, 2011, [ALE0049489](#)

236. The following week, Peter Budd contacted Horizon to ask about working together on the solar vent program. Neil Freeman asked Max Cananzi if he wanted to work with Peter Budd. Mr. Cananzi responded:

Not particularly. I am sensitive to the Collingwood connection however and the fact that both Powerstream and Veridian are involved. I detest coming into this under these circumstances. It makes us ass kissers. I would continue to dialogue, receive one for testing with or without Mohawk, etc... Buy us some time for the Sept 19th meeting to see where this is all going.

Email between Max Cananzi and Neil Freeman, August 31, 2011, [ALE0049494](#)

3.14 First Meeting of The Strategic Partnership Task Team on August 3, 2011

237. On July 27, 2011, Ed Houghton sent an email to Dean Muncaster, Mayor Cooper, David McFadden, Tim Fryer, CAO Wingrove, Doug Garbutt and Pam Hogg, stating:

Chairperson Muncaster and I were hoping to provide you with an update meeting on our efforts seeking a Strategic Partner. We were also hoping to discuss the next steps that we will be taking in the process.

We realize that everyone's schedule is so busy and not everyone will be able to make it but in an effort to keep the process moving forward we are suggesting Wednesday August 3rd ...

Please let me know if this works for you...

Email from Ed Houghton to Dean Muncaster, Sandra Cooper, David McFadden, Tim Fryer, Kim Wingrove, Doug Garbutt and Pam Hogg, July 27, 2011, [CPS0008528_00001](#)

238. Deputy Mayor Lloyd was not one of the recipients of the email above. He was listed as an "optional attendee" on the calendar invitation for the August 3rd meeting.

Outlook invitation, Confidential Update on Strategic Partnership Findings, August 3, 2011, [CPS0002244](#)

239. A “Strategic Partnership Task Team” first met on August 3, 2011. The members of the Team were Dean Muncaster (Chair, Collus Power), Sandra Cooper (Mayor and Director, Collus Power), Doug Garbutt (Director, Collingwood Public Utilities Services Board), Rick Lloyd (Deputy Mayor), Kim Wingrove (CAO), Ed Houghton (President & CEO, Collus Power), David McFadden (Director, Collus Power), and Tim Fryer (CFO, Collus Power). The minutes of the meeting were taken by Pam Hogg of Collus Power.

Email from Pam Hogg to John Brown, May 28, 2015, [CPS0005576](#)

Strategic Partnership Task Team Meeting Notes, August 3, 2011, [CPS0002342](#)

In-Camera Counsel Minutes, June 27, 2011, [TOC0516351](#)

Collus Confidential Review of Options, June 27, 2011, [CPS0004397](#)

240. Ed Houghton and Dean Muncaster reported to the Team that they had attended initial meetings with potentially interested bidders and that they had used a “consistent introduction at each meeting:”

- a. July 7, 2011 – PowerStream
- b. July 20, 2011 – Hydro One and St. Thomas Energy
- c. July 26, 2011 – Veridian Connections and Horizon Utilities

Strategic Partnership Task Team Meeting Notes, August 3, 2011, [CPS0002342](#)

Hydro One Meeting Confirmation at Cora’s Breakfast, Richmond Hill, [CPS0002222](#)

241. The minutes of the August 3, 2011 meeting, amongst other things, noted:

- a. The question of whether to keep some revenue from the share sale in the company for future use was raised;
- b. A Strategic Partnership Task Team strategy session was to be scheduled so the Team could brainstorm on issues. The issues listed included “[w]hat of our interests do we need to protect” and “[d]oes it make sense to aggregate now”; and

- c. “It was decided” that the Strategic Partnership Task Team would not look for further partnership opportunities and “[i]t was agreed that” the Team was investigating a partnership, not a sale of the utility.

Strategic Partnership Task Team Meeting Notes, August 3, 2011, [CPS0002342](#)

242. Two-hour interviews were scheduled with each of Veridian and Hydro One for September 12, 2011, and PowerStream and Horizon for September 19, 2011. A Strategic Partnership Task Team strategy session was scheduled for August 29, 2011 “to discuss the format for the interviews.”

Strategic Partnership Task Team Meeting Notes, August 3, 2011, [CPS0002342](#)

3.15 Paul Bonwick Indicates to PowerStream that He Has Information about Collus in late July and early August

243. On the same day that the Strategic Partnership Task Team met, August 3, 2011, at 7:08 p.m., Paul Bonwick emailed Brian Bentz, “I can provide you an update as it relates to Collus presentation this morning. I also have to questions. Please call my cell...”

Email from Paul Bonwick to Brian Bentz, August 3, 2011, [ALE0000246](#)

244. Previously, on July 22, 2011, Paul Bonwick sent an email to Brian Bentz at PowerStream asking him to call Ed Houghton. Mr. Bonwick said that Mr. Houghton, “shared some interesting information in terms of his discussion with other LDCs as it relates to partnership opportunities.”

Email from Paul Bonwick to Brian Bentz, July 22, 2011, [ALE0000244](#)

3.16 Solar Attic Vent Activity in August 2011: Collus, PowerStream, Ed Houghton, and Paul Bonwick

245. During this period, the solar attic project continued ahead. In August of 2011, Collus and PowerStream, with the help of Ed Houghton and Paul Bonwick, planned an event in Collingwood to introduce the solar attic vents, which they referred to as the “solar

launch.” This event included press releases, advertising on billboards, invitations to Town council members and a radio spot by Ed Houghton about the solar attic vents. Speakers at the event included Mayor Cooper, Brian Bentz of PowerStream and Mr. Houghton. After the event, International Solar Solutions Inc. provided an invoice to Mr. Houghton and Mr. Bonwick showing the amounts to be divided among ISSI, Compenso and Nature’s Power. Advertising and promotion of the partnership between Collus and PowerStream on the solar attic vents continued into September and October of 2011. Additional details of these activities are included in Summary Document 1-3.

[Summary Document 1-3: Solar Attic Vent Activity](#)

Email chain including Ed Houghton, Paul Bonwick, Alec Young and Peter Budd, [TOC0060090](#) (email) and [TOC0060091](#) (attachment)

PowerStream Requisition for Billboard Rental, September 7, 2011, [ALE0050169](#)

246. Compenso arranged for Brian Bentz to stay in Collingwood for the solar launch and then to golf at the Mayor’s Challenge Golf Tournament on the same day.

Email Chain Including Paul Bonwick, Brian Bentz and Mark Henderson, August 4, 2011, [ALE0011156](#)

247. A foursome made up of Brian Bentz, Mayor Jeff Lehman from Barrie, Paul Bonwick and Mark Henderson (PowerStream) participated in the Collingwood Mayor’s Challenge Cup golf tournament on August 11, 2011. Another foursome made up of Alec Young, Tom Bushey (ISSI), Peter Budd (ISSI), and a guest was also registered for the Challenge Cup.

Mayor’s Challenge Cup, 2011, [TOC0517779, p 2](#)

3.17 The Strategic Partnership Task Team Meeting on August 29, 2011

248. On August 26, 2011, Ed Houghton sent the Strategic Partnership Task Team copies of the notes from their August 3, 2011 meeting and an agenda for a meeting scheduled for August 29, 2011. This email was not sent to Doug Garbutt or Tim Fryer, though both Mr. Garbutt and Mr. Fryer had attended the previous Strategic Partnership Task Team meeting on August 3, 2011.

Email and attachment from Ed Houghton to David McFadden, Dean Muncaster, Sandra Cooper, Rick Lloyd, Kim Wingrove, and Pam Hogg, August 26, 2011, [CPS0008678 00001](#) (email), [CPS0008679 00001](#) (agenda)

249. On August 28, 2011, David McFadden wrote to the other members of the Strategic Partnership Task Team, advising that he could not attend the August 29, 2011 meeting, and that he “[w]anted to give [his] comments on several matters to you and the team directly.” This email was not sent to Doug Garbutt or Tim Fryer.

Email from David McFadden to Ed Houghton, Dean Muncaster, Sandra Cooper, Rick Lloyd, Kim Wingrove, and Pam Hogg, August 28, 2011, [CPS0002345](#)

250. David McFadden’s first comment was that, “[i]t is critical that the Town as shareholder states its objectives at the outset to avoid later conflicts or misunderstandings.” He listed several possible objectives and concluded that, “[i]dentifying the key objectives will be helpful to any bidders and will be vital to our evaluation process.”

Email from David McFadden to Ed Houghton, Dean Muncaster, Sandra Cooper, Rick Lloyd, Kim Wingrove, and Pam Hogg, August 28, 2011, [CPS0002345](#)

251. David McFadden wrote that, “[w]e need to be clear as to what is available to prospective bidders”, noting that he understood that “we” were prepared to accept bids for up to 50% of Collus Power. Mr. McFadden also suggested considering what was being sold: the shares of Collingwood in Collus Power or shares from the company treasury, explaining that the funds would be paid to the Town for the first option, and to the company if the second was chosen. He asked how much would be sold and discussed governance considerations arising from the sale of 50% of the company. He wrote that, “[u]ltimately, the goal is to have a workable and efficient Board which will protect the interests of stakeholders and add real value to the management and direction of the company.”

Email from David McFadden to Ed Houghton, Dean Muncaster, Sandra Cooper, Rick Lloyd, Kim Wingrove, and Pam Hogg, August 28, 2011, [CPS0002345](#)

252. David McFadden also discussed the due diligence requirements involved in the RFP. Mr. McFadden recommended, amongst other things, having KPMG assist to launch the share sale process “professionally and appropriately.”

Email from David McFadden to Ed Houghton, Dean Muncaster, Sandra Cooper, Rick Lloyd, Kim Wingrove, and Pam Hogg, August 28, 2011, [CPS0002345](#)

253. The Strategic Partnership Task Team met on August 29, 2011. Mayor Cooper, Deputy Mayor Lloyd, Ed Houghton, Dean Muncaster, Doug Garbutt, CAO Wingrove and Pam Hogg attended the meeting, while David McFadden and Tim Fryer were absent.

Minutes of Strategic Partnership Task Team, August 29, 2011, [CPS0008756_00001](#)

254. The Minutes from the Strategic Partnership Task Team meeting indicated, amongst other things, that:

- a. Ed Houghton recommended that KPMG put together the RFP and sit in on the bidder interview meetings, and the Team voted to “move forward with contracting KPMG to put together the RFP and investigate the cost of having them participate in the review process”;
- b. The Team discussed the bidder interview process, which would involve the interested parties briefing the Team for approximately 45 minutes, followed by an approximately half-hour “two-way dialogue”. The interviews were intended to give interested parties the opportunity to express how they felt Collus Power would fit into their future plans. The minutes recorded that “[i]t was felt that the RFP could be formed immediately after following the interview meetings.” The Team emphasized that the interviews should be open and transparent with consistent questions asked to each interested party. Emphasis was placed on ensuring that all parties understood the RFP evaluation criteria. The first interview was to be on September 12;
- c. Dean Muncaster stated that: “[t]he message that has been given to the interested parties has been that the utility is not for sale, but rather we are selling shares in Collus Power.”

- d. "Discussion then took place with respect to the Governance and it was stated that we wish to have significant board representation..."

Minutes of Strategic Partnership Task Team, August 29, 2011, [CPS0008756_00001](#)

255. In an earlier draft of the minutes from this meeting, the governance discussion referred to above was described as follows:

With respect to the Governance Structure it was stated that we want to have significant representation. A discussion ensued as to what we are prepared to accept bids for the amount of shares we want to sell. Selling 51% as opposed to 50/50 is more of a control issue than anything else.

Draft Minutes of Strategic Partnership Task Team, August 29, 2011, [CPS0002358](#)

256. With respect to the RFP process, the Strategic Partnership Task Team minutes of August 29, 2011 recorded that Ed Houghton reviewed the following proposed outline of "the critical dates":

- Tuesday, October 4, 2011 – RFP Out (Two days before the election)
- Wednesday, November 16, 2011 – RFP Called (Six weeks to complete)
- Wednesday, December 7, 2011 – Review Complete
- Friday, December 9, 2011 – Take to Board
- Monday December 12/19, 2011 – Take to Council – In Camera
- January – March – OEB Approval
- Monday, April 2, 2011 – Begin Operations

Minutes of Strategic Partnership Task Team, August 29, 2011, [CPS0008756_00001](#)

257. The minutes listed RFP evaluation criteria to include:

- Board representation
- Employee retention
- Rates
- Collingwood presence

- Price
- Shared governance model
- Future considerations

Minutes of Strategic Partnership Task Team, August 29, 2011, [CPS0008756_00001](#)

258. Regarding the possibility of negotiations following the RFP, the minutes recorded that, “[i]t was decided that the price would be the price and not negotiated, but we will look at the best deal and negotiate the finer details.”

Minutes of Strategic Partnership Task Team, August 29, 2011, [CPS0008756_00001](#)

259. On August 30, 2011, Ed Houghton asked John Herhalt to give him a call. The subject line of the email was “Strategic Partnership Plan”. Mr. Herhalt advised when he was available and asked Ed Houghton to explain the strategic partnership process.

Email chain between Ed Houghton and John Herhalt, August 30, 2011, [CPS0002356](#)

260. On September 2, 2011, John Herhalt provided Ed Houghton with a fee estimate of \$20,000 for, “helping with the strategic partner interviews, RFP preparation and partner candidate proposal review and selection.” On September 5, 2011, Mr. Houghton wrote to Dean Muncaster and Pam Hogg, advising of Mr. Herhalt’s \$20,000 fee estimate, observing “[i]t does fit within the procurement policy”, and asking Mr. Muncaster for his thoughts.

Email from John Herhalt to Ed Houghton, September 2, 2011, [CPS0002362](#)

Email from Ed Houghton to Dean Muncaster and Pam Hogg, September 5, 2011, [CPS0002363](#)

3.18 Paul Bonwick Meets with PowerStream and then Revises the Compenso Bill at PowerStream’s Request

261. On August 31, 2011, Compenso delivered invoice #731 to PowerStream. The invoice included \$2,000 in expenses for blog and media monitoring, with 50% of these costs to be billed to Collus. John Glicksman met with Paul Bonwick to discuss the invoice.

Email and attachment from Christine Harper to Victoria Scoffield, John Glicksman, and Paul Bonwick, August 31, 2011, [ALE0000258](#) (email) and [ALE0000259](#) (attachment)

Email and attachment from John Glicksman to Paul Bonwick CC Eric Fagen, September 1, 2011, [ALE0000262](#) (email) and [ALE0000263](#) (attachment)

Compenso invoice to PowerStream with handwriting, September 1, 2011, [ALE0000270](#)

262. A PowerStream copy of invoice #731 from Compenso included handwritten notes noting, amongst other things, that Ian Chadwick did contract work for Paul Bonwick. The handwritten notes indicate that the invoice was authorized by “Mark” and included the following:

- | | |
|--|---|
| 1. I suggest we’re not comfortable with it | Ian Chadwick does contract work for him journalist by profession |
| 2. Use this service until the RFP (Oct 5) | sits on Collingwood Town Council Views himself as a sounding board on Council |
| 3. Continue to employ him creates a conflict [<i>illegible word</i>] | he sold his UPS store [<i>illegible word</i>] reputation rests on council of being negative on the M&A opportunity Eric to recommend to him to keep a pulse of the region This would put him in a conflict position |

Further information about the services Councillor Chadwick provided to Compenso Communications is set out in Summary Document 1-5.

Compenso invoice to PowerStream with handwriting, September 1, 2011, [ALE0000270](#)

[Summary Document 1-5: Councillor Chadwick’s Services to Compenso: 2011 – 2014](#)

263. On September 15, 2011, Compenso issued a revised invoice 731 to PowerStream. The revised invoice did not include the blog and media monitoring expenses. In addition to

the pre-approved monthly expense, the remaining expenses on invoice #731 were for \$5372 in solar launch event and advertising expenses.

Compenso revised invoice to PowerStream, September 15, 2011, [ALE0000356](#) (email) and [ALE0000357](#) (attachment)

3.19 Preliminary Interviews are Arranged with Four Bidders and the Strategic Partnership Task Team

264. On September 6, letters went out under the signature of Collus Power Chair Dean Muncaster to the four power companies selected to bid, along with non-disclosure agreements.

Letter from Dean Muncaster to Hydro One Inc., September 6, 2011, [CPS0002373](#)

Letter from Dean Muncaster to Veridian Connections, September 6, 2011, [TOC0516275](#)

Letter from Dean Muncaster to Horizon Utilities Corporation, September 6, 2011, [CPS0002371](#)

Letter from Dean Muncaster to PowerStream Inc., September 6, 2011, [CPS0002374](#)

265. Horizon was advised by Ed Houghton that, during their preliminary interview, they would have 45 minutes to speak about how they would fit with Collus Power, what was important to them, and creative ways Horizon could work with Collus. Mr. Houghton told Horizon that they could hold back the “good stuff” for the RFP. In advance of the meeting with the Strategic Partnership Task Team, Neil Freeman of Horizon toured Collus Power and took photographs. Horizon prepared a document with photographs and biographies of the members of the Team.

Email between Neil Freeman and Max Cananzi, September 2, 2011, [ALE0049495](#)

Email from Neil Freeman to Max Cananzi, September 18, 2011, [ALE0049564](#) (email) and [ALE0049565](#) (attachment)

266. On September 6, 2011, Paul Bonwick asked John Glicksman if he, Ed Houghton and “possibly another” could play in the annual PowerStream golf tournament on September

8, 2011. Dennis Nolan advised Mr. Bonwick that “we would be delighted if you and Ed Houghton could join us...”

Email from Paul Bonwick to John Glicksman and Mark Henderson, September 6, 2011, [ALE0048901](#)

Email chain between Paul Bonwick, John Glicksman, Mark Henderson, and Dennis Nolan, September 6, 2011, [ALE0048902](#)

Email chain including Dennis Nolan, Paul Bonwick, Brian Bentz, John Glicksman, Mark Henderson, and Debbie Conte, September 6, 2011, [TOC0057937](#)

267. On September 7, 2011, Eric Fagen and Dennis Nolan discussed Solar Power Attic Vent billboard advertisements displaying both PowerStream and Collus Power branding. Mr. Nolan asked where the billboards were going to be. Mr. Fagen responded,

In the Collingwood/Stayner area as listed below. Paul Bonwick has confirmed that these good locations

Although this primarily promotes the solar power attic vent program for Collus Power, the fact that the billboard is also co-branded with the PowerStream logo, will help to build our brand awareness in the area. The start date of September 19th coincides well with our presentation to the Collingwood council on that day.

Email chain including Vicky Lai, Elizabeth Kay, Eric Fagen, and Dennis Nolan, September 7, 2011, [ALE0048910](#)

268. On September 12, 2011, the Strategic Partnership Task Team met in Collingwood with Veridian and Hydro One.

Meeting with Hydro One and Collus Power Strategic Partnership Task Team, September 12, 2011, [CPS0002265](#)

Meeting with Veridian and Collus Power Strategic Partnership Task Team, September 12, 2011, [CPS0002357](#)

269. On September 14, 2011, Paul Bonwick emailed Ed Houghton’s Gmail account, attaching a memo entitled “Powerstream competitive analysis” for Mr. Houghton’s review and comment. The memo, which was addressed to Brian Bentz, John Glicksman, Mark Henderson and Dennis Nolan, offered a summary of points of interests from Hydro One

and Veridian’s presentations to Collus on September 12, 2011. The memo included the following points:

- a. Hydro One: Collingwood could be a regional hub, “all existing staff would be provided an opportunity with Hydro with the option for senior staff to negotiate an early retirement”, and “the assessment committee was not enamored with the concept or direction Hydro One presented”; and
- b. Veridian: “made a very strong and positive impression on the assessment committee”, identified items that resonated with the assessment committee, including economic development, a contribution fund for discretionary gifting on behalf of Mayor and Council, partnership under Veridian’s existing structure, seamless retention of staff.

Email chain including Paul Bonwick and Ed Houghton, September 14 – 15, 2011, [TOC0059012](#) (email) and [TOC0059013](#) (attachment)

270. John Herhalt made the following handwritten notes regarding Veridian’s presentation:

Dated Sept 12/11

Client: Collus RFP (Call Ed re. proceeding)

Meeting with Veridian/Hydro One

Veridian (Neil Ellis -Belleville, Doug Dickerson –Pickering, Clark, Angemeer, Doug Parker)

Get a sample RFP-invite to bid (check out others we have received)

Get Collus view of key things needed –qualitative

Financial offer-rates impact - (harmonization) - keep or low

Data room (data used for valuation)

Philosophical match-governance management-vision-merger/growth- attraction

Union approach (agreements) –highest common denominator

Use Powerstream material

Green Energy Act activities

How will role with City/water change? (municipal harmony)

What does community presence look like?

The industry path (future consolidation program-province?)

Partner assists with areas currently contracted out

(construction, rates, mntce for vehicles, safety processes, etc)

Augment management skills, help to attract others (royalty) – plus a cheq

Examples-large customer credit risk - customer power

supply issue

J.H/KPMG to prepare- next week-out October 4th (will be fewer LDCs) –response by Nov 16 package to task force –rank responses (let force review – our report)

Board-December 9th – Council Dec 12 - in camera

Resolution by Council Dec 19th

OEB approval afterward-2-3 mos-sometime in April

(Board & Council have reviewed - check points)

Nondisclosure agreement (KPMG too)- Ed re media

Data room needs –need to articulate (what is the list)

Margin

Minority interest ownership – or 50%

Governance

(Role help with craft

RFP – evaluate responses)

Broad or specific?

(i.e 50/50 – preference)

hybrid

Step to acquire

RFP - show scoring approach – (weighting)

CHEC Group members

Tight - no glitch

John Herhalt Collus RFP Handwritten Notes, September 12, 2011, [KPM0003232](#) (original), [KPM0003232.0001](#) (transcript)

271. John Herhalt made the following notes on Hydro One's presentation:

Client Collus RFP

Meeting with Veridian/Hydro One

Date Sep 12/11

Hydro One (M. Mueller (2007), M. Doray (last round of consolidation – ops), Carmen Marcello (strategy – asst mngt – technology –(lead o... this pro...)) – (Laura in Washington – smart grid)

Brampton example vs other acquisitions (more stand-alone)

(Governance vs. mngt)

Open to other options –what is it? 50/50

Desire by Ed expressed –strategic geography-CHEC group

Keep people employed (regional utility?)

Rates? (harmonized –no rate reduction)

Collective agreements/people (PWU v IBEW-cost impact)

Community presence/economics

Governance

Regional attraction

R of E if Hydro One invests (same or better)

Financial benefit to shareholders / ratepayers

Leverage –SLA (ASP) -safety, regulatory, accounting (IFRS) - US GAAP, legal, technology (is it justifiable?), etc (other areas), CIS, Financial system (SAP)

(size of infra systems/complexity-cost)

Impact on business processes-does it make sense?

John Fraser - ERM process (investments –risk scored) - overbuild

John Herhalt Collus RFP Handwritten Notes, September 12, 2011, [KPM0003233](#) (original), [KPM0003233.0001](#) (transcript)

272. The day before the PowerStream presentation, Paul Bonwick had the following email conversation with Ed Houghton:

Mr. Bonwick: "Hi Ed: Can you ensure we present in the Council Chamber? Brian has power point and I believe Council Room would work best. Please let me know if that will work."

Mr. Houghton: "yup"

Mr. Bonwick: "Thank you...Brian is exhausted...just finished reviewing presentation...agreement all good"

Mr. Houghton: "I'm excited to know. Call me."

Mr. Bonwick: "No"

Exchange of emails between Ed Houghton and Paul Bonwick, September 18, 2011, [TOC0059235](#)

273. On September 19, 2011 the Strategic Partnership Task Team met with the two remaining bidders, Horizon and PowerStream. Both bidders made slide presentations.

Horizon Slide Presentation, September 19, 2011, [KPM0001133](#)

PowerStream Slide Presentation, September 19, 2011, [ALE0004044](#)

Meeting with PowerStream and Collus Power Strategic Partnership Task Team, September 19, 2011, [CPS0002256](#)

Meeting with Horizon and Collus Power Strategic Partnership Task Team, September 19, 2011, [ALE0049478](#)

274. John Herhalt made notes of the PowerStream presentation:

Client Collus Power

Date September 19/11

Clarity of Collus/Collingwood objectives®Criteria for evaluation (key) ®RFP out Oct – Nov d...

Powerstream (Brian, Mark, John, Scarpitti, Jeff Leeman)

See deck

High organic growth rate (big to small, small to big)

Experience in mergers-similar communities (transition)

My involvement with Powerstream

Success in mergers - financial objectives

Proposal - 50/50? (open to it) – (or different)-ownership? 51/49?? – (not fully reso... by all)

Governance (ownership?) – Presence – future growth – union merger impact? (employee approach)

Shared services cost vs - value – impact? (new issue) (SLA's exist)

Pricing? (cash injection)

Option B (Full sale possible)

Recapitalization – benefit to Town

Help to grow regionally

Margin

(Brian / Mark meetings)

(Minority protection rights)

Unanimous (veto) consent

(Shareholders agreement)

John Herhalt hand written notes, PowerStream presentation, September 19, 2011, [KPM0003234](#) (handwritten), [KPM0003234.0001](#) (transcript)

275. John Herhalt made notes of the Horizon presentation:

Dated Sept 19/11

Horizon Utilities (Neil, Max)

Some stuff not very relevant (follow letter?)

Costs/Revenue per customer – age of distribution system-lack of growth

Not a merger/acquisition -50/50 works? (yes)

Governance-Community presence-Aspirations

Why aren't councilors /mayors here?

Little Municipal representation vs Veridian/Powerstream

Not just bag of money-sustained partner-make us better than we are (Boat – more motor-in house resources -Specialization, future growth - rationalization) –vision

Employees, SH, customers –what is best

Dataroom or data availability – (elements in it)

Oct

Nov 16

Dec 9

(Go live early April)

Only LDC to start- demo about multi utility in future - vision

John Herhalt hand written notes, Horizon presentation, September 19, 2011, [KPM0003231](#) (handwritten), [KPM0003231.0001](#) (transcript)

276. Ed Houghton wrote to Neil Freeman after the Horizon presentation. Mr. Houghton thanked Mr. Freeman and said that he was, looking “forward to some interesting reading.”

Email from Ed Houghton to Neil Freeman, September 19, 2011, [TOC0059338](#)

277. In September of 2011, John Herhalt wrote comments on the face of a September 6 letter to Veridian. He noted that PowerStream made the best pitch, and Veridian had the second best. Mr. Herhalt made marginal comments on most of the 12 listed items for discussion.

Marginal notes by John Herhalt, [KPM0003228](#)

278. On September 20, 2011, Paul Bonwick corresponded with John Glicksman. Brian Bentz, Mark Henderson and Dennis Nolan were copied. Mr. Bonwick provided feedback about how the interview with the Strategic Partnership Task Team was received. He did not identify the source of this information. He said that, “[b]y all accounts our presentation was well received as well as discussed in favourable terms.”

Email from Paul Bonwick to John Glicksman, September 20, 2011, [ALE0000412](#)

279. Paul Bonwick’s email to the PowerStream executive management members provided strategies on how to use the information about the Strategic Partnership Task Team’s views and the plans by at least one other bidder, including:

...

There is a great deal of focus on the Committee's desire to create a Partnership that provides Collingwood with 50% of ownership of the LDC. This issue appears to be more political than practical in terms of control or value. They believe the palatability is much greater from a Council perspective if they are able to announce this type of scenario rather than the perceived loss of control in a less than 50% scenario. I believe they are prepared to acquiesce on issues like, Powerstream maintaining the Chair position and control of Board, provision ensuring required rights by Powerstream as well as a predetermined shotgun value.

...

The Assessment Committee is meeting next week for the purpose of a strategic planning exercise in relation to the RFP as well as post interview assessment of their wants and needs. This would provide the only opportunity to shift the Assessment Committee's focus on a 50% ownership stake. A presentation by their KPMG Consultant along with their CEO can spell out the practical elements supporting a scenario whereby Collus owns less than 50%.

Irrespective of the Committee's buy-in or reluctance on this issue, the Municipal Council retains final authority and it is in this regard we must remain mindful that at least one of our competitors (Horizon) will submit a proposal providing a 50% ownership scenario. While this scenario (LDC) may not enjoy success at the Assessment Committee level the same may not hold true if given the option to Municipal Council.

...

...if we are able to create a shareholders agreement that provides all the protection/comfort we require while still providing Collus a 50% share we would be perceived as having made a significant shift/sacrifice as a result of our commitment to a full and fair partnership.

At this time I am recommending we include a provision for a 50/50 ownership position with a caveat that all necessary protection and controls are in place ensuring the eventual consolidation we have targeted.

Email from Paul Bonwick to John Glicksman, September 20, 2011, [ALE0000412](#)

280. On September 25, 2011, Mayor Cooper received an email stating:

I don't know what is going on with COLLUS & PowerStream but it should not be something done behind closed doors. Selling off all or part of our Utility is not something to be done lightly. It was never mentioned during the campaign and if not handled responsibly will be a very divisive local issue

Mayor Cooper responded:

I understand that you are meeting with Rick on this matter.

You are correct in saying that this was not introduced prior to the election but it was brought forward by a couple of members of council during budget deliberations for 2011.

Email chain including Sandra Cooper, September 25-26, 2011, [CJI0010437](#)

3.20 Collus Power Retains KPMG to Run the RFP: The RFP Document is Drafted

281. On September 27, 2011, Ed Houghton signed a formal engagement letter on behalf of Collus Power with KPMG. Under the terms of the engagement letter, KPMG was to help Collus Power and its shareholder, the Town of Collingwood, pursue a strategic partnership. The agreement identified three areas of service:

- a. Participate in 4 potential partner interviews-Hydro One, Veridian Power, PowerStream and Horizon Utilities;
- b. Prepare and discuss a request for proposal document for issue;
- c. Assist with the evaluation of the proposals received from the potential strategic partners.

Proposal for engagement letter from KPMG to Collus Power, September 27, 2011, [CPS0002417](#)

Proposal for engagement letter signed by Ed Houghton for Collus Power, September 27, 2011, [TOC0515777](#)

282. Prior to September 28, 2011, John Herhalt made the following handwritten notes about the RFP:

RFP Points

- Strategic Partner-scope, specific objectives, be clear
- Purchase price for purchase of shares-terms of payment etc (capital structure, terms/conditions, shareholder's agreement matters, unanimous consent items)

- Outline desired governance-municipal/independent director
- Strategic partner expertise-approach –leverage-SLA parameters
- Impact on Collus employees-management of Collus, unions, retention
- Presence in and support for Town of Collingwood- econ dev
- Aspirations for and approach to growth (*[illegible - royalty?]* to attract)
- Financial objectives and approach to rate setting, cost management etc
- Other options to consider
- weighting of proposal response
- Proposal content items
- Data room items/content – other needs or attachments
- Disclaimer- their due dili
- (clause re no selection possible-all costs theirs)
- Information about Collus and affiliates
- Wednesday- a little before-what do we want to see-not too prospective

Handwritten notes of John Herhalt regarding RFP preparation, undated, [KPM0003229](#) (handwritten), [KPM0003229.0001](#) (transcription)

283. On September 25, 2011, John Herhalt prepared and sent a draft RFP slide presentation to Ed Houghton. Mr. Houghton provided the document to the Strategic Partnership Task Team for discussion on the following Wednesday.

Email and attachment from John Herhalt to Ed Houghton, September 25, 2011, [CPS0002404](#) (email), [CPS0002405](#) (attachment)

Email and attachment from Ed Houghton to the Strategic Partnership Task Team, September 25, 2011, [CPS0002406](#) (email); [CPS0002407](#) (RFP attachment)

284. On September 28, 2011, the Strategic Partnership Task Team met to discuss the RFP in the Collus Power Boardroom in Collingwood. Mr. Herhalt of KPMG was listed as an attendee on the Outlook calendar entry for the meeting.

Meeting notification, September 28, 2011, [CPS0002390](#)

285. John Herhalt made further handwritten changes on a copy of the slides with a note at the top that indicated, “Diane to edit (to Pam Hogg).” The document included notes regarding how the scoring criteria would be weighted. Certain of these notes were incorporated in a version of the slides created on September 19, 2011.

RFP slides with handwritten notes, undated, [KPM0003227](#)

RFP slides, September 29, 2011, [KPM0001141](#)

286. On September 30, 2011, Ed Houghton circulated a revised draft of the RFP document to the Strategic Partnership Task Team. On the same day, Mr. Houghton asked Mayor Cooper, Deputy Mayor Lloyd, and CAO Wingrove whether they would like the upcoming council meeting on October 3, 2011 to include an *in camera* session regarding the “Strategic Partnership Initiative” during which Mr. Houghton would offer an update. Deputy Mayor Lloyd responded in favour of Mr. Houghton providing the update during an *in camera* session. Mayor Cooper responded stating: “It is important to present the latest to council to dispel rumours. Reference to staff is important to include and how this is being handled along with KPMG assistance.”

Email with attachment from Ed Houghton to the Strategic Partnership Task Team, September 30, 2011, [TOC0516411](#) (cover email) and [TOC0516412](#) (attachment)

Email chain including Ed Houghton, Sandra Cooper, Rick Lloyd, Kim Wingrove, Dean Muncaster, Pam Hogg, Tim Fryer, Doug Garbutt and David McFadden, September 30, 2011, [TOC0060609](#)

3.21 Collus Power Updates Council on the Bidding Process

287. On October 3, 2011, Collus Power provided an update to Town Council during an *in camera* session. The presentation described the bidding process for the Collus Power shares. The Collus Power materials noted that this would not involve any activities related to the water operations of the Town. It described the criteria for the RFP in detail and showed how the evaluations would be done, including the financial component being worth 30% and non-financial component being worth 70%. At Slide 5, Collus Power noted that there was background information in the RFP document, but did not include that

information for Council's review. Council was given slides about the RFP, but not the RFP document intended for circulation to the bidders. The minutes do not record any Council approval of the process, the criteria, or the weighting of the criteria. The minutes record that Council was told, "once the RFPs are submitted, an evaluation team would be established to thoroughly review the proposals that will be presented back to their Board and Council for review."

Collus Power Slide Presentation to Council, October 3, 2011, [ALE0005133.0003](#)

In-Camera Council Minutes, October 3, 2011, [TOC0512163](#)

288. On the same day, October 3, 2011, Paul Bonwick advised the PowerStream executive team that Collus Power would send out the RFP documents on October 4, 2011. Mr. Bonwick asked if PowerStream wanted a meeting to provide an opportunity for him to "share information."

Email from Paul Bonwick to Brian Bentz, Mark Henderson, Dennis Nolan, Eric Fagen and Executive Assistants, October 3, 2011, [ALE0000459](#)

289. On October 4, 2011, Ed Houghton advised KPMG that there were no further changes to the RFP and that, "[w]e also went to Council and everything is a go."

Email chain including Diane Meehan, Ed Houghton, John Herhalt, and Jonathan Erling, October 3 – 4, 2011, [KPM0001165](#)