



FOUNDATION DOCUMENT PART II: FUNDING THE RECREATIONAL FACILITIES AT CENTRAL PARK AND HERITAGE PARK

Chapter 9: The Town and BLT Sign a Contract; The Town Makes a Payment to BLT; BLT Makes a Payment to Green Leaf

**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 9: The Town and BLT Sign a Contract; The Town Makes a Payment to BLT; BLT Makes a Payment to Green Leaf

9.1 Green Leaf and BLT Prepare a Contract Between BLT and the Town

531. At 9:52 am on August 28, 2012, Abby Stec wrote to Dave Barrow and Mark Watts of BLT and said:

...

Ed has indicated the following tentative schedule would be appropriate moving forward:

He has asked for BLT to provide an agreement to Town by Thursday or Friday of this week. I believe that they want to include all of the extras that were broken out separately in the budget. I will confirm this later today.

They would like to have the agreement signed and have a 25% draw for you upon signing.

Tentative schedule to follow:

- * 2nd draw, 25% at completion of site work
- * 3rd draw, 25% prior to erecting
- * 4th draw, 15% at substantial completion
- * 10% hold back

If you are both available anytime between 1 and 4 pm today Paul and I would like to get your thoughts on the schedule and finalize the scope of work. Please let me know and I will send out the call numbers.

Email from Abby Stec to Dave Barrow and Mark Watts, August 28, 2012, [CJI0007245](#)

532. Dave Barrow replied that they would be available at 3pm.

Email chain including Abby Stec, Dave Barrow and Mark Watts, August 28, 2012, [CJI0007244](#)

533. That afternoon, Abby Stec emailed Mark Watts, Dave Barrow, and Paul Bonwick, writing:

I just spoke with ED and he is content with a standard CCDC contract and regular holdback provisions. In terms of scope of work, please include all extras including a

propane zamboni. He also asked me to calculate the dollar total for the first draw at 25% so the cheque will be ready for you upon signing.

As discussed, please send the agreement on Thursday to facilitate any changes that need to be made. We can then schedule a meeting in Collingwood to finalize the drawings and discuss timelines.

Email from Abby Stec to Mark Watts, Dave Barrow and Paul Bonwick, August 28, 2012, [CJI0007201](#)

534. On August 29, 2012 at 11:17 am, Paul Bonwick emailed Ed Houghton, requesting contact information for “Sandy, Kevin and Mike”.

Email chain including Paul Bonwick and Ed Houghton, August 29, 2012, [TOC0207211.0001](#)

535. At 3:05 pm on August 29, 2012, Dave Barrow sent Abby Stec an email with the subject line, “City meeting paper work”, writing:

I need the power point paper work that was given at the meeting by Ed so we can format it to make sure we have all items listed which he included at the meeting.

We also need the addresses of the properties for both pool and arena.

Email from Dave Barrow to Abby Stec, August 29, 2012, [CJI0007204](#)

536. Dave Barrow followed up with Abby Stec at 3:57 pm: “Abby can you get this information? I need before we send final #s.” At 3:49 pm, Ms. Stec emailed Mr. Barrow and Mark Watts providing them with information about how to access the slide presentation through the Meeting Agenda on Town of Collingwood website, and providing the pool and arena addresses.

Email from Dave Barrow to Abby Stec, August 29, 2012, [CJI0007204](#)

Email chain including Abby Stec, Dave Barrow and Mark Watts, August 29, 2012, [CJI0007203](#)

537. On August 29, 2012, at 8:03 pm, Dave Barrow sent Abby Stec four budgets for the Collingwood projects: two for the pool, and two for the arena. For each structure, one budget had line by line items with the costs set out for each item, and the other budget listed all items identified but only provided total costs. Mr. Barrow wrote:

Hi All,

Please see the following pricing. I have attached both with line items and without. I think for certain people it should only be the total number rather than the questions on why is this that and so on. It may be better if we just give total to the contract with lined list. Thoughts?

Email and attachment from Dave Barrow to Abby Stec, August 29, 2012, [CJI0007202](#) and [CJI0007202_0001](#)

538. The totals on the budgets were:

- a. Pool, "Total Options and Mezzanine A": \$38,593.10
- b. Pool, "Total less options and Mezzanine" (no HST): \$3,225,660.82
- c. Pool, "Grand Total for All": \$3,264,253.92 (or \$3,688,606.93 inclusive of \$424,353.01 of HST)
- d. Arena, "Total Options": \$316,177.20
- e. Arena, "Total Less Options": \$7,392,047.62
- f. Arena, "Grand Totals full building and options": \$7,708,224.82 (or \$8,710,294.04 inclusive of \$1,002,069.23 of HST)

Email and attachment from Dave Barrow to Abby Stec, August 29, 2012, [CJI0007202](#) and [CJI0007202_0001](#)

9.2 Paul Bonwick Emails Acting CAO Ed Houghton: "Gross is 675,000 approx"; Paul Bonwick Arranges for the Town to Pay BLT

539. On August 29, 2012 at 8:34 pm, Paul Bonwick emailed Ed Houghton and said, "Gross is 675,000.00 approx... maybe a bit more". Mr. Houghton forwarded that message to his wife, Shirley Houghton, at 8:49 pm.

Email from Paul Bonwick to Ed Houghton, August 29, 2012, [TOC0207207.0001](#)

Email chain including Paul Bonwick, Ed Houghton to Shirley Houghton, August 29, 2012, [TOC0207211.0001](#)

540. On August 30, 2012, at 8:56 am, Paul Bonwick wrote to Dave Barrow, copying Mark Watts, and advised:

Please edit, cut and paste the following. Send to Ed asap.

I would also ask that a billing schedule be included with an invoice for the first installment. They will try to have a cheque ready if they get it in the next little while.

Thanks for accommodating these requests.

Cheers,

Paul

Dear Mr. Houghton:

Once again, please accept our thanks from the Sprung/BLT team for the exceptional work you and your team presented to Collingwood Council Monday evening. You may want to share this point with your team; know that the Sprung representatives have quite literally participated in thousands of procurement processes across North America and not once have they experience such a professional, detailed and comprehensive approach that your staff and members of Council demonstrated.

You should also know that we are looking to create flagship recreational buildings for Collingwood that will set trend by which other communities across Canada strive to meet. As identified in our presentation, the latest technologies will be incorporated into these facilities ensuring active use for generations to come.

In keeping with Council's direction Monday, we have prepared our construction agreement along with the payment schedule for your authorization. Please let us know if it is convenient to meet at 12pm today to complete this part of the process. Subject to authorizing these documents our team will begin work Tuesday.

Sincerely,

Dave

[Italics in original]

Email from Paul Bonwick to Dave Barrow and Mark Watts, August 30, 2012, [CJI0007119](#)

541. On August 30, 2012 at 10:13 am, Dave Barrow sent Ed Houghton an email with the subject line, "Sprung BLT Arena and Pool Project." Mr. Barrow's email contained the message Paul Bonwick had drafted for him to send and attached two documents: "Payment Schedule.pdf" and "Deposit Collingwood Arena and Pool.pdf".

Email and attachments from Dave Barrow to Ed Houghton, August 30, 2012, [CJI0007138](#), [CJI0007138 0001](#), [CJI0007138 0002](#)

542. The payment schedule provided that the Town would pay BLT as follows:

Day of signing contract

25% deposit

Draw# 1 completion of ground preparation

25% draw

Draw # 2 Sprung structure arrival to site

25% draw

Draw # 3 Substantial completion

15%

Final payment 45 days after substantial completion

10%

Appendix A "Payment Schedule", undated, [CJI0007138_0001](#)

543. The invoices were for "25% of Deposit" and sought payment of \$2,177,573.51 for the Arena and \$922,151.73 for the Pool. All cheques were to be made payable to B.L.T. Constructions Services Inc.

Deposit Collingwood Arena and Pool.pdf, BLT Construction, August 30, 2012, [CJI0007138_0002](#)

9.3 BLT and the Town of Collingwood Sign a Contract; the Town Prepares the First Contract Payment to BLT

544. Dave Barrow emailed Ed Houghton a "Copy of contract CCDC 14," for his review (the "Construction Contract") on August 30, 2012 at 12:20 am. The attached contract was titled "design-build stipulated price contract".

Email and attachment from Dave Barrow to Ed Houghton, August 30, 2012, [TOC0207515](#) and [TOC0207516](#)

545. The Construction Contract provided that:

- a. Work would commence by November 26, 2012 (Art 1.3);
- b. Substantial Performance would be complete by June 10, 2013, or within two weeks of approval by authorities (Art 1.3);

- c. The contract price was \$10,972,478.73, plus HST of \$1,426,422.24 for a total of \$12,398,900.97 (Art 4.1-4.3); and
- d. That SZETO Architect would act as “Consultant” (Art 1.1). The “Instructions” portion of the Construction Contract stated that the Consultant’s roles were to: design the Towns’ statement of requirements, prepare construction documents, interpret the Construction Contract and the construction documents at the first instance and certify to BLT: (i) compliance with the construction documents, (ii) substantial performance of the work, and (iii) payment of progress payments (p 3, item 6).

Construction Contract, August 30, 2012, [TOC0207516](#)

546. Attached to the Construction Contract were:

- a. Appendix 1, which included a payment schedule that provided: (i) 25% deposit on date of signing, (ii) 25% draw on completion of ground preparation, (iii) 25% prior to erecting the structure, (iv) 15% draw on substantial completion and (v) final payment of 10% after substantial completion.
- b. The Pool and Arena budgets that Dave Barrow emailed on Abby Stec on August 29, 2012; and
- c. A project schedule.

Construction Contract, August 30, 2012, [TOC0207516](#)

547. The signature page identified Dave Barrow of BLT as the authorized signatory for BLT. No individual was identified as signing on behalf of the Town.

Construction Contract, August 30, 2012, [TOC0207516](#)

548. At 10:26 am on August 30, 2012, Ed Houghton sent John Mascarin of Aird & Berlis a copy of the BLT Contract, writing:

Please find attached the agreement that we discussed this morning. I appreciate that you have agreed to take the time to review. In looking at the agreement, it appears to be a “standard” construction document.

Email and attachment from Ed Houghton to John Mascarin, August 30, 2012, [ARB0000236](#) and [ARB0000237](#)

549. At 10:33 am on August 30, 2012, Ed Houghton sent Marjory Leonard and Deputy Mayor Rick Lloyd an email with the subject line "Sprung/BLT Draw", writing,

I just got the agreement and the 25% up front draw amounts to \$3,099,725.24. The cheque will be made out to B.L.T. Construction Services Ltd.

I have sent this off to John Mascarin for review but it is a "off the shelf" Construction Agreement.

Rick Lloyd will be looking for you around noon.

Email from Ed Houghton to Marjory Leonard and Rick Lloyd, August 30, 2012, [TOC0510564](#)

550. At 11:56 am on August 30, 2012, Mayor Sandra Cooper emailed Treasurer Marjory Leonard, writing, "Deputy Mayor is stopping by my office to review the Sprung agreement. Can you provide them to me please?"

Email from Sandra Cooper to Marjory Leonard, August 30, 2012, [TOC0207570](#)

551. John Mascarin replied to Ed Houghton's email at 1:08 pm on August 30, 2012, writing:

I have had an opportunity to review the agreement that you have forwarded to me. I have not reviewed any of the background to this proposed construction nor any of the Contract Documents referred to within the agreement.

...it is a standard form CCDC 14 document used in the construction industry.

As noted in Article 3.1 of the contract, the work is to be undertaken in accordance with all the various underlying contractual agreements and specifications which I assume have been fully canvassed and agreed to by the Town.

...

Assuming that the Mayor has been authorized by Council to execute the agreement (I note there is only space for one signature by the Town) the agreement is generally satisfactory and does not appear to have been modified by any substantive amendments or riders apart from the attachment of the budget and timeline schedules.

I do not have any other comments on the contract. Should you have any specific questions, please let me know.

Email chain including Ed Houghton and John Mascarin, August 30, 2012, [ARB0000476](#)

552. Mayor Sandra Cooper and Treasurer Marjory Leonard signed the Construction Contract, dated August 30, 2012, on behalf of the Town.

Signed "Design-build stipulated price contract" re Town of Collingwood Centennial Pool Enclosure and New Arena Construction", August 30, 2012, [TOC0512663](#)

9.4 The Town Makes its First Payment to BLT; BLT Pays Green Leaf

553. On August 30, 2012 the Town of Collingwood made its first payment to BLT in the amount of \$3,099,725.24. The Construction Contract provided that this amount was a 25% deposit due on signing the contract. Details of all payments to BLT are set out in Chapter 1.3 of [Summary Document 2-8](#).

Cheque 033892, Corporation of the Town of Collingwood, August 30, 2012, [TOC0517420](#)

[Summary Document 2-8](#): *Cost of Arena and Pool and Sources of Funding, chapter 1.3*

554. Abby Stec emailed Paul Bonwick at 8:31 am on August 30, 2012, writing, "If you are OK with this format I will send it to BLT. I reviewed everything and checked the numbers several times." Mr. Bonwick forwarded Ms. Stec's email to Dave Barrow about forty-five minutes later, writing:

Please review Abby's invoicing for approval. I would suggest, subject to your approval that you have a cheque prepared and bring with you for payment. If Collingwood has your draw than you can provide Green Leaf the payment. If Town cheque is not ready, just keep Green Leaf cheque until you receive yours.

Please let me know if this is an reasonable approach.

Email chain and attachments including Abby Stec, Paul Bonwick and Dave Barrow, August 30, 2012, [CJI0007241](#), [CJI0007241.0001](#), and [CJI0007241_0001](#)

555. Paul Bonwick's email attached two invoices. Both were dated August 30, 2012, labelled "Invoice 100" and "Project 101", and both referenced "the agreement between BLT Construction Services Inc. and Green Leaf Distribution Inc. dated August 27, 2012". One invoice set out fees for services (\$199,226.76 for the pool, \$470,455.03 for the arena and \$87,058.63 in HST) totalling \$756,740.42. The other invoice set out fees for service for "LEED™ Consulting, Project Management" totalling \$756,740.42.

Email chain and attachments including Abby Stec, Paul Bonwick and Dave Barrow, August 30, 2012, [CJI0007241](#), [CJI0007241.0001](#), and [CJI0007241_0001](#)

556. Dave Barrow replied to Paul Bonwick's email at 9:41 am on August 30, 2012, writing, "No problem please allow a few banking days for ours to clear". Mr. Bonwick replied, "Please call my cell regarding that request."

Email chain including Abby Stec, Paul Bonwick and Dave Barrow, August 30, 2012, [CJI0007121](#)

557. At 6:03 pm on August 30, 2012, Dave Barrow emailed Paul Bonwick, "Paul I need that info for transfer."

Email from Dave Barrow to Paul Bonwick, August 30, 2012, [CJI0007197](#)

558. On August 31, 2012, at 11:11 am, BLT requisitioned a wire transfer of \$756,740.42 to "Compenso Communications – Paul Bonwick". The requisition identified that the Beneficiary Bank was CIBC account 010064423019314. The remittance information was "Swift Code CIBCCATT. Payment for Business Funds".

Bank of Montreal Requisition of Wire Transfer, August 31, 2012, [CJI0008520](#)

Bank of Montreal Wire Transfer Receipt, August 31, 2012, [CJI0007160.0002](#)

[Summary Document 2-7: BLT Payments to Green Leaf and Green Leaf Transactions with BLT Funds, chapter 1.1](#)

559. CIBC Account 30-19314 belongs to 295210 Ontario Inc. Green Leaf Distribution Inc. (the "Green Leaf Account"). The August 2012 account statement for the Green Leaf Account recorded that the account received a wire transfer in the amount of \$756,725.42 from B.L.T. Construction Services on August 31, 2012 (the "BLT Funds"). The difference between the two Green Leaf invoices for \$756,740.42 and the wire transfer deposit of \$756,725.42 was a \$15 wire transfer fee.

CIBC Account Statement, undated but for the period August 1, 2012 to August 31, 2012, [CJI0006825](#)

560. At 12:03 pm on August 31, 2012, Dave Barrow emailed Paul Bonwick, subject, "Transfer" and wrote, "Please confirm once receipt". Paul wrote back, "Thanks Dave...Abby will give you your cheque when you meet next week".

Email from Dave Barrow and Paul Bonwick, August 31, 2012, [CJI0007124](#)

561. BLT Construction recorded two payments for “Construction Management Fees” to Green Leaf for August 30, 2012, in the amount of \$199,226.76 and \$470,455.03, for a total of \$669,681.79 on its Cost Entries by Job dated September 24, 2018.

Cost Entries by Job Collingwood Arena, September 24, 2018, [CJI0007624](#), p 2

Cost Entries by Job Collingwood Pool, September 24, 2018, [CJI0007625](#), p 2

9.5 Green Leaf Transactions with BLT Funds from Pool and Arena Contract

562. [Summary Document 2-7](#) sets out the transactions made from Green Leaf Account using the BLT Funds from January 1 to May 31, 2013. After May 31, 2013, the Green Leaf Account received deposits from other sources such that withdrawals cannot be attributed specifically to the BLT Funds.

[Summary Document 2-7](#): BLT Payments to Green Leaf and Green Leaf Transactions with BLT Funds

563. Between August 31, 2012 and December 31, 2012, the BLT Funds in the Green Leaf Account were used in the transactions set out in Table 9-1 below. Payments may include HST.

Table 9-1: Green Leaf Account Activity August 31 to December 31, 2012

Green Leaf Account Transactions Using the BLT Funds	Deposits (\$)	Withdrawals (\$)
General Ledger Details		
Funds in the Green Leaf Account at August 30	5,672	
BLT Construction Services Inc.	756,725	
Compenso Communications		281,486
Receiver General - HST		54,303
S-tec Consulting		27,505
Paul Bonwick - Dividend		25,000

Paul Bonwick - Expense Reimbursement		16,679
Royal Lepage Trinity Realty-Raglan Street deposit		10,000
Astound		8,176
Black Trike		3,768
Amaizeingly Green Products		3,575
Petty Cash		2,605
Special Touch Inc.		2,130
Ryan Manchee		2,040
Collus Powerstream-golf tournament		250
Sprung Structures		250
Other payments of less than \$2,000		13,361
Other deposits of less than \$2,000	679	
Totals	<u>763,076</u>	<u>451,128</u>
Balance remaining in the Green Leaf account at December 31, 2012		\$311,948

[Summary Document 2-7](#): *BLT Payments to Green Leaf and Green Leaf Transactions with BLT Funds*

564. Green Leaf did not provide financial records for the period subsequent to December 31, 2012. Information available for the period January 1 to December 31, 2013 from the Green Leaf Account bank statements and other related documentation provided by the CIBC is set out in Appendix A to [Summary Document 2-7](#). A summary of the transactions through the Green Leaf Account for the period January 1 to May 31, 2013 is set out in Table 9-2 below. Payments may include HST.

Table 9-2: Summary of Green Leaf Account Activity January 1 to May 31, 2013

Details	Deposits (\$)	Withdrawals (\$)
Abby Stec	162	22,789
Stec Consulting		42,375
Compenso Communications		33,427
Collus Powerstream	2,356	
Debit memo - no details available		250,000
Credit Memo - no details available	100,289	
GIC Maturity	140,557	
Draft purchase - no details available		140,000
David Potts in Trust		25,000
NSF - David Potts in Trust	25,000	
David A Potts		25,000
Andrew McCoy In Trust		10,000
Amaizingly Green		4,384
Denis Fourcaudot		6,000
Simcoe Condominium Corporation No 54	6,328	
Trinity Realty Inc	10,000	
Unknown deposit greater than \$2,000	10,198	
Unknown withdrawal greater than \$2,000		8,390
Net transactions less than \$2,000		22,202
Bank account balance January 1, 2013	311,948	
Totals	<u>606,838</u>	<u>589,567</u>

[*Summary Document 2-7: BLT Payments to Green Leaf and Green Leaf Transactions with BLT Funds*](#)

9.6 Paul Bonwick Emails BLT About Payment for Mayor's Golf Tournament

565. On August 31, 2012, Paul Bonwick emailed Dave Barrow of BLT Construction and said:

Hi Dave:

Ed was asking me today if you had a chance to mail Collus the cheque for \$400.00 in support of the Mayor's Golf Tournament. He is still holding your cheque and would like to send it back or destroy.

Please contact Ed at ----- and provide direction.

Thanks,

Paul

Email chain including Paul Bonwick, Dave Barrow and Ed Houghton, August 31, 2012 and September 1, 2012, [TOC0208404.0001](#)

566. Dave Barrow replied, including a copy to Ed Houghton, "I believe it is done I will check Tuesday".

Email chain including Paul Bonwick, Dave Barrow and Ed Houghton, August 31, 2012 and September 1, 2012, [TOC0208404.0001](#)