

**Strategic Partnership Team Meeting Minutes
Monday, August 29, 2011**

Attendees: Dean Muncaster, Chair, Collus Power
Mayor Sandra Cooper, Director, Collus Power
Doug Garbutt, Director, Collingwood Public Utilities Services Board
Rick Lloyd, Councillor, Council Representative
Kim Wingrove, CAO, Town of Collingwood
Ed Houghton, President & CEO
Pamela Hogg, Board Secretary

Regrets: David McFadden, Director, Collus Power
Tim Fryer, CFO

Chairman Muncaster called the meeting to order at 11:05 a.m. and explained Director McFadden's absence from the meeting, and stated that Director McFadden confirmed his attendance at the interview meetings.

Chairman Muncaster handed the meeting over to Mr. Houghton.

The discussion began with who should Chair the Interview Meetings. After discussion it was decided that Mr. Houghton would do the opening introductions and then Chairman Muncaster would then Chair the remainder of the meeting.

Mr. Houghton put forth a suggestion that KPMG put together the RFP for us, and as well sit in on the interview meetings. It was explained that KPMG has experience in this sector, so it would be very valuable to have their assistance. Mr. Houghton will investigate the cost of having them prepare the RFP, the cost to have them involved in the interview process and the cost to have them review the completed RFP's and make fair recommendation to the Task Force. Upon motion duly made, seconded and unanimously carried it was agreed to move forward with contracting KPMG to put together the RFP and investigate the cost of having them participate in the interview process and review the completed RFP's.

Action Item 1: Mr. Houghton stated that he will contact Mr. John Herhalt of KPMG to prepare the RFP and ask for further costing as noted above.

Action Item 2: Ms. Hogg will contact the interested parties and request the names and positions of the individuals attending the interviews.

Mr. Houghton also suggested that a letter signed by Chair Muncaster should be prepared and sent to the interested parties outlining the process of the interview meetings. It was agreed that this was an accepted suggestion. A non-disclosure agreement that both parties will sign will accompany the letter. With respect to the non-disclosure agreement, we need to determine what period of time does the agreement cover, and what information is protected and what can be disclosed with respect to the Freedom of Information Act which the municipality must adhere to. These questions will be put to John Mascarin of Aird & Berlis.

Action Item 3: Mr. Houghton stated that he will contact Mr. John Mascarin of Aird & Berlis for assistance with the preparation of the non-disclosure agreement.

Action Item 4: Mr. Houghton and Ms. Hogg will prepare the letter to be sent to the interested parties prior to the interview meetings.

It was discussed that the interview process will allow the interested parties the opportunity to highlight their company, their culture, their goals and objectives, their vision of the future and in broad terms what their thoughts are on how COLLUS Power could fit into their future plans. It will also allow for a two-way discussion and provide the interested parties with a better understanding on what we may wish to see in a Strategic Partnership. It was felt that the RFP would be formed immediately following the interview meetings.

Significant discussion took place regarding the importance of openness and transparency and the need to be consistent in our questions put to the interested parties. It was felt that as long as the interested parties know in advance of the evaluation criteria for the RFP's they should all then be on the same level playing field. Chairman Muncaster also stated the importance of not being too prescriptive in our thoughts and suggestion so that we don't stifle their creative ideas. The interview process will provide a background of who they are and what some of their thoughts are on issues such as rates, employees, strategic location and alliances with the CHEC Group etc. This gives the interested parties an opportunity to formulate their proposal which allows them to continue to be creative with their ideas.

Mr. Houghton stated that we need to further discuss what our needs and wants are, such as what percentage of ownership we are willing to accept, retention of employees, physical presence in Collingwood, etc.

With respect to the interview, Mr. Houghton stated that we would begin with introductions, reiterate what we are doing, give them an opportunity to do a presentation for approximately 45 minutes, followed by a two-way dialogue for approximately 30 minutes. We will outline in our letter to them that their presentation should cover the following:

- 1) Financial background
- 2) Culture – vision and mission
- 3) Presence in Collingwood
- 4) How they treat their employees
- 5) What are their rates and are there plans for rate harmonizing
- 6) Safety perspective; what programs are in place
- 7) Unions; successor rights, will there be a financial impact
- 8) Attracting others; will there be a royalty, what is their vision for rationalization
- 9) Governance; how would the Boards be populated

Chair Muncaster reiterated that the 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.

Mr. Houghton suggested that prior to the first interview on September 12th, these minutes will be provided to our Team and the important notes highlighted so that they can be addressed in the interview meeting. Questions will be prepared from these minutes and distributed to the various Team members to be asked during the interviews. It was noted that these are not the only questions to be asked and that other questions may be asked based on the discussions during the interviews.

Action Item 5: Mr. Houghton and Ms. Hogg will prepare the questions to be asked during the interview.

Mr. Houghton reviewed the proposed outline of the critical dates:

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

Mr. Houghton suggested that each member of this Strategy Team will receive a copy of the completed RFP's for their individual review and then we would get together to discuss and review as a Team. We will then present the results to our Board and then ultimately to Council. It was also suggested and agreed that we will go to Council prior to the RFP going out to update Council as to where we are in the process. The proposed schedule of dates will be given to the bidders and ask for their comments.

Discussion then took place with respect to the Governance and it was stated that we wish to have significant board representation. Other aspects that were discussed and noted as important are things such as Human Resources, successor rights, physical presence in the community, service quality, stability of organization, how they deal with their customers with respect to arrears; would they have the same thoughts as ours, customer service, communications, etc.

A discussion took place as to what is the driving force behind what we are trying to achieve. Councillor Lloyd stated that he would like to achieve what we are doing today, only better. Mr. Houghton stated that he feels that the government will have some sort of mandate that will significantly reduce the number of LDC's in the province and the added regulation and requirements continue to inhibit our ability to remain competitive. Finding a strategic partner with a similar culture which will help us keep our rates low, and maintaining a local presence in Collingwood is imperative.

The question was posed by CAO Wingrove "what are these interested parties looking to get from us"? The obvious answer was additional customers but it was felt that it goes well beyond this. Other important aspects probably being considered by them is our strategic geographically location and our relationship within the CHEC Group. Chair Muncaster stated that this is where it becomes very important for us to know what exactly their vision is for us down the road.

Mr. Houghton posed the question about negotiations after review of the RFP's and whether this would be/should be allowed? It 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. Items to be considered in the evaluation are as follows;

- Board representation
- Employee retention
- Rates
- Collingwood presence
- Price
- Shared governance model
- Future considerations

KPMG may have additional ideas for us to consider based on their previous experiences with these types of transactions in the electricity sector.

Mr. Houghton reaffirmed that each member of the Strategy Team wishes to receive a copy of the RFP package and each member will review and rate the proposal, the Team would then get together and review as a group and explain the ratings that were given.

The meeting terminated at 1:00 p.m.