



# TIMELINE OF THE COLLUS- POWERSTREAM SHARE SALE

With additional information on the decisions about the purchase and construction of new recreational facilities;  
(indented with dates shown in red)

**Note:**

Underlined words and phrases link to online sources such as local media stories, municipal agendas, reports and other documents. Personal statement and comments are at end of document. Most of this information is in the public domain, but some other material may be considered confidential. Stories that had been published in the Enterprise-Bulletin are no longer online, as the paper closed.

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*One is not just  
Who judges a case hastily.  
A wise person considers  
Both what is and isn't right.*

**Dhammapada**, Ch. 19 verse 256,  
trans. Gil Fronsdal, Shambala Publications, 2005.

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# Introduction

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I was a member of the previous council and one of the decision makers behind the events you are looking into.

Last term, council faced and overcame many challenges, but only two of them are the subjects of your inquiry.

First was the changing nature of Ontario's energy sector and the pressure from all three political parties before the election to reduce the number of Local Distribution Companies across the province. We expected legislation that would force amalgamations after the provincial election. We chose to be proactive.

We listened to advice from our utility board, from utility and town staff, and from a consultant with the world-renowned firm KPMG. We created a Strategic Planning Team (SPTT) tasked with the responsibility of finding us the best option and then guiding us along that path. And that path pointed to a 50 per cent sale with a strategic partner.

We engaged the public, we held discussions and presentations in public and in the end, in good conscience, we made an informed choice we all sincerely believed was in the best interests of the people of this town.

We sold one half of our utility as a deliberate choice: we chose to keep an equal voice in how local rates were set and local services were delivered. Unlike this current council, we didn't want to lose control of our utility and its service by selling it all.

But it wasn't just our council and staff involved in the decision. There were lawyers and accountants and municipal treasurers and auditors and the board members of PowerStream and the councils and staff of their three municipalities who all looked at the sale. The Ontario Energy Board and Energy Probe both looked at it. Perhaps as many as 100 people were involved in overseeing or approving the transaction. To contemplate corruption in this process is to cast aspersions on every one of them.

Other utilities in the province looked at it, too and lauded our choice. It was featured in an energy sector magazine as a model of cooperative partnerships.

I'm sure that when you examine the process, when you look at the well-documented steps we took to arrive at our decision, when you read through the mountains of paperwork and media coverage of the sale, you will agree that the previous council and everyone involved in that sale did everything openly, professionally and properly.

If you examine the closed-door and often secretive processes involved in the current council's sale of the utility to EPCOR, you can judge for yourself which served the community best.

Our second big challenge was to deal with a long-term deficit in recreational facilities. Simply put, we hadn't had enough space or time to accommodate all the young hockey players, skaters and swimmers in our community for decades. Both kids and adults had to drive out of town every week to play hockey or participate in a swim meet.

What made this so pressing was that for the previous twenty years, residents and sports associations had been complaining about the problem to the councils of the day. Studies had been done, reports prepared, public meetings held, and proposals made, but no satisfactory solution the taxpayers could afford had been found in all that time. For many years, the community was divided between those who wanted new facilities and those who wanted the town to fund the YMCA's expansion.

The previous council was presented with yet another proposal in early 2012: a \$35 million project that most of us on council agreed was too expensive. It would have taken four to five years to complete. But we wanted to be the council that finally addressed the problem, that found a solution that didn't break the taxpayers' backs, and in a shorter time.

So again, we turned to staff for advice. We asked them to research an alternative: a fabric-covered structure. Most of us on council had seen images of these structures displayed at the annual municipal conferences we attended. Aside from a glossy brochure or photographs, we really didn't know much about them. But staff came back and said, sure, they could work, that they're as good as or even better than a standard building and would be operational in a year or so. Plus, we had the money from the sale of the Collus share so we wouldn't have to raise taxes to build them and we could legally and ethically sole-source them.

So, we said yes, let's do it. Let's be proactive and solve the problem. We had had public discussions, public presentations, and even protests in front of town hall. But the hockey teams and swimming club cheered when council made its decision.

Now I realize that this wasn't a popular decision with everyone. The supporters of the YMCA who wanted their facility rebuilt at taxpayer expense were angry. We received some nasty emails afterwards and protests were held in front of town hall. But politicians can't please everyone. Councils make decisions that not every resident agrees with. That's the nature of democracy.

Like with the sale of a share in Collus, council depended on the advice of and research done by staff. They assured us our choice was good, the structures sustainable, that the process was appropriate and the price affordable. But in the end, the choice was council's.

And I think if you drive around town and look at those facilities today, if you go inside and see how they're made and how well they've stood up for the past five years, when you see them full of people enjoying the facility, you'll agree they're pretty nice.

When you examine this process, the presentations and the staff reports, the steps we took to come to this decision, and the media coverage from those years, I believe you'll also agree that we did everything openly and properly with this decision.

Although the events themselves are six and seven years old already, there are still people in the community who are angry about those decisions. This council has had three years to request an inquiry, yet this was called just a few weeks before nominations opened for the municipal election. Doing it now was *clearly* politically motivated.

I'm confident that your inquiry will show the previous council and staff did everything correctly and openly, with the best interests of the people of Collingwood at heart.

I'm equally confident your examination will exonerate everyone involved last term, will put an end to the conspiracy theories, and let the town finally move on.

## 2000:

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**March, 2000:** The [Enterprise Bulletin reported](#) that town council decided at a meeting to merge its three utilities (electricity, water and works) in one department and create separate corporations for electricity. CAO Carman Morrison presented the plan and is reported saying the move was the result of “years” of discussion about merger. The main reason cited for the merger was for “efficiencies of scale.”<sup>1</sup>

## 2001:

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**July, 2001:** Collus Power [purchased the hydro assets](#) of Thornbury, Stayner and Creemore. This is the distribution area that Collus still services today.<sup>2</sup>

## 2004:

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**Feb. 25, 2004:** The recently-elected (sworn in Dec. 2003) Collingwood Council [overturned an earlier decision](#) to construct a new \$28 million multi-use recreation centre containing an arena, soccer fields and therapeutic pool on the 10th line. The project had been the culmination of three years of planning, public meetings, reports and council debate. It was eligible for Super Build funding. The facility had been a hot topic in the previous (fall, 2003) municipal election. However, new councillors questioned costs, unreported expenses, infrastructure, etc.<sup>3</sup>

**June 1, 2004:** PowerStream was [created as a result of a merger](#) of three York Region-based utilities – Hydro Vaughan, Markham Hydro and Richmond Hill Hydro.<sup>4</sup>

## 2005:

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**Nov. 1, 2005:** PowerStream purchased Aurora Hydro.

**Nov.22, 2005:** Premier Dalton McGuinty read [a letter from Collus chair Dean Muncaster](#) to the legislature. In that letter, Muncaster wrote,

*COLLUS Power Corp. is committed to providing excellent service and a reliable power system to all of our customers. Our staff has been strong supporters of many changes implemented by the government under your leadership with regards to the electricity industry. We have had key staff involved in many task force activities and we continue to work with a variety of groups in an effort to find the most efficient and cost-effective ways to implement the ongoing transformation of the industry.*<sup>5</sup>

## 2009:

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**Jan. 1, 2009:** PowerStream merged with Barrie Hydro.

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<sup>1</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Roger-Info-Sorted-Indexed.pdf>

<sup>2</sup> <https://www.colluspowerstream.ca/electricity/our-history>

<sup>3</sup> <http://www.collingwoodliving.com/plans-for-multi-use-facility-fall-apart/>

<sup>4</sup> <https://www.powerstream.ca/AnnualReport2012/files/inc/61c117acb5.pdf>

<sup>5</sup> <http://hansardindex.ontla.on.ca/hansardeissue/38-2/l020.htm>

## 2010:

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In the [May, 2010, issue](#) of the **Canadian Business Journal**, Collus utility is profiled as

*...a community-owned utility, which affords Collingwood and its regional residents several benefits. The first is COLLUS' ability to control their own prices, which means they are some of the lowest in Ontario. In doing so, COLLUS is committed to the local community—including the advancement of community goals, the local environment and citizens' ability to have a "voice" in utility decisions.*

*Ed Houghton, President and CEO of COLLUS, has been with the utility for 33 years, and is a third-generation Collingwood resident—and Houghton is proud to call the community home. Because of COLLUS' community focus, it is imperative that the utility remain transparent, accountable and communicative. This is not a problem for COLLUS, according to Houghton.<sup>6</sup>*

**Oct. 25, 2010:** Ontario Municipal election. See Collingwood results [here](#)<sup>7</sup>.

**Nov. 2010:** Ontario Ministry of Energy releases its first provincial [Long Term Energy Plan](#) (LTEP).<sup>8</sup>

## 2011:

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**Early 2011:** In the leadup to the Oct. 2011 provincial election, all three main political parties made statements about reducing the number of local distribution corporations (LDCs, or local electrical utilities) once elected. These varied from 30 to a mere one. These platforms all included promises of legislation to force the sale of LDCs if they could not be achieved otherwise.

A later report from the [CD Howe Institute](#) noted:

*Change is coming to Ontario's electricity distribution sector. Local electricity distribution sector costs have increased in recent years, drawing the Ontario government's attention to the topic, and multiple provincially appointed panels have argued that local distributors should be amalgamated.<sup>9</sup>*

**Feb. 2011:** In light of political party pronouncements on the future of Ontario LDCs prior to the provincial election, the [Collus utility board](#) (Councillor Mike Edwards, Dean Muncaster, Mayor Sandra Cooper, Joan A Pajunen, Doug Garbutt and David McFadden) hired world-renowned consulting firm KPMG (one of the world's top four consulting firms in terms of employees, with offices across the globe) to comment on the value of our electrical utility as a sellable commodity, examine the options for its future, explore opportunities in the current political climate, and return to the board with a report that spring.<sup>10</sup>

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<sup>6</sup> [http://www.cbj.ca/collingwood\\_utility\\_services/](http://www.cbj.ca/collingwood_utility_services/)

<sup>7</sup> [http://www.collingwood.ca/files/2010%20Election\\_Results\\_Final\\_0.pdf](http://www.collingwood.ca/files/2010%20Election_Results_Final_0.pdf)

<sup>8</sup> <https://www.ontario.ca/document/2010-long-term-energy-plan>

<sup>9</sup> [http://observgo.uquebec.ca/observgo/fichiers/17943\\_Commentary\\_376.pdf](http://observgo.uquebec.ca/observgo/fichiers/17943_Commentary_376.pdf)

<sup>10</sup> <http://www.collingwood.ca/files/photos/DEPARTMENTS/PWE/Environmental/WATER%20-%20BusinessPlan2011-2013.pdf>

**Feb. 24, 2011:** KPMG sent a [letter with a proposal](#) for the scope of work to “...to evaluate the strategic options of ownership for your utility” to Ed Houghton, CEO of Collus.<sup>11</sup>

**March 28 2011:** PRC director Marta Proctor and Tom Coone of the Simcoe-Muskoka YMCA made a [presentation to council](#) recommending a joint partnership between the town and YMCA to develop Central Park. Council approved creating a committee (later named Central Park Steering Committee) to examine collaborative opportunities for building additional recreational facilities and explore funding opportunities. Positions were advertised, and the committee members selected by staff.<sup>12</sup> Names were announced to council [May 2, 2011](#).<sup>13</sup>

**April 18, 2011:** At [a special meeting of council](#):

*CAO Wingrove reviewed the rationale as to why Collus Power salaries are not disclosed under the Public Sector Salary Disclosure Act, advising Council that Collus Power is incorporated under the Business Incorporation Act. In order to be a public sector employee there are several tests that must be passed. One of which relates to funding received from the Province which is not the case for Collus Power. Another relates to the disclosure of salaries and the regulations of the Municipal Freedom of Information and Protection of Privacy Act as it would be considered personal information.<sup>14</sup>*

**May 2, 2011:** Council [approved creating a steering committee](#) after receiving staff report PRC 2011-07.<sup>15</sup>

Parks, Recreation and Culture director, Marta Proctor and staff selected members for the volunteer committee, naming her former boss from Toronto, Claire Tucker-Reid and local lawyer Brian Saunderson, to co-chair the committee.

Tucker-Reid was Manager Toronto PRC, until 2010 while Proctor was Recreation & Facility Supervisor (until 2002) and Program Manager (2003-07). When Proctor was on the Steering Committee for Town of Milton Activity Plan, Tucker-Reid was the consultant. Other members were added by her to the committee including Robert Armstrong, CEO of the local YMCA district (VP for YMCA Toronto while Tucker-Reid worked there, and who served with Tucker-Reid and Proctor on the Parks Recreation Ontario board), and former Collingwood mayor Terry Geddes, a representative of Ameresco, a company that builds and finances municipal facilities, and former Collingwood mayor.

The two council members appointed to the town’s PRC committee (Councillors Keith Hull and Dale West) declined to participate or attend the steering committee’s meetings (a bone of contention later). The minutes of the committee meetings were never shared with council. In her staff report, Proctor wrote, “All communication in terms of reports,

<sup>11</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Roger-Info-Sorted-Indexed.pdf>

<sup>12</sup> [http://www.collingwood.ca/files/March%2028\\_11%20Council%20Mnts.pdf](http://www.collingwood.ca/files/March%2028_11%20Council%20Mnts.pdf)

<sup>13</sup> <http://www.collingwood.ca/node/4476>

<sup>14</sup> <http://www.collingwood.ca/node/4475>

<sup>15</sup> <http://www.collingwood.ca/node/4476>

outcomes and decision making will be coordinated through the Committee Chair. This Chair will report directly to designated Town and YMCA staff.”

The original commitment for the committee as approved by council was limited to four months only. However, it would continue for almost another year.

**May 13, 2011:** The [Collus board met](#) and discussed its presentation to council later that month (included under "action items" in the agenda).<sup>16</sup>

**May 20, 2011:** [KPMG prepared a report for Collus Power](#) Corporation entitled “Calculation of Value” (the “Value Report”) as a “draft valuation of the shares of Collus Power as at December 31, 2010.” In it, “KPMG states that it was retained by Collus Power to provide a calculation of the fair market value of all the common shares of Collus Power as at December 31, 2010.”<sup>17</sup>

The [report \(p. 2\) concluded](#) the total value of the utility (not including the promissory note) was:

*...we have calculated the fair market value of all the issued and outstanding Shares of Collus Power Corp., as at December 31, 2010, to be in the range of \$14.1 million to \$16.3 million (i.e. with a midpoint value of \$15.2 million).<sup>18</sup>*

In a subsequent [email to Ed Houghton](#) about this report (email dated June 11, 2015), KPMG consultant John Rockx noted (emphasis added):

*As requested, please find attached a copy of our draft valuation of the shares of Collus Power as at December 31, 2010. The valuation report was left in draft format since **the former controller, Tim Fryer, did not provide us with responses to a few questions in respect of the report content (see blanks on page 5 of the report) or provide us with the final December 31, 2010 financial statements of Collus Power prior to going on medical leave. Accordingly, KPMG did not receive a representation letter from Collus Power for the draft valuation report, and never issued the valuation report in final format.**<sup>19</sup>*

**May 24, 2011.** KPMG’s report and Review of Options document is [presented to the Collus board](#) in preparation for the board’s presentation to council.<sup>20</sup>

In [May 30, 2011<sup>21</sup>](#): The Collus utility board, along with CEO Ed Houghton and CFO Tim Fryer presented its annual [business plan<sup>22</sup>](#) to council in public session. In its public presentation, the board also discussed the changes in the province's electricity sector, the KPMG study and the three options the consultant had presented:

1. total sale,

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<sup>16</sup> <http://www.collus.com/sites/default/files/PUC%20Agenda%20May%202013%202011.pdf>

<sup>17</sup>

[http://www.collingwood.ca/files/photos/DEPARTMENTS/CLK/BLG%20Collus%20Report\\_%20March%2031\\_%202016%20-%20REDACTED%20FINAL%20VERSION%20FOR%20TOWN%20OF%20COLLINGWOOD%20%28Apr%201%29.pdf](http://www.collingwood.ca/files/photos/DEPARTMENTS/CLK/BLG%20Collus%20Report_%20March%2031_%202016%20-%20REDACTED%20FINAL%20VERSION%20FOR%20TOWN%20OF%20COLLINGWOOD%20%28Apr%201%29.pdf)

<sup>18</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Roger-Info-Sorted-Indexed.pdf>

<sup>19</sup> *ibid*

<sup>20</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/M-Rodger-Email-and-K-Wingrove-Staff-Report.pdf>

<sup>21</sup> <http://www.collingwood.ca/node/5118>

<sup>22</sup> <http://www.collus.com/sites/default/files/BusinessPlan2011-2013.pdf>

2. strategic partnership, and
3. do nothing.

The board chair (Dean Muncaster) told council the board preferred the partnership option, which was recommended in the business plan.<sup>i</sup> He also noted the board did *not* want to sell more than 50% of the utility because it did not want to lose local control of service and rates (50% was represented as a “non-controlling interest” in [the later sale application to the OEB](#))<sup>23</sup>. He recommended Collingwood should act while it was still a "seller's market" before consolidation became forced (legislated).

In general discussion, Council agreed that it, too, did not want to lose control of the utility.<sup>24</sup> Also see the [2016 audited financial statements of PowerStream](#) which noted:

*Joint control was established by assessing that both the Corporation and the City of Collingwood have unanimous consent over relevant activities within Collus PowerStream. This was done through the agreements that were signed.*<sup>25</sup>

[Council approved the business plan and the preferred option](#) in an open vote. The utility board was told to further examine partnership opportunities based on the KPMG report.<sup>26</sup>

Local media reported on the meeting, on the KPMG report, and listed the three options.

One of the strengths of our electrical utility noted during the business plan presentation was the efficient and mutually-beneficial sharing of services and staff between Collus, the town and our water utility (the “shared services” agreement).

**June 11, 2011:** The Collus board [met in camera to discuss its upcoming presentation](#) to council. At this meeting, Mayor Cooper reiterated to the board that council was not interested in a full sale of its utility.<sup>27</sup>

**June 17, 2011:** The Collus board [held a special meeting](#) to discuss its presentation to council. Board Members present at that meeting were Chair Dean Muncaster, Joan Pajunen, Councillor Mike Edwards and Doug Garbutt.<sup>28</sup>

**June 27, 2011:** the Collus board openly presented its plans to council again using a slide deck prepared by KPMG. [On slide 3](#), KPMG noted:

*...many observers expect the Province to take steps to encourage additional LDC consolidation ... additional initiatives to encourage municipal consolidation may be tied to specific measures to create a number of large, regional utilities. Anticipated provincial actions to encourage consolidation could result in an increase in sale transactions in the future. This could either increase or decrease individual utility value... a Town that is ultimately looking to sell its utility would be wise to*

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<sup>23</sup> [https://www.powerstream.ca/attachments/COLLUS\\_APPL\\_MAAD%20Application1\\_20120309.pdf](https://www.powerstream.ca/attachments/COLLUS_APPL_MAAD%20Application1_20120309.pdf)

<sup>24</sup> Confirmed by the author in later conversation with the former deputy mayor and other council members, and Collus staff and board members.

<sup>25</sup> [https://www.alectrautilities.com/wp-content/uploads/AlectraUtilities\\_APPL\\_MAADs\\_Attach-8-15\\_20180307.pdf](https://www.alectrautilities.com/wp-content/uploads/AlectraUtilities_APPL_MAADs_Attach-8-15_20180307.pdf)

<sup>26</sup> [http://www.collingwood.ca/files/May%2030\\_2011%20Council%20Mnts.pdf](http://www.collingwood.ca/files/May%2030_2011%20Council%20Mnts.pdf)

<sup>27</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/M-Rodger-Email-and-K-Wingrove-Staff-Report.pdf>

<sup>28</sup> *ibid*

*position itself now to best take advantage of potential future changes in policy and hence buyer interest.*<sup>29</sup>

The board publicly received council's approval to move forward and create a task force authorized to evaluate the KPMG report and examine the possibilities presented, and report back to council in public with its recommendations.

A report on the options presented to council at this time, titled, "Confidential Review of Options"<sup>ii</sup> was [presented in camera to council and staff](#).<sup>30</sup> It was later included in the appendix of a public 2013 report by the [Public Interest Advocacy Centre](#).<sup>31</sup> That first report included the points:

- The Province remains concerned about the continued operation of approximately 80 municipally-owned Local Distribution Companies ("LDCs").
- It believes that this results in additional costs through economies of scale. Many observers expect the Province to take steps to encourage additional LDC consolidation.
- These measures are likely to include a time-limited Transfer Tax holiday for mergers and acquisitions involving publicly-owned utilities.
- The Province is also concerned that hard-to-service rural areas will be left out of voluntary transactions. Hence, initiatives to encourage municipal consolidation may be tied to specific measures to create a number of large, regional utilities.

The report concludes with a section that recommends a "strategic partnership" (P. 21-23) as the best option, noting,

*"A **Strategic Partner** would value the expertise and reputation of Collus, as well as its strategic geographic location as the foundation for the development of a regional electrical utility based in Collingwood to serve the Georgian Bay area and beyond."*

**June 27, 2011:** [Council approved](#) received its first update from the Central Park Steering Committee and approved hiring an architect to develop concept drawings for the Central Park proposal. RFPs were sent out.<sup>32</sup>

**July 7, 2011** – PowerStream, **July 20, 2011** – Hydro One and St. Thomas Energy, **July 26, 2011** – Veridian Connections and Horizon Utilities. Collus board chair Dean Muncaster and CEO Ed Houghton met with five "strategic partners"- the LDCs identified as potential partners - to gauge their initial interest in participating if the town proceeded. After these meetings, the SPTT minutes note: "It was decided that we would not look for further partnership opportunities such as Corix, Fortis, etc."

**July 8, 2011:** Collus [board meeting](#).<sup>33</sup> The board [unanimously resolves](#) to support the strategic partnership option.<sup>34</sup>

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<sup>29</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Roger-Info-Sorted-Indexed.pdf>

<sup>30</sup> <http://www.collingwood.ca/node/4651>

<sup>31</sup> <http://www.rds.oeb.ca/HPECMWebDrawer/Record/408205/File/document>

<sup>32</sup> <http://www.collingwood.ca/node/4651>

<sup>33</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/07/Section-C-Key-Events.pdf>

<sup>34</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Roger-Info-Sorted-Indexed.pdf>

**July 11, 2011:** KPMG sent Collus a revised slide deck noting a [slight error in their wording](#) about the transfer tax (page 4, 2nd paragraph).<sup>35</sup>

**Aug. 3, 2011:** The [first meeting](#) of the nine-person Strategic Partnership Task Team (SPTT) created by the town and the Collus board. This committee was recommended in the report presented June 27 (p. 24) and approved by council:

*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.*<sup>36</sup>

This team created in response to this recommendation included:

- Collingwood's CAO Kim Wingrove;
- Mayor Sandra Cooper;
- Deputy Mayor Rick Lloyd;
- John Herhalt of KPMG;
- Dean Muncaster, chair of the Collus board;
- the CEO of Collus (Ed Houghton);
- the CFO of Collus (the latter is now Councillor Tim Fryer),
- David McFadden, (another former Collus/Powerstream board chair and now chair of Toronto Hydro), and
- Doug Garbutt, former mayor and public utility board chair.

The town's legal firm, Aird & Berlis, was asked to participate and to review and comment on the documents and the process. The notes from that meeting say:

*It was agreed that we are investigating this venture to make Collus stronger through a Partnership, not a sale of the utility.*

**Aug. 11, 2011:** [Collus partnered with four other utility providers,](#)

*...on an initiative that will test the effectiveness of using solar powered attic vents in helping to reduce the electricity consumption required to cool homes. The announcement was made today at a project launch event on Davis Street in Collingwood where representatives from Collus Power, PowerStream, Orangeville Hydro, St Thomas Energy, Wasaga Beach Distribution, other key stakeholders, members of the media as well as County Warden and Mayor of Wasaga Beach, Cal Patterson, witnessed the unveiling, on the roof of a new home, two fully-installed solar powered attic vent units that were provided by the project's supplier, International Solar Solutions.*<sup>37</sup>

**Aug. 29, 2011:** [Council approved](#) hiring WGD Architects to create a "...Central Park feasibility assessment and preliminary design." Councillor Chadwick's motion to defer

<sup>35</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/M-Rodger-Email-and-K-Wingrove-Staff-Report.pdf>

<sup>36</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Roger-Info-Sorted-Indexed.pdf>

<sup>37</sup> [https://georgiancollege.ca/wp-content/uploads/Press-Release\\_-\\_Power-Stream-Partner-Solar-Innitiative.pdf](https://georgiancollege.ca/wp-content/uploads/Press-Release_-_Power-Stream-Partner-Solar-Innitiative.pdf)

the awarding of the contract "... until the (Steering) Committee makes a presentation to Council" was defeated.<sup>38</sup>

During the **summer of 2011**, the SPTT met again (**Aug 29** to [discuss the process](#) and non-disclosure agreement), and also met with the town's potential strategic partners again (four meetings, **Sept. 12** - Veridian and Hydro One - **and Sept. 19** - PowerStream and Horizon) to interview them and keep them informed. At every step of the process, every potential partner was kept up to date of the goals and the discussions.<sup>39</sup>

In the **Aug. 29** 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.<sup>40</sup>*

And in the **Aug 29** meeting was also recorded:

*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... 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.*

**Sept. 2, 2011:** The Central Park Steering Committee was told by Rob Armstrong of the YMCA that it would not be receiving any government funding. It would therefore move ahead with planned renovations to its locker rooms and put the pool renovations on hold. This meant the proposed recplex pool would NOT be large enough to meet standards for hosting swim meets and competitions (25m, six lanes min) and would not have required space for audience seating (min 250). This information was not conveyed to council (see committee minutes).

**Sept. 6, 2011:** Dean Muncaster, chair of Collus sent [letters to the four utilities proposed for interviews](#) by the SPTT. In each one he wrote<sup>41</sup>:

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<sup>38</sup> <http://www.collingwood.ca/node/4789>

<sup>39</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Roger-Info-Sorted-Indexed.pdf>

<sup>40</sup> *ibid*

<sup>41</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Roger-Info-Sorted-Indexed.pdf>

As you may know, we have set aside 2 hours for each interview. It is contemplated that we will open with brief introductions and then hand it over to you for a presentation of up to 45 minutes. Areas of interest that should be covered in your presentation are as follows:

- 1) Your culture – vision and mission
- 2) Brief review of your historical development
- 3) Financial background of your organization
- 4) The need for a retained presence in Collingwood
- 5) How you treat your employees, what happens to our employees
- 6) What are your rates and are there plans for rate harmonizing
- 7) Safety; what programs are in place, safety record, etc.
- 8) Unions; successor rights, will there be a financial impact
- 9) Attracting others; will there be a royalty, what is your vision for future rationalization
- 10) Governance; how would the Boards be populated
- 11) What are your overall aspirations for your LDC, for Collus Power
- 12) What are you hearing about our electric industry, impact of the election

**Sept. 7, 2011.** At the meeting of the Central Park Steering Committee, the YMCA told committee members it would not be receiving any government funding for its pool upgrades and therefore the Y "...cannot delay moving forward with the renovation of the locker rooms and is planning on notifying the donors of the decision." [The minutes](#) also noted:

*The budget for this aspect of the overall pool renovation project will be approximately 1.5 million with approximately 700,000 dollars coming from the pledges. The Committee believes that it is essential to allow WGD Architects Inc. the opportunity to provide their input with respect to the design of the pool, especially since the reconstruction of the pools is now on hold until other funding opportunities arise.*<sup>42</sup>

**Sept. 10, 2012:** WGD Architects [submitted an invoice](#) to the town for \$22,600 (inc. HST) for an "arena feasibility study."<sup>43</sup>

**Sept. 28, 2011:** The SPTT met again.

**Sept. 29, 2011.** The SPTT met with and consulted with Collus staff about the progress of their discussions, and on the future direction.

**Oct. 3, 2011:** The SPTT provided an update to council in public session and asked for approval to release an RFP to discover if any of the identified utilities was interested in partnering with Collus. The SPTT also [explained again](#) the "basis for the RFP which included **up to 50%** sale of the shares of Coll us Power." (emphasis added)<sup>44</sup>

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<sup>42</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Central-Park-notes-OCR.pdf>

<sup>43</sup> *ibid*

<sup>44</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/M-Rodger-Email-and-K-Wingrove-Staff-Report.pdf>

The [task force identified five potential utility partners](#)<sup>45</sup>, but later eliminated one as too small. Working with the town staff, KPMG, and the town's lawyers, the task force helped craft an RFP to send to each of the four large utilities they had recommended. [This RFP](#)<sup>46</sup> was sent out **Oct. 4, 2011**. Its first page noted the purpose:

***Purpose of the Request***

*This request for proposal is being issued by COLLUS Power Corp and the Town of Collingwood for the purpose of soliciting written proposals to enter into a strategic partnership arrangement. For purposes of this request, some of the key needs from a strategic partner include the following:*

- *Purchase of shares of up to 50% in COLLUS Power*
- *Provision of strategic and specialized resources to COLLUS Power while continuing to effectively engage the COLLUS Power and affiliate employees*
- *Support in growing the COLLUS Power business, both organically and through acquisition*
- *Continued and substantial presence in the communities we serve*
- *Continued and enhanced support for the interests of the communities we serve*
- *Continued focus on maintaining and enhancing the competitive distribution rate and cost structure of COLLUS Power*

*This request does not include any of the activities associated with the water operations. Collingwood Public Utilities Services will continue these activities.*

The RFP asked for bids *up to, but not more than*, 50% of the utility's value. In previous discussions and presentations at open council meetings there was no interest expressed by either council or the board in selling more (see May 30, 2011) to avoid losing local control over service and rates.

**Oct. 5, 2011:** WGD Architects Inc. submitted an invoice to the town for design, reports, costing, meetings for a total of \$30,018.81 (inc. HST). A second invoice was submitted Nov. 4, 2011 for \$249.49.

**Oct. 19, 2011:** The town's PRC committee was frustrated over lack of communication from the Central Park Steering Committee and [demanded to be informed beforehand](#) of any presentations to council (p.59).<sup>47</sup>

**Nov. 2011:** The Central Park Steering Committee is informed the YMCA will not be contributing any funds to the proposed multi-use recreational facility, although they had committed to financial participation earlier. Council would not be informed of this until March, 2012.

<sup>45</sup> <https://secure2.mearie.ca/imis15/CMDownload.aspx?ContentKey=ec9adb8c-e540-4811-a158-8245db1533b6&ContentItemKey=9b8d8e00-bc3d-4714-b8f3-4a609a7dbe87>

<sup>46</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Roger-Info-Sorted-Indexed.pdf>

<sup>47</sup> [http://www.collingwood.ca/files/Nov%2028\\_11%20Council%20Agenda%20Pkg.pdf](http://www.collingwood.ca/files/Nov%2028_11%20Council%20Agenda%20Pkg.pdf)

**Nov. 14, 2011:** Council received [an update](#) from Marta Proctor, PRC director, about the Central Park Steering committee's progress. At no time in this presentation was the YMCA's change in financial commitment mentioned. However, she did include the estimated cost of the facility at \$34 million (p. 15 and p. 19).<sup>48</sup>

**Nov. 15, 2011:** The SPTT met with and provided another update to Collus staff and asked for continued input on the process.

All four utilities responded by the **Nov. 16, 2011** deadline. The names of the potential partners were not revealed to the public, although Hydro One and PowerStream were later (2012) identified in the media. None of the respondents offered to buy less than 50% ([revealed later](#) by individuals involved in the process).<sup>49</sup>

On **Nov. 17, 2011** at a special meeting of council, the SPTT [updated the public on the process](#) and the RFPs. Collingwood council publicly approved sending out a media release about holding a public information meeting Nov. 22, to discuss negotiating a potential partnership with one of these respondents.<sup>50</sup>

[Council also approved](#) Collus hosting a public information session to explain its search for a partner, outline the results of KPMG's report, and get public input. This council meeting and the subsequent public information session were well covered in the media and the decisions publicized.<sup>51</sup>

**Nov. 18, 2011:** [Bayshore media](#) reported:

*COLLUS -- the utility that provides water and electricity to the town of Collingwood -- is looking for what it calls a 'strategic partner'.  
COLLUS is currently looking over proposals for a buyer of 50 per cent of the utility.  
The utility provides water and electricity service for Collingwood, Thornbury, Stayner and Clearview township.  
The chair of the COLLUS board says the utility is looking over the proposals it's received so far and will make a recommendation on a buyer the first week of December.  
A public meeting about the sale will be held on Tuesday November 22nd at the Leisure Time Club.*<sup>52</sup>

**Nov. 22, 2011:** Collus, Council and the SPTT held an open, public information session at the Leisure Time Centre, explaining the process, explaining what had been done to date and why, and asking for public comment and questions. The presentation included the contents and wording of the RFP sent to the potential partners, the list of choices, the reasons a partnership worked better, and the weighting of the decision process.

The SPTT members were introduced to the public and [a slide presentation](#) covered the options, the current political climate around LDCs, and the reasons for the choice of the strategic partnership.<sup>53</sup>

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<sup>48</sup> <http://www.collingwood.ca/node/4934>

<sup>49</sup> <http://ianchadwick.com/blog/the-50-solution/>

<sup>50</sup> <http://www.collingwood.ca/node/4936>

<sup>51</sup> <http://www.collingwood.ca/node/4976>

<sup>52</sup> [http://www.bayshorebroadcasting.ca/news\\_item.php?NewsID=40783](http://www.bayshorebroadcasting.ca/news_item.php?NewsID=40783)

<sup>53</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Roger-Info-Sorted-Indexed.pdf>

Roughly 200 people attended (other numbers have been reported); four people from the audience asked questions. No one at that meeting publicly opposed the sale of 50% of the utility and there were no letters to the editor or editorials in local media afterwards opposing it. [Bayshore media](#) broadcast this story about the event:

*Collus -- which has just over 15 thousand customers in Collingwood, Stayner, Creemore and Thornbury -- is looking for a larger distribution company to invest in up to 50 per cent of the company. Right now the sole shareholder or owner is the town. Collus President and CEO, Ed Houghton, adamantly says this is not a sale. He says it's a partnership because they want Collus to stay in Collingwood and want to keep all of the company's 48 employees.<sup>54</sup>*

**Nov. 23, 2011:** The SPTT provided their individual rating of the RFP submissions. A [tally of all points](#) in all categories by the nine individual team members resulted in: PowerStream: 592, Horizon: 491, Veridian: 359 and Hydro One: 288.<sup>55</sup>

On **Nov. 24**, the [Collingwood Connection](#) had a story that noted:

*"The town is currently evaluating four proposals – all are from other distribution companies. Collus president and CEO Ed Houghton says he can't reveal the names of the groups who have put in bids.*

*"Each group has submitted two envelopes. The first envelope has the financial proposal, which will account for 30 points on the rating system. The next envelope will be what they can bring to the table such as strategic resources, keeping current employees, supporting the community, competitive rates and values.*

*"The Collus board will review the proposals on Dec. 2. Council will receive an in-camera update on Dec. 5 and a resolution will be put to council at either the Dec. 12 or 19 council meetings."<sup>56</sup>*

The Connection story noted:

*Shortly after the last municipal election the Collus board looked at three options for the future of the company - a total sale, partial sale, or the option they are considering, a strategic partnership.*

*They hired KPMG to assist them. John Rockx of KPMG said the electricity industry is changing and the province wants to reduce the number of Local Distribution Companies (LDC). There are currently 80, some legislators want to see that reduced to a handful and forced amalgamation could be required in the next several years.*

Also, of interest is the comment about the potential money to be received, and the response from Mayor Cooper, included in the story:

*There was no amount discussed, but any payment from Collus would be put into a reserve account and would not be used until the community had a chance to have input as to what the money should be used for.*

*"This represents one of the most exciting and positive opportunities for the residents*

<sup>54</sup> [http://www.bayshorebroadcasting.ca/news\\_item.php?NewsID=40858](http://www.bayshorebroadcasting.ca/news_item.php?NewsID=40858)

<sup>55</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Roger-Info-Sorted-Indexed.pdf>

<sup>56</sup> <https://www.simcoe.com/news-story/2029055-collus-looking-for-investor/>

*of Collingwood,” said Mayor Sandra Cooper. “During our first budget process, department heads were requested to maximize value for the residents of Collingwood while recognizing our very difficult current financial environment. A result of this directive was the strategic partnership initiative.”*

**Nov. 23 and 28: 2011;** The SPTT [met again](#) to review results and analyze the received RFPs. On the 28<sup>th</sup> they also met with John Heral of KPMG to review the “...analysis of the Purchase Price of the Shares of the Submissions.”<sup>57</sup>

**Nov. 27, 2011:** Open house for the Central Park Steering Committee at which the initial plans are revealed to the public.

**Nov. 25, 2011:** Collus submitted its report on rates and customer impact [EB-2011-0161](#) to the Ontario Energy Board.<sup>58</sup>

**Dec. 1, 2011:** Dean Muncaster, Ed Houghton & KPMG met with Brian Bentz and John Glicksman of PowerStream to confirm the RFP Analysis.

**Dec. 2, 2011,** the [SPTT met in camera with the Collus board](#)<sup>59</sup> to propose a recommendation to council and discussed a table that evaluated the four proposals in depth. At that meeting, the board unanimously accepted,

*...the findings of the Strategic Partnership Task Force Team and recommends to Collingwood Council that Collus Power Board be directed to undertake negotiations with PowerStream Inc. for the purpose of entering into a Strategic Partnership arrangement;*

**Dec. 5, 2011;** Bids for the purchase of Collus were presented in two sealed envelopes (a common practice with some types of bid where bid quality and money are considered separately): one for the money, the other for the service/culture/customer relations component. Collingwood Council and the utility board, SPTT, and the board's and town's lawyers, plus the KPMG consultant (who led the process of opening the envelopes), met in camera to discuss the responses, and to decide whether to go ahead with any of them.

The responses were weighted on 70% for the corporate culture and customer service, and 30% on the money offered.<sup>iii</sup>

Each part was analyzed independently, and the envelopes opened separately for analysis. The two-envelope process and the weighting were reported in the local media. This was done in camera with the utility board and eight of nine council members present. The evaluation point tallies were also presented in camera in a slide deck.

Councillor Chadwick [declared a potential conflict of interest](#) which was noted in the minutes:

*Councillor Chadwick declared a pecuniary interest with respect to the in camera discussion, as he provides consulting services for electricity sector clients. Councillor Chadwick indicated that he will not be participating in the in-camera discussion until*

<sup>57</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/07/Section-C-Key-Events.pdf>

<sup>58</sup> <http://www.rds.oeb.ca/HPECMWebDrawer/Record/311277/File/document>

<sup>59</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/07/Section-C-Key-Events.pdf>

*it is known whether his client has submitted an RFP for the COLLUS Partnership discussion.<sup>60</sup>*

(NB: Chadwick did not provide services directly to energy sector clients, rather was contracted to Compenso, a company that provided services to its clients among whom were energy sector companies. He had no direct contact with any energy sector companies, and his short-term work contract with this company ended at Christmas that year. In not attending this meeting, he did not know who was involved in the bidding.)

**Dec. 12, 2011:** The Collus CEO Ed Houghton made a [public presentation to Clearview Council<sup>61</sup>](#) with a [17-page PowerPoint report<sup>62</sup>](#) outlining the process and results of the RFP (not naming the winning bid), bringing council and the local residents up to date on the process although not identifying the winning bidder. Houghton's presentation noted:

*Some of the key requirements from a Strategic Partner include the following:*

- *An investment of up to 50% in Collus Power shares*
- *Provision of strategic and specialized resources to Collus Power through Service Agreements*
- *Support in growing the Collus Power business, both organically and through acquisition*
- *Continued and enhanced support for the interests of the communities we serve and our employees*
- *Continued and substantial presence in the communities we serve*
- *Continued focus on maintaining and enhancing the competitive distribution rate and cost structure of Collus Power*

Houghton described the creation of the SPTT and listed its members, described evaluation process, and as noted in his presentation:

*It should be noted that each Team member reviewed and evaluated the proposals on an individual basis. The group then reconvened to review and discuss the findings of their evaluations...*

Clearview Township's website noted:

*Houghton explained that, foreseeing a time in the near future when the provincial government would decide to cut down on the number of local distribution companies, the company decided that it needed to merge with someone to become bigger. He also noted that part of the criteria in the company's Request for Proposal was that the new investing company would have a similar culture as Collus.*

## 2012:

**Jan. 13, 2012:** Collus chair Dean Muncaster sends [a letter to council<sup>63</sup>](#) via Mayor Cooper regretting he cannot attend the upcoming presentation (Jan. 16) about the sale, because of previous commitments. In it he recognizes the work of staff and, "...our team of professional advisors from Aird & Berlis, Ron Clark

<sup>60</sup> <http://www.collingwood.ca/node/5039>

<sup>61</sup> <http://creemore.com/a-plea-for-more-control-over-gea-projects/>

<sup>62</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/06/Update-to-Clearview-1st-Share-Sale.pdf>

<sup>63</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Roger-Info-Sorted-Indexed.pdf>

& Corrine Kennedy and John Rockx and John Herhalt of KPMG has imparted the necessary legal and financial guidance and direction.” He concludes:

*It is my belief that we have found the right partner, that we are pursuing the right objectives and that we now have negotiated the right documentation to bring this very important and exciting strategic initiative to its successful conclusion.*

**Jan 16, 2012:** Collus board met in camera with council [at a special meeting](#)<sup>64</sup> to provide an update on the partnership and shareholders' agreement. At that meeting, a [slide deck](#)<sup>65</sup> prepared by Aird & Berlis was presented, explaining the share sale and the reason for the strategic partnership option, plus details of the shareholder's agreement. Slide 11 noted the benefits:

- 1) enhance Shareholder investor value*
- b) generate cost savings through economies of scale*
- c) treat all employees in fair and equitable manner*
- d) seek to grow business organically and through acquisition or merger*
- e) continued and substantial presence in community*
- f) be integral participant in local communities in which they operate*
- g) maintain service reliability levels*
- h) continued high level of safety*
- i) maintain and sustain infrastructure through adequate levels of investment consistent with good utility practice*
- j) customer service levels maintained or improved*

**Jan. 19, 2012:** CAO Wingrove sent [a draft of her report](#) CAO2012-01 on the share sale to Ed Houghton, Sara Almas and Mayor Cooper, asking them to proofread it:

*I would appreciate your review of the attached. I have highlighted a few places that I felt were either sensitive or required a by-law number. Please pay special attention to these. I have tried to strike a balance between providing sufficient detail to support the recommendation with drowning everyone in detail. Your comments would be most welcome.*<sup>66</sup>

Almas and Houghton responded Jan. 19. Houghton's suggestion was to capitalize COLLUS. Houghton was asked to review it again on Jan. 20 at 7:23 a.m. The final, edited report was sent to staff for printing by Almas at 9:52 a.m. Jan. 20. Wingrove's report recommended:

*THAT Council receive Staff Report CA02012-01 titled COLLUS PowerStream Strategic Partnership, and enact By-law 2012-011 to execute the agreements with respect to the sale of 50% of the shares of the Collingwood Utility Services Corp to PowerStream Inc. Town and related matters.*

**Jan 20, 2012:** Collus [board meeting](#) and resolution<sup>67</sup>. The Aird & Berlis presentation to council was discussed. At that meeting, “Mayor Cooper requested an authorizing by-law for Council to pass which

<sup>64</sup> <http://www.collingwood.ca/node/5145>

<sup>65</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Roger-Info-Sorted-Indexed.pdf>

<sup>66</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/M-Rodger-Email-and-K-Wingrove-Staff-Report.pdf>

<sup>67</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/07/Section-C-Key-Events.pdf>

would allow Collingwood Utility Services to proceed with 50% of the sale of shares to PowerStream.” The board also passed a “resolution... for the Purchase Share Agreement.” It concluded:

*THAT Collingwood Utility Services Board recommends that the Town of Collingwood execute the Share Purchase Agreement and Unanimous Shareholder Agreement for the sale of 50% share of CUS to PowerStream Inc.  
AND THAT the Chair and the President and Chief Executive Officer be authorized to execute these agreements.*

**Jan. 23, 2012:** Council made a public notice about accepting the pending sale of 50% of the Collus utility to PowerStream, which ranked highest in the RFP scoring system. CAO Wingrove’s report CAO2012-01 was included in the agenda, recommending the sale and to, “...execute the agreements with respect to the sale of 50% of the shares of the Collingwood Utility Services Corp to PowerStream Inc., and related matters.” This was passed unanimously as BY-LAW No. 2012-011, later that evening.

A public presentation during that meeting by Collus CEO, Ed Houghton, explained the reason for the sale, and the process. The [town’s media release](#) later noted:

*Collingwood Council unanimously supported the strategic partnership proposal following a presentation by Ed Houghton, President and CEO of Collingwood Utility Services. Houghton provided background information on the electricity industry, outlined the steps taken by Collingwood’s Strategic Partnership Task Force to investigate various ownership options and described the process used to select PowerStream as the strategic partner.  
The selection of PowerStream followed a comprehensive request for proposal process in which four proponents submitted responses. PowerStream was chosen based on many important and planned considerations including the ability to provide strategic and specialized resources, competitive distribution rates and cost structure, customer experience and satisfaction, community involvement, support for employees and their careers as well as the correct cultural and synergistic fit.<sup>68</sup>*

Council unanimously and publicly [passed a bylaw](#) with a recorded vote to start the process of the share sale and to enter into discussions with the OEB about the sale. The bylaw noted,

*"THAT the Town enter into the Share Purchase Agreement and the Unanimous Shareholders Agreement with PowerStream, once those agreements are in a form and content to the satisfaction of the Mayor."<sup>69</sup>*

A [media release about the sale](#) was sent out by the town and made public online. That release also noted:

*In a vote held Monday evening, Council approved selling a 50 percent interest in Collingwood Utility Services Corp., the holding company for Collus Power Corp., Collus Solutions Corp. and Collus Energy Corp., to PowerStream, a community-owned electricity distribution company serving residential and commercial customers in several municipalities located in Simcoe County and York Region. The transaction will enable the Town of Collingwood to realize proceeds of approximately \$14-15 million*

<sup>68</sup> <http://www.collus.com/sites/default/files/Collingwood-Powerstream-Partnership.pdf>

<sup>69</sup> <http://www.collingwood.ca/node/11877>

*as a result of the sale of a 50 percent share purchase, re-capitalization and the redemption of a promissory note.<sup>70</sup>*

A story in the [Enterprise Bulletin](#) filed that evening noted:

*The Board reviewed whether Collus remained status quo, was sold outright or - in the option being voted on by council - a strategic partnership that would allow the local company to tap into the financial wherewithal and technical expertise of a larger company.<sup>71</sup>*

There was no opposition to the sale or to the 50% interest expressed either in local media or in letters sent to the town or council. There were no complaints filed to the Ontario Energy Board opposing the sale.

The presentation to council is attached as Appendix A in the [report from the Public Interest Advocacy Centre](#), dated Sept. 2013.<sup>72</sup>

The meeting and the vote were covered extensively in [the local media](#)<sup>73</sup>. In [one piece](#)<sup>74</sup>, CEO Ed Houghton underscores the importance of keeping local jobs in the decision:

*Houghton said with questions surrounding local distribution companies, this will ensure Collus will remain in Collingwood and its employees will be secure. He said everyone at Collus will keep their jobs.*

The weighting of the responses based on the respondents' answers (70% given to corporate culture, 30% to money) was also mentioned in the local media as the reason PowerStream was chosen. \*\*

Also, on **Jan. 23, 2012**, Powerstream itself blogged about the partnership and the process, noting:

*Collingwood Council unanimously supported the strategic partnership proposal following a presentation by Ed Houghton, President and CEO of Collingwood Utility Services. Houghton provided background information on the electricity industry, outlined the steps taken by Collingwood's Strategic Partnership Task Force to investigate various ownership options and described the process used to select PowerStream as the strategic partner.*

*The selection of PowerStream followed a comprehensive request for proposal process in which four proponents submitted responses. PowerStream was chosen based on many important and planned considerations including the ability to provide strategic and specialized resources, competitive distribution rates and cost structure, customer experience and satisfaction, community involvement, support for employees and their careers as well as the correct cultural and synergistic fit.*

**Jan. 26, 2012:** A story in [the Collingwood Connection](#) about the sale noted:

<sup>70</sup> <http://www.collus.com/sites/default/files/Collingwood-Powerstream-Partnership.pdf>

<sup>71</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Roger-Info-Sorted-Indexed.pdf>

<sup>72</sup> <http://www.rds.oeb.ca/HPECMWebDrawer/Record/408205/File/document>

<sup>73</sup> <https://www.simcoe.com/news-story/2021481-powerstream-buys-50-of-collus-for-15-million/>

<sup>74</sup> *ibid*

*A decision was made by Collingwood Council in November to sell 50 per cent of the stake in the local distribution company.<sup>75</sup>*

**Jan. 27, 2012:** CEO ED Houghton was interviewed on [CFOS 560 radio](#) about the Collus-PowerStream deal.<sup>76</sup>

**Jan. 30, 2012:** In an update to the Central Park Steering Committee agenda, it noted that Rob Armstrong, CEO of the YMCA, was drafting a [memorandum of understanding](#)<sup>77</sup> to “outline the working relationship between the Y and the Town with respect to governance and administration at the newly-constructed community centre and park.” Not only was council unaware of this document, but the municipality was not invited to draw up this document or participate in the Y’s draft. A comment (later deleted) by Brian Saunderson “recommended that he and Mr. Armstrong follow up on a separate basis to further revise the document.” However, a draft memorandum for this purpose dated June 2011 has been provided to Coun. Lloyd, suggesting this was in progress much earlier.

In the committee’s agenda package for the Jan. 30 meeting, there was a copy of a promotional brochure created by the YMCA of Simcoe/Muskoka that announced “the YMCA is moving forward in coordination with the Town of Collingwood with the Phase II of construction... The final phase of construction will depend on the decision the town makes in March after the recommendations for central park are presented to council.”

In another comment deleted from the final minutes, Saunderson noted that the KPMG presentation to examine recreational opportunities in the town noted, “...Central Park is not the ideal partnership for that location.”

The [meeting summary notes](#) also showed the committee intended to go past its original mandate of four months:

*The report recommendations will ask Council to approve the project in principle subject to funding. It is anticipated that we need more time to firm up the funding options and subsequent recommendation to Council; this could take until the end of March.<sup>78</sup>*

**Feb. 8, 2012:** Collingwood BIA chair Joe Saunders writes a letter to council expressing concern that the proposed Central Park plan “contemplates the decommissioning of the Eddie Bush Memorial Arena.” And added “The arena continues to be a major anchor for our downtown and the impact of its loss would be significant for our downtown business community.”

**Feb. 15, 2012:** The Ontario government releases the "Drummond Report" (The Commission on the Reform of Ontario's Public Services). His recommendation (12-13) is to "Consolidate Ontario’s 80 local distribution companies (LDCs) along regional lines to create economies of scale." The [Energy Regulation Quarterly](#) said (in 2015),

<sup>75</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Roger-Info-Sorted-Indexed.pdf>

<sup>76</sup> [http://www.560cfos.ca/podcast\\_archives.php?pageNum\\_rspodcasts=15&PodcastsID=12](http://www.560cfos.ca/podcast_archives.php?pageNum_rspodcasts=15&PodcastsID=12)

<sup>77</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Central-Park-notes-OCR.pdf>

<sup>78</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Central-Park-notes-OCR.pdf>

*...highlighted the potential cost savings of further consolidation of Ontario's LDCs. Since then discussion about LDCs has focused on how to undertake such consolidation, with recommendations including a loosening of the transfer tax system to encourage consolidation similar to the late 1990s, as well as forced consolidation into regional distributors with a minimum of 400,000 customers. In addition, more recently, the Premier's Advisory Council on Government Assets released a report (hereby known as the "Ed Clark Report") recommending the consolidation of Hydro One Brampton with other GTHA distributors to produce an entity comparable in size to Toronto Hydro. The hope of the Advisory Council was that such a merger would trigger additional consolidation eventually resulting in only three to four provincial electricity distribution companies.<sup>79</sup>*

**Feb. 17, 2012:** Aird & Berlis, then Collingwood's legal firm, released an "[Energy Bulletin](#)" for its clients, written by Ron Clark, about the recommendations in the Drummond Report (see above). It highlights the options for LDCs, noting that Collingwood's decision was "innovative":

***Strategic Investor:** A very interesting new model involves Collingwood's approach. It recently approved the entry into an agreement to sell half of the shares in its LDC to PowerStream. This transaction represents an innovative structure, balancing acquisition of expertise, synergies and economies of scale with retaining the utility, and its assets, jobs and corporate identity, while still monetizing the town's investment in a significant way.<sup>80</sup>*

**March 5, 2012:** The Central Park Steering Committee presents council and the public with [its final report](#)<sup>81</sup> for a proposed \$35.3 million (p.37) recreational facility, to be paid by taxpayers and handed over to the YMCA when built. In addition, the town was expected to pay the YMCA's operating deficit estimated at \$250-\$300,000 annually for a minimum five years (p.44). Staff report PRC 2012-05 noted "The attached Central Park Redevelopment Project Report concludes the work of the Steering Committee." It recommended approving a "funding strategy" and for the town to "develop timelines for all other recommendations as outlined in the ... final report."

The proposal did *not* include costing for several items, including cost to provide new refrigeration unit for relocated outdoor ice pad, cost for projection equipment for outdoor theatre, cost for seating and staffing of same, or licensing fees for movies, cost of street upgrades to handle increased traffic, revised stormwater management for site, etc.

**March 6, 2012:** Collus and PowerStream sign a [share purchase agreement](#), written by Aird & Berlis, and witnessed by board chair Dean Muncaster, board members Doug Garbutt, Joan Pajunen and Mayor

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<sup>79</sup> <http://www.energyregulationquarterly.ca/articles/improving-ontarios-energy-infrastructure-reducing-the-cost-of-ldcs#sthash.I9An6Qzc.dpbs>

<sup>80</sup> <https://www.airdberlis.com/docs/default-source/articles/energy-bulletin---february-17-2012---ron-clark.pdf?sfvrsn=2>

<sup>81</sup>

[http://www.collingwood.ca/files/Central%20Park%20Redevelopment%20Project\\_FINAL%20REPORT%20March%2005%202012.pdf](http://www.collingwood.ca/files/Central%20Park%20Redevelopment%20Project_FINAL%20REPORT%20March%2005%202012.pdf)

Sandra Cooper. It shows the share purchase price is \$8 million, the promissory note is \$1.17 million plus recapitalization (listed in Sched. C of the document).<sup>82</sup>

**March 9, 2012:** Lawyer Scott Stoll, working for Aird & Berlis on behalf of the town, sent a five-page letter to the OEB outlining the proposed sale of 50% of the Collus share. PowerStream posted that letter and the complete 610-page application [online for public access](#).<sup>83</sup>

The entire documentation for the application is available on [the OEB website](#). In its decision, the OEB noted,

*After considering the responses to interrogatories, Board staff filed a submission on the application and stated it had no issues with the Proposed Transaction. The Town responded to the submission and submitted that the Proposed Transaction meets the “no harm” test and should be approved by the Board.*<sup>84</sup>

In one of the [application documents](#), it notes:

*Each Director will be obligated to fulfill their fiduciary duty to the corporation — not the shareholder.*<sup>85</sup>

This would become an issue only when the current [council fired its members of the utility board](#)<sup>86</sup> in mid-2016 because the members showed loyalty to the corporation. This was done illegally in violation the town’s bylaws. Council appointed three administration staff members in their place. Two of these staff members lived out of town and were not customers of Collus Powerstream. Town bylaws require all appointees to be eligible voters in the municipality and are appointed for the full term of council.

That response also notes that the shareholders' agreement has a formal dispute resolution process:

*A formal dispute resolution system, such as arbitration, would be very unusual for a Board of Directors and would not be considered good governance. In the unlikely event the Board of Directors are unable to resolve a dispute, the Board of Directors could refer the matter to the shareholders for resolution using the process established by the Unanimous Shareholder Agreement, Article 13.*

**March 19, 2012:** Council approved “in principle” the recommendations of the Central Park Steering Committee report, but asked staff to first “...develop actions and timelines for all other recommendations as outlined in the Steering Committee final report to be presented within 6 months.” BIA chair Joe Saunders sent a second letter to the town with the BIA’s concerns that the Central Park project “contemplates the decommissioning of the Eddie Bush Memorial Arena.” The two BIA letters were again presented to council for its Aug. 27, 2012, meeting.

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<sup>82</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Signed-Share-Purchase-Agreement.pdf>

<sup>83</sup> [https://www.powerstream.ca/attachments/COLLUS\\_APPL\\_MAAD%20Application1\\_20120309.pdf](https://www.powerstream.ca/attachments/COLLUS_APPL_MAAD%20Application1_20120309.pdf)

<sup>84</sup> <http://www.rds.oeb.ca/HPECMWebDrawer/Record?q=CaseNumber=EB-2012-0056&sortBy=recRegisteredOn-&pageSize=400>

<sup>85</sup> <http://www.rds.oeb.ca/HPECMWebDrawer/Record/347644/File/document>

<sup>86</sup> <https://www.simcoe.com/news-story/6722545-collingwood-mayor-vows-to-remain-on-utility-board-despite-council-vote-to-remove-her/>

At the end of **March, 2012**, CAO Kim Wingrove's contract with Collingwood was terminated by the town (she left April 10).

**Mid-March, 2012:** Collus chair, [Dean Muncaster, died](#) while on vacation in Mexico.<sup>87</sup>

**Apr. 12, 2012:** Council [met in camera](#) to discuss the Collus promissory note.<sup>88</sup>

In **April 2012**, the Ontario Minister of Energy established the [Ontario Distribution Sector Review Panel](#) to provide expert advice to the government on how to improve efficiencies in the sector with the aim of reducing the financial cost of electricity distribution for electricity consumers.<sup>89</sup> David McFadden was one of the three panelists.

In its report, titled *Renewing Ontario's Electricity Distribution Sector: Putting the Consumer First* (released **Dec. 2012**), the province's Distribution Sector Review Panel recommended reducing the 73 LDCs in Ontario into 8 to 12 regional distributors within two years, and that the remaining 6 to 10 regional distributors serving southern Ontario should have at least 400,000 customers each.

This put further pressure on LDCs to explore consolidation while it was still a "seller's market." (other panel recommendations about LDCs are [explained here](#)<sup>90</sup>). The report concluded:

*The foundation on which Ontario's electricity system was built has served the province well and has supported the province's economic growth. It is not suitable, however, for the challenges and the opportunities of the future. This province needs a stronger, more innovative distribution system that can meet the changing needs of the consumer and the province.*

The energy industry was aware that the province and all political parties were interested in making significant changes to the LDCs as noted in the [Globe and Mail](#), **April 11, 2012:**

*The Ontario government is considering a significant overhaul of the province's energy sector, including a selloff of municipally owned distribution utilities and a merger of two provincially owned planning agencies. The politically sensitive reforms were debated internally before this spring's budget, and remain in play – albeit at a slower pace than Finance Minister Dwight Duncan would have preferred.<sup>91</sup>*

(This consolidation continued to be a concern for utilities for several years, as this [2014 presentation](#)<sup>92</sup> shows; Collingwood was just ahead of the curve).

Also in **April, 2012**, four months after the deal had been approved, council asked Collus CEO Ed Houghton to act as interim CAO for the town while the recruitment process looked for a permanent CAO. Houghton took the job without any financial compensation and held it for just over a year, until

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<sup>87</sup>

<http://v1.theglobeandmail.com/servlet/story/LAC.20120407.OBMUNCASTERATL/BDAStory/BDA/deaths/?pageRequested=all>

<sup>88</sup> <http://www.collingwood.ca/node/5458>

<sup>89</sup> <http://www.energy.gov.on.ca/en/ldc-panel/>

<sup>90</sup> <http://www.cpcml.ca/OPF2013/OP0228.HTM>

<sup>91</sup> <https://www.theglobeandmail.com/news/politics/ontario-eyes-energy-sector-overhaul/article4178730/>

<sup>92</sup> <https://www.horizonutilities.com/ourCompany/publications/Speeches/2014/Horizon-Ontario-Power-Summit.pdf>

mid-April, 2013. Houghton is quoted in [the Connection](#) about the creation of an Executive Management Team to work on collaboratively managing town issues:

*Houghton said the town will put together an executive management team who will oversee the day to day. "I think we can do a good job," he said. "It's truly going to be a team effort."<sup>93</sup>*

After Houghton left, the town began [a search for a new CAO](#), in **May, 2013**.<sup>94</sup>

**Apr. 13, 2012:** Patrick Mills, representative of Sprung Structures, [dropped by town hall unannounced](#)<sup>95</sup> to see newly-appointed Acting CAO, Ed Houghton, Houghton wasn't there. On **Apr. 16**, Mills sent Houghton an email introducing himself and his company and asking for a meeting. They met but Houghton later suggested Mills meet with the Central Park development team to offer them the alternative structures.

The OEB examined the sale application during the **spring and summer of 2012**. The application was also shared with the NGO, Energy Probe, for comment. Energy Probe also approved the application.

**June, 2012** (letter undated): Rob Armstrong, CEO YMCA of Simcoe/Muskoka, [wrote to Acting CAO Houghton](#) advising the town that the funding application had been denied:

*In the spring of 2012 the YMCA of Simcoe/Muskoka received word that its application for 3 million dollars of funding from Accessibility Ontario was denied. Effectively this money, combined with the Town's commitment of 1.5 million was the funding formulae for an expanded pool for the community.<sup>96</sup>*

However, this was previously noted in the Sept. 7, 2011 minutes of the Central Park Steering Committee meeting, but council was never informed at that time.

**June 11, 2012:** [Council holds an open discussion](#) titled "Central Park Strategic Planning Session," which also discussed the town's recreational needs. One of the bullet points in the agenda noted, "\$35M is too much / \$35M is needed to provide needed service." Another asked, "Should funds be given to the YMCA"? At this meeting, a brochure from Sprung Structures was circulated by the Deputy Mayor. In the next few days, there was email correspondence asking for a quotation from Sprung.<sup>97</sup>

**June 12, 2012:** Deputy Mayor Lloyd returned from the FCM convention in Saskatoon (June 1-4) where he had seen the Sprung display, and [sent an email](#) to the Executive Management Team, PRC Director Proctor and cc'ed to council asking for staff to research:

*a price for a building that would enclose the complete Centennial Pool. A building structure that I would be interested in is the building produced by Sprung Building Products.<sup>98</sup>*

<sup>93</sup> <https://www.simcoe.com/news-story/2053518-houghton-named-collingwood-s-acting-cao/>

<sup>94</sup> <https://www.insidehalton.com/news-story/3249697-town-moving-forward-with-cao-search/>

<sup>95</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/2012-staff-emails-OCR.pdf>

<sup>96</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Central-Park-notes-OCR.pdf>

<sup>97</sup> <http://www.collingwood.ca/node/5723>

<sup>98</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Aug-2012-emails2-OCR.pdf>

**June 13, 2012:** Pat Mills, of Sprung Structures, [emails Acting CAO Houghton](#) to "...set up a meeting with the Central Park Redevelopment team." In his letter he wrote,

*It is understood that discussions are still ongoing. Although the final decision\ direction has not been determined it seems appropriate to find out how Sprung Buildings might be a "Better Way to Build." Our hockey arenas are endorsed by Hockey Canada and we have constructed 12,000 buildings in 95 countries.*

*Budget will be a key consideration and it will be wonderful if your community will be able to build a fabulous facility and still come in under the initial budget. We will be able to help!<sup>99</sup>*

In his response, Houghton emails back:

*I have been asked by a member of Council to get a "rough" estimate for the installation of two fabric buildings. Can we discuss this?*

**June 13, 2012:** In the [council agenda package](#), p. 65, in a report on town's finances, it states,

*(Collus) has the ability to repay the promissory note to the municipality at its discretion. To the extent that the note is not repaid, the interest rate on the note will remain 7.25% in 2012 and will be reduced to 5.58% per annum in 2013. Following 2013, the interest rate on the note shall be determined based on Ontario Energy Board ("OEB") regulations.<sup>100</sup>*

Interest payments on the promissory note were approx. \$124,000 per year. On Nov. 16, 2015 the [town demanded payment](#) of the note<sup>101</sup>. The promissory note to the Town of Collingwood was repaid on **December 31, 2015** as the [2015 Collus PowerStream Annual report](#) notes<sup>102</sup>.

On **July 12, 2012**, the OEB published [a letter approving the transaction](#) and giving leave to PowerStream and Collingwood Utility to proceed with the sale under Board file number EB-2012-0056. In that letter, it noted,

*"On March 9, 2012, the Corporation of the Town of Collingwood and Collingwood Utility Services Corporation (respectively referred to as "the Town", and "Holdco") filed an application with the Board under section 86 (2)(b) of the Act, seeking a Board order granting leave for the Town to sell, and for PowerStream Inc. ("PowerStream"), to purchase a 50% interest in Holdco (the "Proposed Transaction")...*  
*"Based on the evidence in this proceeding, the Board concludes that the Proposed Transaction is not likely to have an overall adverse effect in terms of the factors identified in the Board's objectives in section 1 of the Act. Accordingly, the Board finds that the Proposed Transaction reasonably meets the "no harm" test."<sup>103</sup>*

<sup>99</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/2012-staff-emails-OCR.pdf>

<sup>100</sup> [http://www.collingwood.ca/files/July%2030\\_12%20CouncilAgendaPkg.pdf](http://www.collingwood.ca/files/July%2030_12%20CouncilAgendaPkg.pdf)

<sup>101</sup> <https://www.simcoe.com/news-story/6123347-collingwood-to-call-on-promissory-note-for-1-7-million-cash-infusion/>

<sup>102</sup> <http://www.collus.com/sites/default/files/2015-Annual-Report-Hydro.pdf>

<sup>103</sup>

[https://www.powerstream.ca/attachments/dec\\_order\\_Collingwood\\_PowerStream\\_section%2086\\_20120712.pdf](https://www.powerstream.ca/attachments/dec_order_Collingwood_PowerStream_section%2086_20120712.pdf)

**July 12, 2012:** The YMCA wrote the town (letter include in [the council consent agenda](#)) warning that the YMCA would not be helping fund any Central Park redevelopment and the town would have to cover all the costs to expand the pool, plus pay the Y's operating deficits of \$60,000-\$100,000 a year. The CPS committee had known about this since the previous November, but not informed council.<sup>104</sup>

**July 16, 2012:** The Central Park Steering Committee made [another presentation to council](#), as did the chair of the PRC committee. She evidenced some concerns over conflicts between the PRC and CPS committees over authority:

*Penny Skelton, Chair of the Parks, Recreation and Culture Advisory Committee addressed Council on behalf of the Committee to outline the role the committee has and continues to play with the maintenance and development of recreational facilities in Collingwood. The committee is concerned with the alternates being discussed as there are no operational or budget allocations attached to the discussion at this time and believe that Council needs to set a clear direction for recreation in Collingwood.*

*Brian Saunderson and Clair Tucker-Reid, Co-chairs of the former Phase 1 Steering Committee, addressed Council providing key messages, issues and next steps for Council to consider. Consideration of capital and operating costs was also a concern, requesting Council continue to pursue the recommendations of the Steering Committee.<sup>105</sup>*

Council discussed ten options for new rec facilities and approved a motion to ask staff to look at alternative (and less expensive) ideas for recreational facilities, including a fabric-covered building and a single-pad arena. Council passed resolution no. 330 directing staff to:

*Pursue the following recommended options: enclose the outdoor pool with a fabric building; construct a single pad arena that could be phased into a double pad.*

(Members of council attending both AMO and FCM annual conferences had seen Sprung structures advertised in the trade shows and brought back information and brochures about them for staff over the past several years. This year, Deputy Mayor Lloyd returned from FCM with a document from Sprung Structures and gave it to staff.)

**July 27, 2012:** After a meeting with town officials, [Dave MacNeil of Sprung emails Acting CAO Houghton](#) to thank him for meeting and send a link to online documents presented to town staff at the meeting.<sup>106</sup>

**July 30, 2012:** [Council passes a motion](#) to allow Collus to borrow funds:

*BE IT RESOLVED THAT in accordance with the Shareholder Direction between the Town of Collingwood and Collingwood Utility Services Corp., Council approves the borrowing of funds by COLLUS Power Corp. from Ontario Infrastructure and Lands Corporation up to a maximum of \$7,000,000 and the granting by COLLUS Power*

<sup>104</sup> [http://www.collingwood.ca/files/Jul%2016\\_12%20CouncilAgendaPkg\\_r.pdf](http://www.collingwood.ca/files/Jul%2016_12%20CouncilAgendaPkg_r.pdf)

<sup>105</sup> <http://www.collingwood.ca/node/5783>

<sup>106</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/2012-staff-emails-OCR.pdf>

*Corp. of a security interest in all of its present and future property and assets as per the OILC requirement to secure such borrowing.<sup>107</sup>*

**July 30, 2012:** Council approves a motion (after staff report PRC2012-14) to apply for \$1 million Community Infrastructure Improvement Funds (CIIF) to **upgrade the Eddie Bush Memorial Arena**. This commits the town to keeping and enhancing the downtown arena, even though the Central Park proposal suggested closing it.

**Aug. 7, 2012:** Fabric-covered structures are discussed in the town's [department heads' meeting](#). Acting CAO Houghton advised the department heads that:

*Sprung buildings can attain equivalent to LEEDS 'Silver Standard' certification, but will not be certified as the process and attributed costs cannot be justified.<sup>108</sup>*

**Aug. 13, 2012:** Council [met in camera](#) to discuss appointing directors to the Collus board. In open meeting, David McFadden was re-appointed to an additional 2-year term and David Garner appointed to a new 3-year term.<sup>109</sup>

**Aug. 13, 2012:** On the consent agenda were letters from Claire Tucker-Reid, Brian Saunders and Rob Armstrong in support of their Central Par-YMCA proposal and opposing the standalone Sprung structures.

**Aug. 16, 2012:** The [official signing of the share sale deal](#) was held in public, in Collingwood, and the name was changed to Collus/Powerstream. At that event, Barrie Mayor Jeff Lehman said,

*"You've come up with a model that is truly innovative, and in every sense of the word, a true partnership. We're in a time of great change in the power business in Ontario, and what that means is there is strength in numbers. This will give you the resources to deal with a complex and challenging environment, and the chance to look to the future with a great deal of optimism."<sup>110</sup>*

The same story also noted:

*As part of the agreement, the town will receive about \$14 million for the 50 per cent stake in Collus. The board of Collus Powerstream will feature three members from the Town of Collingwood, three members from Powerstream with two of the six selected as co-chairs.*

As an indication of the LDC's community spirit, instead of a celebratory event to publicize the signing, Collus chose instead to donate \$50,000 to the Collingwood General and Marine Hospital.

**Aug. 18, 2012:** Resident Ray Porter [sent an email to council](#) questioning the costs of the \$35 million Central park project. On **Aug. 20**, Councillor Chadwick responded, writing:

<sup>107</sup> <http://www.collingwood.ca/node/5789>

<sup>108</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Aug-2012-emails2-OCR.pdf>

<sup>109</sup> <http://www.collingwood.ca/node/5790>

<sup>110</sup> <http://www.thebarrieexaminer.com/2012/08/19/powerstream-inks-deal-for-collus>

*I think you'll find little interest at council to spend \$35 million on a project when we have no money and at this point no private sector funding and no government funding.<sup>111</sup>*

**August 21, 2012:** At the Association of Municipalities Ontario's (AMO) Annual Conference in Ottawa (which is usually attended by many members of Collingwood Council), Rene Gatien, EDA Vice Chair, [hosted a panel on municipal LDCs](#) and their consolidation. He opened his remarks with,

*And the answer some of you may have come up with is yet another question --- should we consider the sale or merger of our LDC?<sup>112</sup>*

He added, "There are indeed efficiencies to be found through consolidation, but only solid business analysis and decisions will make them a reality."

**Aug. 21, 2012:** Acting CAO Ed Houghton [sent an email](#) to the Executive Management Team about his recent conversations with Sprung and BLT, noting:

*I have asked for a price for the (wo buildings which would include the mezzanine in the arena but an option price for one in the pool. I have asked for a price for the non-building items that are the same for all applications such as zamboni, drop down score board, big screen tv's etc. I have then asked for a total turn key price for both buildings and the nonbuilding items. I have no clue what the price is because I didn't want them to tell me until it is in the form we want. Finally, I have asked them to prepare a presentation for Monday night that will take place after the other delegations are complete.<sup>113</sup>*

**Aug. 21, 2012:** BLT provided [two estimates to the town](#), one for the new arena, one for centennial Pool. The total for the pool is \$3,734,113.12 and for the arena \$ 7,896,303.82 (\$11,630,416.94 total).<sup>114</sup> Those estimates also included options for the pool such as a second floor mezzanine with stairs and elevator (not built), and the arena options included two Zambonis, scoreboard, hockey nets, but neither included serving costs.

The subsequent staff report would estimate pool costs at \$3,225,000 plus \$200,000 servicing (\$3,425,000 total) and \$7,476,000 for the arena, plus "accessories such as Zamboni & Score Board" - \$ 316,000 and "site servicing allowance" - \$ 500,000 (\$8,292,000 total). The EMC report total (provided on Aug. 27) was \$11,717,000, a difference of \$86,583.06 more (approx. 0.74%).

**August 24, 2012:** Treasurer Marjory Leonard [sent an email](#) to the Executive Management Team stating sole sourcing was appropriate for this purchase:

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<sup>111</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Aug-2012-Chadwick-email-OCR.pdf>

<sup>112</sup> [https://secure2.eda-on.ca/imis15/EDA/Info\\_Centre/Industry\\_Events\\_2012/AMO\\_Panel\\_on\\_LDC\\_Consolidation\\_%E2%80%93\\_R\\_Gatien.aspx](https://secure2.eda-on.ca/imis15/EDA/Info_Centre/Industry_Events_2012/AMO_Panel_on_LDC_Consolidation_%E2%80%93_R_Gatien.aspx)

<sup>113</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Aug-2012-staff-emails-OCR.pdf>

<sup>114</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/BLT-estimate-OCR.pdf>

*In terms of our procurement process, staff have exercised due diligence in the research of potential forms of construction and feel that there would be no additional advantage to be gained from a further tender process for the following reasons:*

*Element of competition was included in the gathering of estimates: the manufacturers of the Architectural Membrane structure knew that they were in competition with the more traditional forms of construction; WGD Architects knew that they were in competition with the Architectural Membrane structure when producing estimates.*

*Cost effectiveness and benefit to the Town: through the investigative process, it has been determined that the Architectural Membrane structure would provide the most cost effective and all inclusive solution to our needs.*

*Sole Source: again, through our research, it has been determined that there is only one supplier that can meet the specifications staff developed for the facilities.*

*If one of the more traditional forms of construction had been determined to provide the most cost effective solution there would have been a further need to issue an RFP for construction since there are many companies capable of providing this service.<sup>115</sup>*

That same day (**Aug. 24**), Acting CAO sent the EMT an email with this note:

*I have been reviewing the Central Park Redevelopment Project Report and it states the following:*

*The permit fees and design fees are stated in the report at \$2,504,000.*

*The contract administration fees are estimated at \$1,878,000*

*The relocation of ball diamonds is stated in the report at \$1,200,000.*

*The land for the relocation of ball diamonds is estimated at \$800,000.*

*The project contingency is stated in the report at \$5,507,000.*

*The total is \$11,889,000. The total of what we are proposing is \$11,600,00.*

*Almost \$300,000 less.*

*Wow!*

**Aug. 24, 2012:** Robert Armstrong, CEO of the YMCA and member of the Central Park Steering Committee, [sent an email to committee members](#) as well as to all YMCA members and donors, recommending they lobby councillors for a decision that favoured the YMCA proposal. He called the Sprung structures “temporary facilities” and described them as a “fabric bubble.” He also recommended members join Saunderson’s “Friends of Central Park” lobbying group and to attend the Aug. 27 council meeting.<sup>116</sup>

In response, on Aug. 26, committee member [Don “Doc” Paul emailed Armstrong](#) and said Armstrong “made a number of statements which could be interpreted as misleading” and said Armstrong’s description of the structures as fabric bubbles was inaccurate and he could “only assume that you haven’t looked into them very closely.” Paul further accused the YMCA of lobbying former councils to kill a proposed replex on

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<sup>115</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Aug-2012-staff-emails-OCR.pdf>

<sup>116</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Central-Park-notes-OCR.pdf>

the 10<sup>th</sup> line some years earlier (at that time, Collingwood returned funding it had received for the facility to the province).<sup>117</sup>

**August 27, 2012:** Frank Micelli, of Ameresco, made [a presentation to council](#) recommending the town use his company and their plans to build and finance a new recplex at Central Park. The CPS committee member, Terry Geddes, was working for Ameresco at the time. A conceptual plan for this version was presented by Mark Palmer, of Greenland Consulting. Both co-chairs of the CPS committee had letters in the consent agenda protesting council consider any alternatives other than their own plan.<sup>118</sup>

Staff report [EMC-2012-01](#) (created by the Executive Management Committee) was presented to council with recommendations for a new arena and covering the arena and pool with a fabric structure (“insulated architectural membrane structure”) from Sprung Structures (from Alberta). In that staff report (p. 67), it noted:

*We are only aware of one (1) supplier of the type of Insulated Architectural Membrane structure that would allow for satisfactory year round swimming pool use. In the future, it would be possible to relocate or repurpose the Insulated Architectural Membrane structure at another location, adapt it to another use, or otherwise re-commission it to a new owner within this expanding market.<sup>119</sup>*

That report also noted:

*If the Community approves the use of funds as described then there is no tax implications to Collingwood residents.  
The Insulated Architectural Membrane structure may be delivered, constructed and operational, depending on permitting, approvals, weather conditions and staff utilization, within a four (4) to six (6) month time frame. The YMCA has recently stated that they are not currently in a financial position to proceed with another expansion to the existing facility in Collingwood. The procurement of an Insulated Fabric Membrane building to enclose the existing Outdoor Pool will meet the immediate aquatic needs of the community while still providing options for the future.*

Acting CAO Ed Houghton [made the major presentation](#) about the structures, their safety, and their Canadian manufacture. Houghton’s presentation handout noted:

*The significant advantage, apart from the lower cost, of the membrane building is the time to construct. The estimated construction time is 22 weeks vs. typical construction is 64 to 72 weeks.<sup>120</sup>*

His notes also included:

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<sup>117</sup> ibid

<sup>118</sup> <http://www.collingwood.ca/node/5792>

<sup>119</sup> [http://www.collingwood.ca/files/Aug%2027\\_12CouncilAgendaPkg.pdf](http://www.collingwood.ca/files/Aug%2027_12CouncilAgendaPkg.pdf)

<sup>120</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Aug-27-presentation-OCR.pdf>

*It would be difficult to build the 6 lane 25m pool complete with observation deck at the YMCA site when considering the requirements for parking (70 spaces)*

He concluded:

*Both proposals are "turnkey" - just add swimmers and skaters!*

Houghton's report estimated a possible "\$250,000 annual net operating costs" for the pool and "\$90,000 - \$100,000 annual net operating costs" for the new arena. He also added that "These costs are comparable to the operation of the former municipally-owned Contact Fitness Centre which also housed a public warm water therapy pool (the Centre was [closed in 2010](#) and the property sold to a private developer<sup>121</sup>). And he also indicated:

*Through research it was determined that there is only one supplier of this leading edge technology.*

Following him, Treasurer Marjory Leonard (re the procurement process) and Sprung representative Tom Lloyd also made presentations.

The treasurer explained they could be sole-sourced because they were the only company in Canada to make these buildings and discussed possible financing options. Houghton explained they were the only company in North America building similar structures not to have suffered a collapse in the past 25 years. The estimated cost of both structures was \$12 million.

Council voted 8-1 to build the new arena in Central Park covered with a fabric structure (Coun. Hull opposed because he favoured the YMCA proposal) and 8-1 to cover the pool with the same type of structure (Coun. Gardhouse opposed) (p.4 of the minutes).

Also, in the agenda package was a letter from BIA manager Sue Nicholson, along with copies of two previous letters from the BIA chair Joe Saunders, reiterating "...the importance of the Eddie Bush Memorial Arena as an anchor to the downtown and critical to the economic health of our downtown business community."

After the decision, in a town-produced [information brochure](#), Mayor Cooper wrote:

*This summer, council and staff assessed what might be possible: intense study, discussion and analysis took place for about 45 days. When all of the analysis was done, the current proposal was presented to council and approved as the best options for our community.<sup>122</sup>*

**Aug. 30 (?) 2012:** The town signed an agreement with BLT Construction, Ontario contractor for Sprung, to build the new arena and cover the existing pool. Later, council would add other options and upgrades to the plan.<sup>123</sup>

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<sup>121</sup> <https://www.simcoe.com/news-story/2003453-public-lauds-new-development-proposal/>

<sup>122</sup> [http://www.collingwoodliving.com/wp-content/uploads/2018/01/Rec-Facilities\\_newsletter\\_why-Sprung.pdf](http://www.collingwoodliving.com/wp-content/uploads/2018/01/Rec-Facilities_newsletter_why-Sprung.pdf)

<sup>123</sup> Date from OPP police affidavit, released by CBC.

**Sept. 6, 2012:** YMCA supporters calling themselves “The Friends of the Central Park” [staged a protest in front of town hall](#), expressing their displeasure over council’s decision to go forward with the Sprung buildings instead of the more expensive Central Park proposal. The Connection’s report on the protest also included comments of support for the decision from the Collingwood Clippers Swim Club:

*The Collingwood Clippers Swim Club showed their support for the Centennial Pool project.*

*"After a motion put forth to the Clipper Executive to support the town's decision to cover the outdoor pool, the majority of the Executive, on behalf of the general membership, voted in favour of supporting the town's decision to cover the outdoor pool. This decision upholds our club's mission statement," wrote president Sharon McFarlane. "I am aware that this position is not reflective of all members, as Collingwood taxpayers, but this is the position of our club. The executive has considered this decision carefully and the majority of the executive feel that covering the outdoor pool is in the best interest of all our members."<sup>124</sup>*

And support from the Collingwood Minor Hockey Association:

*"Collingwood Minor Hockey Associations Board of Directors has decided to move forward and support town council's decision on improved recreational facilities in the Town of Collingwood. The board feels this solution is a viable alternative and will finally solve the acute shortage of ice time in our community. At the same time we wish to thank the Central Park Steering Committee for all their tireless efforts and hard work."*

The article also quoted Treasurer Marjory Leonard on the sole-sourcing:

*Treasurer Marjory Leonard said the section 6.7 reads: "Circumstances may arise where competitive tendering is undesirable and proposed procurement excluded from the requirement to obtain competitive bids or where direct negotiations are appropriate. Provided that such measures are taken for avoiding competition, discrimination against any supplier or circumventing any requirement of this bylaw."*

*Leonard said staff did a lot of research and came to the conclusion that Sprung is the only company with a patent on this type of structure.*

*"In this particular case, we looked at all of those other fabric buildings that are out there," Leonard. "A lot of the other ones were not insulated and a lot of them used a steel infrastructure. From all of the literature we reviewed, they (Sprung) were the only ones who could do it, that's why we opted to go with them."*

In **Sept. 2012**, [the EDA Magazine](#) - a respected industry journal - carried an article about the Collus-PowerStream partnership and its strategic goals. It further explained the timeline and objectives:

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<sup>124</sup> <https://www.simcoe.com/news-story/2042193-residents-protest-collingwood-council-decision/>

**Weighing the Options:** *The Town of Collingwood engaged KPMG in February 2011 to do a complete evaluation of the utility and examine possible options for its utility going forward, including:*

**Status Quo:** *ownership and operation of the utility under its current structure*

**Sale:** *full or partial sale. If the latter, retaining either a minority or majority share*

**Strategic Partnership:** *Securing financial and/or technical partners.*<sup>125</sup>

**Oct. 15, 2012:** Council [met in camera](#) to discuss appointments to the existing Public Utilities Services Board. Terry Hockley was appointed to the latter.<sup>126</sup>

**Oct. 15, 2012:** Council [approved upgrades](#) to the soon-to-be covered pool at Heritage Park, including \$550,000 for a warm-water/therapy pool.<sup>127</sup>

**Dec. 1, 2012** Council held [a public meeting](#) to get ideas and suggestions from ratepayers and local organizations about how to spend the remaining money received from the sale of the Collus share. It opened:

*Mayor Cooper welcomed those in attendance, introduced the Public Meeting format and explained that the purpose of the meeting was to seek input from the public with respect to the use and allocation of the COLLUS/PowerStream Strategic Partnership Funds. Mayor Cooper explained that the meeting was scheduled for Saturday to permit all residents and taxpayers the opportunity to provide input.*<sup>128</sup>

A [five-page PowerPoint](#) presentation provided the details of the sale and the amount received (\$14,458,559). This presentation also explained the purpose of the recapitalization of the utility:

*The point was to Restructure the company's debt and equity mixture. Previously we had very low debt and high equity in the company.  
The aim was to make the company's capital structure 60% debt and 40% equity (OEB deemed capital structure)  
Town of Collingwood benefits by receiving a large cash distribution from the company*<sup>129</sup>

See Feb. and June, 2013, below.

The [audited financial statements](#) for Powerstream itself, **for 2012 (Dec. 31, 2011-Dec. 31, 2012)**, note:

*PowerStream Inc. (the "Corporation") was amalgamated on January 1, 2009, under the Business Corporations Act (Ontario) and is owned by the Corporation of the City of Vaughan (the "City of Vaughan"), through its wholly owned subsidiary, Vaughan Holdings Inc.; the Corporation of the City of Markham (the "City of Markham"), through its wholly owned subsidiary, Markham Enterprises Corporation; and the Corporation of the City of Barrie (the "City of Barrie"), through its wholly owned subsidiary, Barrie Hydro Holdings Inc. The Corporation is jointly controlled by these*

<sup>125</sup> <https://secure2.mearie.ca/imis15/CMDownload.aspx?ContentKey=ec9adb8c-e540-4811-a158-8245db1533b6&ContentItemKey=9b8d8e00-bc3d-4714-b8f3-4a609a7dbe87>

<sup>126</sup> <http://www.collingwood.ca/node/5955>

<sup>127</sup> [http://www.collingwood.ca/files/Oct%2015\\_12%20SP%20Council%20Mnts.pdf](http://www.collingwood.ca/files/Oct%2015_12%20SP%20Council%20Mnts.pdf)

<sup>128</sup> <http://www.collingwood.ca/node/6475>

<sup>129</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/06/Sat-Dec-1-2012-Pres-at-Town.pdf>

*three municipalities... Collingwood PowerStream Utility Services ("Collus") which 50% of the shares were purchased by the Corporation in 2012 distributes electricity in Collingwood, Thornbury, Stayner and Creemore.<sup>130</sup>*

Meanwhile, the consolidation of LDCs was still on the provincial horizon in **Dec. 2012**, according to [a story in the Sun](#), titled, "Merging Ontario power distributors will save \$1.2B over 10 years: Panel". It noted:

*Getting rid of the patchwork of small electricity distributing companies across Ontario and merging them into regional powerhouses will make things better for consumers, a panel of former MPPs says.*

*And while the panel wouldn't guarantee the cost of delivering power to people's homes would go down, they said merging the 73 local distribution companies (LDCs) into eight to 12 regional bodies would keep prices from rising as much if nothing was changed.<sup>131</sup>*

## 2013:

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**(Date unknown) 2013:** PowerStream released its [2012 Annual Report](#) in which it described the partnership with Collus (p. 23):

*This innovative ownership arrangement between the Town of Collingwood and PowerStream was developed in response to the Ontario Government seeking efficiencies from the distribution sector by providing a viable alternative to the traditional merger and acquisition consolidation model that PowerStream and other Ontario utilities have engaged in previously.<sup>132</sup>*

The comments and suggestions from the public meeting about the share sale money were tabled in a report from the treasurer, and first presented to council and the public in [Feb. 2013<sup>133</sup>](#) as staff report T2013-04. Council asked for further discussion on the options and clarification of some of the financial details. This report would be re-tabled in June, 2013 (see below).<sup>iv</sup>

**Jan. 7, 2013:** As requested by Councillor Hull, Acting CAO Houghton [addressed the next steps](#) for the allocation of the COLLUS Funds.<sup>134</sup>

**Jan. 18, 2013:** Collus-PowerStream requests from the OEB [an amendment to its licence](#) to reflect the name change.<sup>135</sup>

**Jan. 28, 2013:** The motion presented by Coun. Hull [at that meeting](#) read:

*THEREFORE BE IT RESOLVED as these COLLUS shares were owned by the taxpayers and residents of Collingwood that the total proceeds as they are received be held in*

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<sup>130</sup> <https://www.powerstream.ca/attachments/2012-Audited-Financial-Statements-IFRS.pdf>

<sup>131</sup> <http://torontosun.com/2012/12/13/merging-ontario-power-distributors-will-save-12b-over-10-years-panel/wcm/5c7bac1e-1419-42b3-8272-1dfa1e2e7ca3>

<sup>132</sup> <https://www.powerstream.ca/AnnualReport2012/files/inc/61c117acb5.pdf>

<sup>133</sup> [http://www.collingwood.ca/files/Feb%2025\\_13%20Council%20Mins.pdf](http://www.collingwood.ca/files/Feb%2025_13%20Council%20Mins.pdf)

<sup>134</sup> <http://www.collingwood.ca/node/6327>

<sup>135</sup> <http://www.rds.oeb.ca/HPECMWebDrawer/Record?q=CaseNumber=EB-2013-0023&sortBy=recRegisteredOn-&pageSize=400>

*an interest bearing account until the following is completed by the Municipality:*

- 1. Identify a minimum of three strategic opportunities for the use of the proceeds on behalf of the taxpayers;*
- 2. The preparation of Staff Reports for each of the identified opportunities outlining the economic and social benefits and financial investment of each opportunity;*
- 3. And lastly, hold further public dialogue to engage the citizens of the Town of Collingwood for their input and comments on the various opportunities identified by Council and Staff to ensure that the proceeds of this public sale are being used in the best interest of the taxpayers and residents of the Town of Collingwood.<sup>136</sup>*

This, however, was deferred to the [Feb. 25, 2013](#) meeting., when it was defeated.<sup>137</sup>

**Early 2013:** Brian Saunderson creates “Better Together Collingwood” group, with [websites<sup>138</sup>](#) and [Facebook<sup>139</sup>](#) pages, to criticize council’s decisions to go ahead with the Sprung structures, and to promote his agenda. Saunderson is listed as [the group’s only contact person<sup>140</sup>](#). He also set up a [Twitter account<sup>141</sup>](#). The group conducted a campaign of criticism until the 2014 municipal election.

**Feb. 11, 2013:** Mark Palmer, Greenland Engineering, addressed Council on behalf of Hume Street neighbours and friends, to request "...Council consider the Hume Street project when deciding on the use of the Collus share funds. He noted that not all the funds would be required to complete this project, which addresses many social, environmental and economical concerns along this area."

The Ontario Energy Board announced another consultation to look at “efficiency gains through economics of scope, economies of scale or consolidation” (Notice EB-2012-0397).<sup>142</sup>

**Feb. 25, 2013:** Council requested clarification with respect to additional access onto Hume Street, access to the service road and whether it services both properties, the development of sidewalks along Hume Street and the reduction of parking spaces.

**Mar. 8, 2013:** CBC aired a piece titled “[Collingwood town officials face OPP probe<sup>143</sup>](#)” then another on

**Mar. 10, 2013** titled “[Corruption in Collingwood?](#)<sup>144</sup>” that alleges members of council were under investigation by the OPP. However, no evidence was ever presented by the CBC to prove this allegation. The CBC reported also alleges a member of council has filed a complaint against other councillors (again unsubstantiated).

The [Enterprise-Bulletin coverage](#) of the story noted:

*OPP spokesperson, Sgt. Pierre Chamberland, indicated he could not confirm whether an investigation was taking place — noting the OPP does not comment on any investigation that may or may not be underway in order to protect the integrity of*

<sup>136</sup> <http://www.collingwood.ca/node/6402>

<sup>137</sup> <http://www.collingwood.ca/node/6504>

<sup>138</sup> <https://bettertogethertollingwood.weebly.com/index.html>

<sup>139</sup> [https://www.facebook.com/pg/bettertogethertollingwood/about/?ref=page\\_internal](https://www.facebook.com/pg/bettertogethertollingwood/about/?ref=page_internal)

<sup>140</sup> <https://bettertogethertollingwood.weebly.com/news--media>

<sup>141</sup> <https://twitter.com/forcollingwood>

<sup>142</sup> [http://observgo.quebec.ca/observgo/fichiers/17943\\_Commentary\\_376.pdf](http://observgo.quebec.ca/observgo/fichiers/17943_Commentary_376.pdf)

<sup>143</sup> <https://www.cbc.ca/news/canada/collingwood-town-officials-face-opp-probe-1.1375388>

<sup>144</sup> <http://www.cbc.ca/player/play/2341895189>

*the process.*

*The complaints, according to CBC, are also tied to the relationship between some members of council and Paul Bonwick — a former Member of Parliament for Simcoe-Grey and the brother of Mayor Sandra Cooper.<sup>145</sup>*

CBC never aired a follow up showing that no one was charged and none of the people named in the story were even interviewed (until at least 2018). Mayor Cooper made a statement at council and later commented to [the Connection](#):

*“These allegations are disheartening to those of us who have worked so hard in serving the best interests of our community – nevertheless we will move forward on our successes and continue to seek the public’s input on the various initiatives that Council is working on.”<sup>146</sup>*

**Mar. 10, 2013:** Local blogger Steve Berman, who works for the YMCA, whose wife works for the YMCA, who is a close friend with Brian Saunderson and who has been involved in similar pro-YMCA protests and campaigns with Saunderson to get council to vote for the Central Park project, plans another town-hall protest about the OPP investigation. He tells [The Beach radio](#) he has “...offered police whatever help he can in providing research he’s done for his blog and Freedom of Information requests he’s filed on various matters involving Collingwood council.”<sup>147</sup>

**Apr. 8, 2013:** PRC director Proctor presents council with [staff report PRC2013-08](#)<sup>148</sup> with an update on the condition of the Eddie Bush memorial Arena. In it she noted:

*Over time, it has been clearly expressed that the arena has historical significance as well as a spectrum of current and potential economic impacts for downtown Collingwood... Staff have proposed a 3 year phase in plan for upgrades totaling approximately \$3 million.*

On **June 5, 2013**, the [Collingwood Connection](#) reported:

*The Town of Collingwood has about \$12.1 million in the bank. However, they haven’t decided what to do with it. Months after a public meeting was held on what should be done with the proceeds from the sale of Collus that was finalized last year, Council still needs to make a decision on what to do with the money... The town currently has \$12.1 million in cash and a promissory note worth another \$1.7 million.<sup>149</sup>*

**June 6, 2013:** [The Enterprise-Bulletin](#), reporting on the meeting above, noted:

*On Monday, treasurer Marjory Leonard said the funds were still sitting in a bank account, and she recommended council make a decision by mid-September; she noted that if the decision is to use the money to pay down debt, a debenture to pay*

<sup>145</sup> <http://aware-simcoe.ca/2013/03/bid-tampering-2/>

<sup>146</sup> <https://www.simcoe.com/news-story/2502682-town-responds-to-report-of-opp-probe/>

<sup>147</sup> [http://977thebeach.ca/news\\_item.php?NewsID=55341](http://977thebeach.ca/news_item.php?NewsID=55341)

<sup>148</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Central-Park-notes-OCR.pdf>

<sup>149</sup> <https://www.simcoe.com/news-story/3256000-council-to-get-report-on-collus-funds/>

*for the rec facilities would take six-to-eight weeks to arrange.*

*Councillor Mike Edwards suggested that staff provide options for council; however, Leonard recommended that the job of whittling down the options is a job best left to the politicians.<sup>150</sup>*

**June 10, 2013:** [The staff report T2013-04](#) was again presented to council, with updates and amendments. As reported in the local media (Enterprise Bulletin story, paper now defunct), Council decided to use a portion of the funds received to build its new recreational facilities, with the remaining portion to be used to upgrade and widen Hume Street.<sup>151</sup>

The staff report documented the responses from the public on the uses of these funds and included comment on some of them. The treasurer explained in her report that if the money was used to pay down the municipal debt (a suggestion from the public), there would be a penalty attached:

*The cost to retire this debt on the next payment due date (May 1st, 2013) is \$12,639,610 as at January 17th, 2013. The actual payout will be dependent on the lending rates in existence at the time of payout. The Penalty for early repayment at January 17th is \$1,585,521.*

The report noted that the total amount of money available from that sale was approximately \$14.45 million. The town has on hand \$12.28 million in cash and \$1.71 in a promissory note (\$13.99M total).

**Jun. 21, 2013:** Brian Saunderson's group, Better Together Collingwood, criticized the delayed opening of the new Centennial Pool, due to unforeseen circumstances. [On his website, Saunderson claimed](#), "...the fact the opening of the pool has been delayed a month or more demonstrates a lack of planning on the part of municipal officials." The site did note,

*Aside from the changes approved by council — last fall to add the therapeutic pool and in February to upgrade the existing tank — an additional \$93,000 has been spent handling 'unknowns' at both the pool and arena sites, which the contractor has cited as reasons for the delay in getting the two facilities open. Colder weather than anticipated this past winter also held up construction.<sup>152</sup>*

**July 3, 2012:** Collingwood appoints John Brown as interim CAO. [The Connection](#) noted:

*Brown will only be CAO while the town searches for someone to take over the position permanently, but Mayor Sandra Cooper said it was pertinent the town have someone in the job.<sup>153</sup>*

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[http://www.chriscarrier.com/media/How%20are%20we%20spending%20our%20Collus%20cash\\_%20\\_%20AWARE%20Simcoe.pdf](http://www.chriscarrier.com/media/How%20are%20we%20spending%20our%20Collus%20cash_%20_%20AWARE%20Simcoe.pdf)

<sup>151</sup> [http://www.collingwood.ca/files/June\\_10\\_13\\_CouncilAgendapkg.pdf](http://www.collingwood.ca/files/June_10_13_CouncilAgendapkg.pdf)

<sup>152</sup> <https://bettertogethertollingwood.weebly.com/news--media/june-21st-2013>

<sup>153</sup> <https://www.simcoe.com/news-story/3877025-collingwood-names-interim-cao/>

Brown, however, managed to stay on until [Sept. 29, 2017](#) and have his contract extended twice by the current council, but never unanimously.<sup>154</sup>

**June 10, 2013:** [Council voted 8-1](#)<sup>155</sup> (Coun. Hull opposing) to use the funds to pay for the new recreational facilities (approx. \$9.8 M) and **voted 8-1** put the rest into a reserve to upgrade Hume Street (Coun. Edwards opposing). Discussions on options about how to use the money included [paying down town debt](#)<sup>156</sup>.

**August 26, 2013:** Council voted to name the new pool as “Centennial Aquatic Centre”. The naming of the new arena as “Central Park Arena” was deferred until Sept. 16, 2013, when it was passed.

**August 27th, 2013.** The newly finished Centennial Aquatic Centre was [officially opened](#).<sup>157</sup>

**Sept. 20, 2013:** In [a presentation to Owen Sound council](#) about a potential merger of that city's electrical utility with Horizon, Collingwood (Collus-PowerStream) was used as a comparator for rates, service and costs. On page 26, it notes:

Monthly total bills in Owen Sound and Collingwood were comparable in 1998. Owen Sound residential customers now pay \$24 more per month and \$288 more per year than customers in Collingwood.<sup>158</sup>

And on p.27:

*Meaford residential customers of Hydro One now pay \$41 more per month and \$492 more per year than Thornbury customers pay to COLLUS.*

**Sept. 24, 2013:** The word interim is [removed from John Brown's title](#) and he is now CAO.<sup>159</sup>

**Sept. 30, 2013:** Collus-PowerStream CFO Tim Fryer retired after being absent from work for a time. In [a response to questions from Energy Probe](#), the utility noted this cost them extra expenses of \$77,923.50:

*In addition, there was a short-term absence by the CFO during early 2012. Shortly, after returning to work the CFO announced his retirement which occurred September 30, 2012. In order to meet the on-going and extra obligations involved during the process of the sale of the shares, outside professional accounting services were necessary.*<sup>160</sup>

**Sept. 2013:** The Public Interest Advocacy Centre published a report that included questions to Collus PowerStream from the Vulnerable Energy Consumers Coalition (VECC). [This report](#) included in Appendix

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<sup>154</sup> <https://www.simcoe.com/news-story/7590717-outgoing-cao-will-continue-to-call-collingwood-home/>

<sup>155</sup> [http://www.collingwood.ca/files/June%2017\\_13\\_CouncilAgendaPkg.pdf](http://www.collingwood.ca/files/June%2017_13_CouncilAgendaPkg.pdf)

<sup>156</sup> <http://ianchadwick.com/blog/its-all-about-the-money/>

<sup>157</sup> <http://www.collingwoodliving.com/collingwood-centennial-aquatic-centre-opens/>

<sup>158</sup> <https://www.horizonutilities.com/ourCompany/publications/Documents/2013/Horizon-EUCI-Presentation-2013-09-20.pdf>

<sup>159</sup> [http://www.bayshorebroadcasting.ca/news\\_item.php?NewsID=60383](http://www.bayshorebroadcasting.ca/news_item.php?NewsID=60383)

<sup>160</sup> [http://ianchadwick.com/blog/wp-content/uploads/2018/06/Collus-PowerStream\\_Energy-Probe\\_TCQ\\_responses\\_20130830.pdf](http://ianchadwick.com/blog/wp-content/uploads/2018/06/Collus-PowerStream_Energy-Probe_TCQ_responses_20130830.pdf)

A the presentation made to Collingwood Council, Jan. 23, 2012, outlining the process of the sale, as well as the people in the SPTT who contributed to the process.<sup>161</sup>

In the [2013 Collus-PowerStream Annual Report](#), the company announced its, "First ever regular annual cash dividend of \$367,000 paid to the shareholders." Of that, \$185,500 was paid to the Town of Collingwood.<sup>162</sup>

CPS board chair David McFadden wrote in the report,

*"The Board of Directors has benefited from the expertise which PowerStream's nominees have brought to Board's discussions and decisions... In addition ... our company has benefited greatly from services provided by PowerStream in such areas as conservation and demand management, training, regulatory compliance and the provision of a 24/7 control room capability."*

Co-chair Brian Bentz added,

*"This innovative strategic partnership approach to serving customers is not only unprecedented in Ontario's electricity distribution sector but also continues to serve as a viable alternative to the traditional merger and acquisition consolidation model for other utilities and their municipal shareholders to consider. "*

CPS CEO Ed Houghton added,

*"...since the formation of our strategic partnership, each and every staff person at Collus-PowerStream believes we are now in a much better place and now able to better serve our customers for many years to come. We believed this and we knew this to be the case but we felt compelled to prove this. So at the end of 2013, we contracted the services of Consol Asset Group Inc. to perform a "Third Party Review" of the Strategic Partnership and in practical terms identify and quantify the benefits and successes that we have been able to experience. We are also pleased to provide to you this very comprehensive study, simply titled, "Delivering Value to the Customer". Please read Appendix A and see how our unique partnership will allow Collus PowerStream to face the difficult challenges of the near future."*

That report also included the following:

*KPMG LLP was retained by Collus to provide a calculation of the fair market value of all the common shares of Collus Power Corp as at December 31, 2010 based on the available audited financial statements as well as other internal and market information.*

*The valuation was used as a basis to discuss and negotiate terms and conditions for the Town to sell 50% of the Collus common shares to PowerStream. In addition to the cash consideration to be paid by the acquirer of the 50% of common shares, what was unique regarding PowerStream's proposal was that PowerStream agreed to allow the Town to receive a dividend from Collus without the purchase price valuation to be impacted with the reduction in rate base post dividend. In all the other*

<sup>161</sup> <http://www.rds.oeb.ca/HPECMWebDrawer/Record/408205/File/document>

<sup>162</sup> <http://www.collus.com/sites/default/files/2013-CollusPowerStream-Annual-Report.pdf>

proposals received, any dividend re-capitalization paid to the Town would include in the purchase price valuation as a reduction in the rate base.

The "[Third Party Review of The Collus Powerstream Strategic Partnership](#)" (mentioned above by CEO Houghton, conducted at the end of 2013<sup>v</sup>), noted:

*Continuing its track record of realizing benefits from the strategic partnership with PowerStream, Collus PowerStream earned its highest annual net income in 2013. As a consequence, Collus PowerStream will be able to issue a material cash dividend payment to the Town of Collingwood and PowerStream which it has previously not been able to do in recent history, not including the strategic partnership dividend recapitalization.*<sup>163</sup>

In the 2013 report to the Ontario Energy Board about its financial position, Collus noted (emphasis added) ...

*In accordance with the Share Purchase Agreement **a Final Recapitalization dividend and an Additional Closing Dividend were required to be calculated and paid to the Town of Collingwood...** As a result of the Recapitalization Dividend, financing was required. Collus PowerStream borrowed \$6.3m from Infrastructure Ontario.*

And it's reiterated in [the auditor's report](#) for 2012:

*The 2012 recapitalization and closing dividend of \$4,598,389 was excluded from the debt service coverage ratio calculation because it was extraordinary in nature and related to the sale of shares and corporate restructuring of debt and equity. The loan received from Infrastructure Ontario was for the purpose of this dividend.*<sup>164</sup>

And in the [2013 Annual Report from Collus](#), it states:

*As part of the transaction with PowerStream, the Town of Collingwood received cash proceeds as consideration for 50% of the common shares of the company and a further cash injection of millions as a unique dividend recapitalization that only PowerStream included as part of their response to the RFP.*<sup>165</sup>

In the responses to [Energy Probe questions \(Sept. 2013\)](#), it notes the recapitalization cost the utility \$16,775.19 in legal fees:

*As a result of the Recapitalization Dividend, financing was required. Collus PowerStream borrowed \$6.3m from Infrastructure Ontario. Legal fees were required during the borrowing process in order to obtain a legal opinion on the loan agreement. Such fees meet the definition of a qualifying expense as they were incurred in the corporation's ordinary revenue generating or service delivery activities.*<sup>166</sup>

<sup>163</sup> <http://www.ianchadwick.com/blog/wp-content/uploads/2016/03/third-party-review.pdf>

<sup>164</sup> <http://www.collingwood.ca/files/July%2013%20CouncilAgendaPkgsm.pdf>

<sup>165</sup> <http://www.collus.com/sites/default/files/2013-CollusPowerStream-Annual-Report.pdf>

<sup>166</sup> [http://ianchadwick.com/blog/wp-content/uploads/2018/06/Collus-PowerStream\\_Energy-Probe\\_TCQ\\_responses\\_20130830.pdf](http://ianchadwick.com/blog/wp-content/uploads/2018/06/Collus-PowerStream_Energy-Probe_TCQ_responses_20130830.pdf)

The "[Third Party Review of The Collus Powerstream Strategic Partnership](#)" (conducted in 2013), noted:

*As the Ministry of Energy and the OEB continue to review, contemplate and debate the next steps as it pertains to achieving cost savings within the electricity distribution market, each LDC will need to determine which options to prepare for LDC 2.0 are best suited for their customers, their community, their employees and their shareholders. The options have to be reviewed and challenged and it is encouraged that the Collus PowerStream unique strategic partnership be a viable option that can be adopted by other LDCs in the industry.<sup>167</sup>*

**October 17th, 2013.** The newly finished Central Park Arena was [officially opened](#).<sup>168</sup>

**Oct 27, 2013** Town staff (Becky Dahl and Sara Almas) begin email [correspondence with Pam Hogg of Collus-PowerStream requesting documentation](#) from the sale including the contract agreement and shareholder's agreement. Hogg gets copies from Aird & Berlis sends them Oct. 29.<sup>169</sup>

**Nov. 2013:** The Collus-PowerStream partnership was featured in an article in [Financier Worldwide magazine](#), titled "The electricity distribution sector in Ontario: the slow road to consolidation." The author noted:

*Strategic investment. One approach to consolidation was a strategic investment as exemplified by the Town of Collingwood in its agreement to sell half the shares in its LDC (Collus Power) to PowerStream. The transaction created a unique structure by which economies of scale and synergies between the two entities could be achieved while maintaining the municipality's interests in its LDC.<sup>170</sup>*

**Dec. 2, 2013:** Ontario Ministry of Energy releases an updated [Long Term Energy Plan](#) (LTEP)<sup>171</sup>. On the Ministry's webpage, the [executive summary](#) notes (emphasis added):

*The Distribution Sector Review Panel, which delivered its report in late 2012, identified the potential for significant savings among the province's Local Distribution Companies (LDCs). **The government expects that LDCs will pursue innovative partnerships and transformative initiatives that will result in electricity ratepayer savings.**<sup>172</sup>*

**Dec. 20, 2013:** Town staff (Becky Dahl and Sara Almas) begin more [correspondence with Pam Hogg of Collus-PowerStream requesting documentation](#) from the sale including the contract agreement and shareholder's agreement. Hogg sends them again.<sup>173</sup>

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<sup>167</sup> <http://www.ianchadwick.com/blog%20pics/2016/third%20party%20review.pdf>

<sup>168</sup> <https://www.simcoe.com/news-story/4160534-new-arena-open/>

<sup>169</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Roger-Info-Sorted-Indexed.pdf>

<sup>170</sup> <https://www.financierworldwide.com/the-electricity-distribution-sector-in-ontario-the-slow-road-to-consolidation/#.W3NPYOhKjIU>

<sup>171</sup> [https://files.ontario.ca/books/ltep\\_2013\\_english\\_web.pdf](https://files.ontario.ca/books/ltep_2013_english_web.pdf)

<sup>172</sup> <https://www.ontario.ca/document/2013-long-term-energy-plan#section-1>

<sup>173</sup> <https://www.financierworldwide.com/the-electricity-distribution-sector-in-ontario-the-slow-road-to-consolidation/#.W3NPYOhKjIU>

## 2014:

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**Feb. 3, 2014:** Council received [staff report PRC2014-01](#) with an update on the "Sprung Shield" and other security options for the new facilities.<sup>174</sup>

In the Collus-PowerStream [annual report for 2014](#), board chair David McFadden wrote:

*...in the recently completed province-wide Electricity Utility Customer Satisfaction survey that Collus-PowerStream was above the Ontario average in every category from customer satisfaction and the resolution of billing problems to providing reliable electricity and leading in the promotion of energy conservation. Our goal is to maintain and build upon this level of customer satisfaction.*<sup>175</sup>

**Oct. 27, 2014:** Ontario municipal elections. See Collingwood results [here](#)<sup>176</sup>.

## 2015:

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**Jan. 5, 2015:** Rienk DeVries of True North Consulting made a presentation to council criticizing the shared services agreement. According to [the Connection](#),

*DeVries raised concerns about services promised in the agreement including billing, accounting, engineering and human resources for Collingwood Public Utilities, which are supposed to be provided by Collus Powerstream Solutions Corp... DeVries said Collus Powerstream's CEO also sits on the board for Collingwood Public Utilities, which could be a potential conflict of interest. The consultant pointed out what he called a lack of performance management measures, saying this makes it difficult to determine whether or not the town is getting the value promised in the agreement.*<sup>177</sup>

However, the report as not well received by staff. The Connection also noted:

*Collingwood council did not accept the consultant's report, but asked for the report to be reviewed by town staff and Collus officials for clarification. Collingwood Public Utilities COO Marcus Firman agrees the agreement should be updated, but was critical of the consultant's findings. He said Collus Powerstream's staff members were unable to review the report before it was presented to council, and claims there are errors in the report. He said further clarification is required. For example, he said there have been some recent retirements at Collus Powerstream Solutions Corp, which have affected some services. "[Collingwood Public Utilities is] not being billed, nor are we paying for services, not being provided," he said.*

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<sup>174</sup> [http://www.collingwood.ca/files/Feb\\_3\\_2014CouncilAgendaPkg.pdf](http://www.collingwood.ca/files/Feb_3_2014CouncilAgendaPkg.pdf)

<sup>175</sup> <https://www.colluspowerstream.ca/sites/default/files/2014-Annual-Report-CollusPowerStream.pdf>

<sup>176</sup> [http://www.collingwood.ca/files/Certified%202014%20Election%20Results\\_0.pdf](http://www.collingwood.ca/files/Certified%202014%20Election%20Results_0.pdf)

<sup>177</sup> <https://www.simcoe.com/news-story/5246618-collingwood-consultant-raises-concerns-about-collus-service-agreement/>

**Jan. 9, 2015:** David McFadden, chair of Collus-PowerStream wrote to the town about the “Beacon 2020, Inc. and True North Consultants, Inc Service Agreement Review between Collingwood Public Utilities/Town of Collingwood and Collus PowerStream Solutions Corp.” In his letter he noted:

*We acknowledge receipt of the Service Agreement Review Document that was presented to Town Council on Monday, January 5, 2015. We would like to thank Town Council for the deferral of any actions until we have had an opportunity to respond to the review’s findings.*

*This is the first time we have been given an opportunity to read any version of the review document and we are concerned about what we see as extensive inaccuracies and incompleteness of information contained in the report. We were surprised by the limited participation that was asked of the Senior Management Team of Collus PowerStream by the Consultant during the review. Greater input and review from our team prior to the release of the document would have ensured greater accuracy and completeness of information.*

**Jan. 27, 2015:** David McFadden presented the 13-page Collus-PowerStream response to the Beacon report to the town clerk, Sara Almas. That response noted:

*In general terms, the review document failed to provide any historical information to assist Council in understanding the nature of our business and the past and continued relationship between water and electricity... Other significant concerns were the fact that the Consultant spent only one hour with the Collus PowerStream Executive Team in the preparation of this document and of the many reported interviewees the auditor for both the Town and for the Public Utilities was not contacted nor interviewed.*

The response went on to document numerous errors and omissions in the report. Those corrections were not made public.

**Jan. 27, 2015:** Doug Garbutt, chair of Collingwood Public Utilities also responded to the Beacon/True North report [in a letter](#), noting four pages of corrections:

*This board is of the opinion that the consultant may have either misunderstood the original purpose of the study, or may have been misdirected. The consultant’s report appears to contain numerous inaccuracies or unsupported conclusions. Regrettably, the report was made public before these flaws were addressed.<sup>178</sup>*

**Jan. 28, 2015:** Collus CEO Ed Houghton made [a presentation to the newly-elected council](#) to explain how the Collus-PowerStream utility operated and the benefits of the partnership. In that presentation he explained,

***Why a Strategic Partnership** – Simply stated, the changing needs of our customer and to provide maximum value to our Shareholders.<sup>179</sup>*

And dedicated two more pages to outlining the benefits in greater detail. He also extended an invitation to council to attend one of two orientation sessions at the PowerStream headquarters, on either

<sup>178</sup> <http://ianchadwick.com/blog/wp-content/uploads/2018/08/Roger-Info-Sorted-Indexed.pdf>

<sup>179</sup> [http://www.collingwood.ca/files/Jan28\\_15%20Collus%20Powerstream%20Overview%20Presentation.pdf](http://www.collingwood.ca/files/Jan28_15%20Collus%20Powerstream%20Overview%20Presentation.pdf)

Tuesday, February 10th or Wednesday, February 11<sup>th</sup>. Several members of council did not attend either event.

**Feb. 27, 2015:** Council votes 8-1 to renew CAO Brown's contract another year. Councillor Kevin Lloyd, the dissenting vote, is quoted in [the Connection](#) saying,

*"He's done a good job for us, but the agreement ... was two years," Lloyd said. "It would give the opportunity for the new council, early on, to search for a permanent CAO. I think this council is missing an opportunity to hire its own CAO and get on with business."<sup>180</sup>*

**Mar. 12, 2015:** The [Globe and Mail](#) reported on the provincial government's efforts to encourage more consolidation among LDCs. The story noted:

*The Ontario government has signalled it is open to removing barriers that have prevented widespread consolidation and private investment in the province's electricity distribution business - possibly including a tax holiday for electricity distribution companies undertaking mergers.<sup>181</sup>*

**Mar. 21, 2015:** After a decade of service to the town, Marcus Firman, Chief Operating Officer of Collingwood's public utilities (water and wastewater utilities) announced he was leaving for a job in Muskoka. [In the Connection](#) it noted Firman's decision was based in part on his ongoing confrontation with the town's administration and dissatisfaction with council's leadership:

*Firman said there were other factors driving his decision-making, notably the ongoing debate about a possible new governance structure that would oversee the public utility.  
"It seems there are governance issues; I don't want to see something that has served this community so well for more than 120 years pulled apart," he said. "That contributes to it as well."<sup>182</sup>*

**June, 2015:** [Energy Regulation Quarterly](#) magazine publishes an article on LDCs and the Drummond Report, 2012, recommending, "Consolidate the Smallest LDCs Into Larger RDCs."<sup>183</sup>

**Sept. 2015:** The Ontario Energy Board published [a scorecard for Collus Power](#) that covers the years 2010-2014. Of interest is the note that (emphasis added),

*The leverage ratio in 2012 and 2013 significantly increased over 2010 and 2011 as a result of the re-structuring of the debt and equity proportions when fifty percent of the shares of the company were sold on July 31, 2012. **A recapitalization dividend was paid to the Town of Collingwood to remove their accumulated retained***

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<sup>180</sup> <https://www.simcoe.com/news-story/5450446-collingwood-renews-cao-contract/>

<sup>181</sup> <https://www.theglobeandmail.com/report-on-business/ontario-preparing-privatization-options-for-electricity-overhaul/article23440534/>

<sup>182</sup> <https://www.simcoe.com/news-story/5517784-collingwood-s-utility-coo-lands-new-role-in-muskoka/>

<sup>183</sup> <http://www.energyregulationquarterly.ca/articles/improving-ontarios-energy-infrastructure-reducing-the-cost-of-ldcs#sthash.b4EXBOXi.dpbs>

*earnings before the shares were sold and the debt was increased to the OEB's expected structure.*<sup>184</sup>

This is also of interest from the scorecard (emphasis added):

*Collus PowerStream achieved a ROE of 11.21% in 2014, which is within the 8.98% +/- 3% range allowed by the OEB (see above paragraph). **This is indicative of a healthy financial organization.** This trend is expected to continue into the foreseeable future. The return on equity greatly improved in 2013 to 8.40% from 2.26% in 2011. This was the result of the changes mentioned above in the leverage ratio discussion and a strong net income for the 2013 year. The 0.10% result for 2012 was an anomaly year with a low net income, which was the result of the additional expenses incurred during the sale of 50% of the company's shares to PowerStream.*

**Nov-Dec. 2015:** On Nov. 16, 2015 the [town demanded repayment](#)<sup>185</sup> of the promissory note from Collus PowerStream despite repayment being [at the utility's discretion](#) (see June 13, 2012<sup>186</sup>). The promissory note to the Town of Collingwood was repaid on December 31, 2015 as the [2015 Collus PowerStream annual report](#)<sup>187</sup> notes.

## 2016:

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**Feb. 24, 2016:** After a lengthy in camera meeting, Collingwood Council voted 6-3 to demand to see figures for the salaries and bonuses paid for the previous ten years to all Collus PowerStream executives and employees. According to [the Connection](#), the town also demanded, "an organizational chart; any bonuses paid to officers; employment reviews; all other compensation; and policies and procedures relating to compensation."<sup>188</sup>

**Mar. 22, 2016:** Mayor Cooper and Deputy Mayor Saunderson clash over Saunderson's motion to extend CAO Brown's contract another year. Cooper was quoted in [the Connection](#) saying:

*"In spite of my efforts to engage the deputy mayor and members of council, a few - including the deputy mayor - continue to make their way through issues without providing the level of respect and engagement the mayor's office requires."*<sup>189</sup>

The vote barely passed: 5-4 to extend Brown's contract for another year. DM Saunderson, councillors Deb Doherty, Kathy Jeffery, Cam Ecclestone and Bob Madigan voted in favour. Mayor Cooper, councillors Tim Fryer, Mike Edwards and Kevin Lloyd voted against.

**Mar. 31, 2016:** Lawyer Mark Rodger [presents a report to council](#) on the Collus family of companies and "go forward" options. In his report he stated, "We are advised that both Town Council and the public have been raising such questions over many years, although Collus Management advises that they have

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<sup>184</sup> <https://www.oeb.ca/documents/scorecard/2014/Scorecard%20-%20Collus%20PowerStream%20Corp..pdf>

<sup>185</sup> <https://www.simcoe.com/news-story/6123347-collingwood-to-call-on-promissory-note-for-1-7-million-cash-infusion/>

<sup>186</sup> [http://www.collingwood.ca/files/July%2030\\_12%20CouncilAgendaPkg.pdf](http://www.collingwood.ca/files/July%2030_12%20CouncilAgendaPkg.pdf)

<sup>187</sup> <http://www.collus.com/sites/default/files/2015-Annual-Report-Hydro.pdf>

<sup>188</sup> <https://www.simcoe.com/news-story/6263256-collingwood-calling-on-collus-powerstream-to-divulge-salaries-of-executives-employees/>

<sup>189</sup> <https://www.simcoe.com/news-story/6401727-collingwood-mayor-deputy-mayor-clash-over-cao-contract-renewal/>

never been made aware of any such concerns.” However, Rodger did not identify or cite any source for his claims that the public was raising any questions. Only the current council has ever raised any questions. Lawyer was hired on a sole-sourced contract (no RFP).<sup>190</sup>

**June 7, 2016:** Town CAO Brown sent an email to Collus management indicating that the town was considering transferring the IT service from Collus-PowerStream (who had provided it to the town for approx. 16 years) to the Town<sup>191</sup>.

On **June 11, 2016**, the town CAO sent a follow-up email stating that IT transfer would go ahead. He stated Council had been informed, had agreed to the change and it was considered a priority. Also in June, the Town of Collingwood HR department requested both of the Collus-PowerStream IT staff members complete an in-depth job information questionnaire (JIQ) so the town could “review their current jobs,” evidently with the intention of poaching them from CPS.<sup>192</sup>

**June 13, 2016:** In a 6-2 decision, Collingwood Council voted to fire the current board members on Collingwood's half of the Collus-PowerStream board, replacing Mayor Sandra Cooper, David McFadden and John Worts with the three town staff members. Cooper initially refused to resign, saying,

*“I am not resigning,” she said. “I have been proud to represent the town in the best interest of the shareholder ... There needs to be stability, stability for our customers, but most importantly for the linesmen and journeymen.”*

[The Connection](#) story also noted the “dysfunctional” relationship between the board and the town’s administration (the same comment was made in McFadden’s resignation letter):

*Cooper's colleague on the board, McFadden, told Simcoe.com of his intent to resign last week, taking aim at the town's relationship with Collus Powerstream. “The issue really is the dysfunctional relationship between town administration and the corporation itself,” he said. “It’s terrible, what has happened to a great success story. The very serious problems and relationships we have had with town hall have made it difficult for the company to operate.”<sup>193</sup>*

Two of the administrative staff lived out of town. McFadden was immediately appointed to the chair of Toronto Hydro, the largest electric utility in Ontario.

**June 21, 2016:** Former Collus PowerStream board member John Worts followed up his “resignation” from the board with an email to council and administrative staff, noting in it:

*I must applaud the previous Council, and their Team, for having the foresight to understand this and seek out a suitable “partner” to tackle the challenges. The formation of Collus PowerStream, along with Solutions concept, was the perfect solution to meet the requirements the Town was looking for and the proof is in the*

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[http://www.collingwood.ca/files/photos/DEPARTMENTS/CLK/BLG%20Collus%20Report\\_%20March%2031\\_%202016%20-%20REDACTED%20FINAL%20VERSION%20FOR%20TOWN%20OF%20COLLINGWOOD%20%28Apr%201%29.pdf](http://www.collingwood.ca/files/photos/DEPARTMENTS/CLK/BLG%20Collus%20Report_%20March%2031_%202016%20-%20REDACTED%20FINAL%20VERSION%20FOR%20TOWN%20OF%20COLLINGWOOD%20%28Apr%201%29.pdf)

<sup>191</sup> Source: CPS staff report 2016-CPS-OPS-001

<sup>192</sup> Source: CPS staff report 2016-CPS-OPS-003

<sup>193</sup> <https://www.simcoe.com/news-story/6722545-collingwood-mayor-vows-to-remain-on-utility-board-despite-council-vote-to-remove-her/>

*results of the first two years. Financially sound and from an HR point of view...positive. As a result, this partnership became the model/poster child in the industry and numerous other municipalities showed interest in partnering with CPS to enable economies of scale...*

*...should questions need answering, any Board member would have been happy, and proud, to attend Council and address concerns. As long as I have been involved, we have been denied access to any kind of info session. And further, I have never received a call from any Councillor asking for information. Rather interesting, on the flip side, Chairman McFadden and I have been told "nothing" as to Council's thinking as everything you discuss about his mess is "In Camera". - talk about a very serious disconnect.*

**July 4, 2016:** CEO Ed Houghton ["retired" from the utility](#) after 39 years' service to the community. There is general comment in the community that his "retirement" was the result of harassment from town administration.<sup>194</sup>

**July 11, 2016:** Collingwood Council [votes 7-2](#)<sup>195</sup> to sell its share of the Collus-PowerStream (Mayor Cooper and Councillor Lloyd dissenting) to "explore" selling its share in Collus-PowerStream, even though by then they had already been in discussions with EPCOR for several months. Mayor Cooper was quoted in [the Connection](#), saying,

*"In my view, all along, we have (had) a totally open process, and Powerstream came through (as the preferred option)," she said. "The last time when we did a partnership, we had open sessions, we had the media involved. (This is) not the case (now)."*

*Cooper is concerned of how a potential sale could impact local residents. She said the partnership with PowerStream has helped keep rates lower and preserve local jobs.*<sup>196</sup>

**Aug. 2016:** The Ontario Energy Board released its [2015 Benchmarking Report](#). In it, Collus Powerstream moved up from the third tier (of five) to second in its ranking. It was a remarkable accomplishment, entirely due to the hard work of staff and the cooperative, collaborative partnership. However, the current council and town administration ignored it.<sup>197</sup>

**Sept. 21, 2016:** [The Connection](#) carried a story with the headline, "Ontario Energy Board investigating composition of Collus Powerstream board." The story noted:

*The Ontario Energy Board is investigating Collus Powerstream, specifically looking into whether the composition of the board of directors meets the rules...*

*According to a letter on Wednesday's Strategic Initiatives Committee agenda from Sophie Rousseau, advisor for consumer protection and industry performance for the OEB, the investigations centers around section 2.1.2 of the ARC.*

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<sup>194</sup> <https://www.simcoe.com/news-story/6752338-ed-houghton-retires-after-39-years-with-collingwood-utility-company/>

<sup>195</sup> <http://www.collingwood.ca/files/photos/2016-07-11%20Council%20Mins.pdf>

<sup>196</sup> <https://www.simcoe.com/news-story/6763195-collingwood-looking-for-buyer-for-remaining-share-of-collus-powerstream/>

<sup>197</sup>

[http://www.ontarioenergyboard.ca/oeb/\\_Documents/Performance/PEG\\_Benchmarking\\_Report\\_2015\\_Update\\_20160804.pdf](http://www.ontarioenergyboard.ca/oeb/_Documents/Performance/PEG_Benchmarking_Report_2015_Update_20160804.pdf)

*The section says: "A utility shall ensure that at least one-third of its board of directors is independent from any affiliate."<sup>198</sup>*

The board had three town staff members appointed to the Collingwood half: clerk Sara Almas, CAO John Brown, and treasurer Marjory Leonard.

**Nov. 28, 2016:** Collingwood council appointed Michael Pace and David Goldsmith to the Collus PowerStream board, replacing Collingwood CAO John Brown and treasurer Marjory Leonard. Clerk Sara Almas remains on the board, serving as co-chairperson. [The Connection](#) noted:

*With the appointments, Collingwood has three representatives on the board, none of which live in the community.<sup>199</sup>*

## 2017:

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**Feb. 2017:** **Feb. 2017:** two of Collus-PowerStream's initiatives are features in the EDA's special report, [The Power to Connect](#): Advancing Customer-Driven Electricity Solutions for Ontario. These include Opower's Home Energy Report program and SmartMAP – Collus PowerStream's swiss army knife for access to data.<sup>200</sup>

**May 29, 2017:** Collingwood Council again made changes to its half of the Collus-PowerStream utility board, [appointing Coun. Deb Doherty and Michael Pace](#). The municipality had been negotiating with the out-of-province corporation EPCOR, to sell the utility for the past year.<sup>201</sup>

**Oct. 23, 2017:** In a [7-2 vote](#)<sup>202</sup>, Collingwood Council voted to [sell its electricity utility to EPCOR](#)<sup>203</sup>. The Town of Collingwood sent Alectra (the LDC into which PowerStream was merged with municipally-owned utilities Enersource, Horizon Utilities, plus the acquisition of Hydro One Brampton) a "buy-sell" notice. A few weeks later, Alectra announced that it would not buy the other half of the utility, and would [sell its share in Collus PowerStream](#)<sup>204</sup> back to the Town of Collingwood. In his public comments about the deal, [Councillor Kevin Lloyd stated](#),

*From the very beginning, there has been zero public engagement; no consultation to speak of with Collus-PowerStream, no consultation whatsoever with our partner Alectra, no business analysis on the pros and cons of retaining or selling the utility – only scant and poorly-prepared consultants' reports that weren't even vetted through the senior management of either Collus-PowerStream or Alectra until I requested at council that they be reviewed. The results were astonishing: abundant*

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<sup>198</sup> <https://www.simcoe.com/news-story/6869700-ontario-energy-board-investigating-composition-of-collus-powerstream-board/>

<sup>199</sup> <https://www.simcoe.com/news-story/6993226-collingwood-appoints-new-members-to-collus-powerstream-board/>

<sup>200</sup> [https://www.nrcan.gc.ca/sites/www.nrcan.gc.ca/files/energy/energy-resources/EDA\\_-\\_The\\_Power\\_to\\_Connect.pdf](https://www.nrcan.gc.ca/sites/www.nrcan.gc.ca/files/energy/energy-resources/EDA_-_The_Power_to_Connect.pdf)

<sup>201</sup> <https://www.simcoe.com/news-story/7342410-collingwood-makes-changes-to-utility-board-in-midst-of-sale-talks/>

<sup>202</sup> <http://www.collingwood.ca/node/16712>

<sup>203</sup> <https://barrie.ctvnews.ca/collingwood-councillors-votes-in-favour-of-selling-its-share-in-collus-powerstream-1.3645261>

<sup>204</sup> <https://www.alectrautilities.com/alectra-selling-its-shares-in-collus-powerstream-to-collingwood/>

*misinformation and factual errors were identified, so many that they filled two binders.*<sup>205</sup>

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<sup>205</sup> <http://ianchadwick.com/blog/the-secrecy-and-deception-behind-collingwoods-utility-sale/>

## Conclusion:

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In mid-2011 Collingwood Council was presented by its utility board with an overview of Ontario's changing electricity market and the potential for legislation to force amalgamation of LDCs. Following these discussions and presentations, we collectively and unanimously chose to pursue a partial sale before such legislation came about, but not a full sale because it would mean loss of local control over rates and service.

Council depended on the people most qualified to explore options, to weigh potential benefits and challenges, to source partnerships and to advise us: our Collus board, Collus executives, the KPMG consultant, our town lawyers, and the members of the Strategic Planning team. We held public information sessions and discussed issues openly at the council table and acted expediently to deal with the issue.

The choice of PowerStream as the best partner from among the proposals tendered was done through a weighted selection in which the criteria were assigned point values and judged independently by every person present in that meeting. The decision was subsequently ratified unanimously by council in public session and approved by the councils of the three municipalities which co-owned PowerStream, by the PowerStream board, by the Ontario Energy Board and by Energy Probe. Municipal staff and lawyers were also involved in each approval.

The decision to use the money from the sale to build a new arena and cover the existing outdoor pool – made approximately 18 months after the sale - also followed public discussions and information sessions. Council also decided to put approx. one quarter of the proceeds of the utility sale towards upgrading Hume Street. The spending decisions were made in an open council meeting, with a recorded vote, and well covered in the local media.

I recall only two in camera sessions for the Collus sale (one to explain the legal issues around a potential sale and RFP, the other to open sealed RFP bids). Everything else was done openly at public meetings and was fully covered in local media.

In contrast, the process to sell Collus to EPCOR this term has been egregiously secretive, with at least **46 in-camera meetings** to date, and not one single public consultation, a business case, or even an explanation of why council wants to privatize the utility. We have not been told what council intends to do with the proceeds (apparently paying the judicial inquiry costs is one of the uses).

Last term, council made a conscientious and informed decision based not only on the situation, nor only on staff and board advice, but also on the potential benefits of a collaborative partnership. That latter soon proved itself: a consultant's survey of Collus-PowerStream found its employees happier, customer satisfaction higher, and the utility operating more efficiently and productively (see Sept. 2013 and the 2016 OEB benchmarking report).

And, as planned, through an equal partnership on the board, the town still had a say in the rates and delivery of service. It will lose that say and any board representation with the upcoming privatization to EPCOR.

The 2012 sale was a *good* decision, an informed and openly-debated decision. As were the decisions about the subsequent use of the funds for our town's recreational facilities and Hume Street. Council

acted responsively and responsibly to the challenges before it. It was all done in the best interests of the residents and for the future of the town of Collingwood.

Sadly, what we accomplished last term has since been dismantled and all the benefits for the community and the utility undone by this council.

## Current council's in camera meetings about Collus 2015-18:

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Dates taken from information in Collingwood Council agendas, published online. Previously documented in Nov. 2017 on [the author's blog](#)<sup>206</sup>.

**2015:** 9 definite, 2 possible (of a total 28 council meetings)

- Mar 16? property disposition (agenda description is inadequate);
- Mar 28? legal advice (agenda description is inadequate);
- Apr 7 shared services;
- May 19 shared services;
- May 27 shared services;
- June 15 shared services;
- June 22 shared services;
- Aug 4 shareholder's interest, Collus PowerStream board applications;
- Aug 24, board applications;
- Sep 8, board applications;
- Oct 5 Hydro shareholder update review and services.

**2016:** 12 (of a total 29 council meetings)

- Feb 3 update, shared services;
- Mar 21 CPS review;
- Mar 31 advice from Mark Rodger;
- May 9 shared services;
- May 30 shared services, shareholders directive, CPS governance, solicitor update;
- July 11 agreement review;
- Aug 8 share sale RFP;
- Sep 26 lease agreement;
- Oct 24 shared service agreement;
- Oct 31 shared services agreement, shareholders declaration;
- Nov 14 Collus PowerStream;
- Dec 13 review of bids.

**2017:** 21 definite, 1 possible (of 27 total meetings to Oct 30)

- Jan 6 review of bids;
- Jan 16? property disposition (agenda description is inadequate);
- Jan 20: CPS, share sale;

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<sup>206</sup> <http://ianchadwick.com/blog/in-camera-closed-door-meetings-in-collingwood-2015-17/>

- Mar 13: committee/board applications;
- Apr 10 Collus directors, EPCOR update;
- Apr 24 EPCOR offer, CPS director appointments;
- May 8 hydro share sale negotiations;
- May 29 Hydro share sale update, CPS director applications;
- June 26 Hydro share sale update;
- July 17 Hydro share sale update;
- Aug 21 Hydro share sale update, CPS board applications;
- Sep 11 Share sale purchase update;
- Sep 19 Hydro share sale update;
- Sep 25 Hydro share sale update;
- Oct 16 Share sale review;
- Oct 23 Hydro share sale.
- Oct. 16 Collus sale
- Oct. 23 Collus sale.
- Dec. 11 hydro sale.

**2018:** 6 in camera meetings to date (documented in July 2018 in [a follow-up post](#)<sup>207</sup>):

- Jan. 15, 29;
- Feb. 12, 26;
- Mar. 6;
- July 12.

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<sup>207</sup> <http://ianchadwick.com/blog/update-closed-door-meetings-in-collingwood/>

## Personal statement

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At no time during either process for the sale of the share of Collus or the decision to build the fabric (architectural membrane) structures was I lobbied by anyone on behalf of any company. I do not know of any member of council the Collus board or staff who was lobbied this way.

At no time was I approached by a representative of any energy company or LDC about the sale of the Collus share, either in person or by other methods (email or phone). I do not know any member of council, the Collus board or staff who was so approached.

Unless there was a compelling legal reason for holding a discussion in camera, everything was done openly and in public. I recall only two in camera sessions for the Collus sale (one to explain the legal issues around a potential sale and wording of the RFP, the other to open sealed RFP bids) and none was held in the discussions around and decisions made for the new recreational facilities.

In late 2011 until Christmas, 2011, I worked as a contract writer for Compenso Communications, providing a weekly email summary of news and commentary about the energy sector, including political issues and editorials, green energy, trends, and issues. This was drawn from publicly available news sources and social media sites and was not focused on any company or subsector. Paul Bonwick, Compenso's president, told me at the start that he had energy sector clients including Blackstone and PowerStream, so I would be aware of their names, but did not give me any more information about them or instruct me to focus on them in my reports.

My contact with Mr. Bonwick was predominantly through email and I recall only one face-to-face meeting in 2011. At no time did he discuss PowerStream's submission for the purchase of the Collus share. I am unaware whether he even knew they had bid. I myself did not know they were a bidder until January, 2012, when it was announced publicly that they were awarded the contract.

At no time did I have any direct contact with any of Compenso's clients or any other representative. Mr. Bonwick did not lobby me in any way on their behalf nor did he discuss the sale. The main topic of our discussion as I recall it, was the upcoming provincial election and the potential changes in the energy sector being promoted by the various party platforms, as well as emerging green energy technologies (also on the political radar at the time).

In Nov. 2011, when council went in camera to open the sealed bids, I declared a conflict of interest because Compenso had energy sector clients and I was still working for Compenso. I was not informed at any time by any member of staff, the Collus board, or council who the bids were from, or who was chosen as the winner. After the in camera meeting I was not approached by anyone to discuss the results nor did I ask for the results from anyone.

My short-term contract with Compenso ended Christmas week, 2011. Because I had no pecuniary interest and was not working for anyone at the time, I felt I had no conflict to vote in favour of approving council's choice of the winning bid when it was made public in late January, 2012. That vote was unanimous. Several months later, in spring, 2012, I was again employed by Compenso to perform similar news summaries for the mining industry and energy sectors: I continued that service continued through into the spring of 2014. I have not worked for Compenso since.

I have never done business with or provided services for Greenleaf Distribution Inc., PowerStream Inc., Alectra Inc or Alectra Utilities Corporation, Ontario Corporation 002053981 or Ontario Corporation 002295210. I did one editorial job assessing website content for Collus-PowerStream in late 2014.

Although Tom Lloyd of Sprung has noted in his interview with police that he had conversations with several members of council and staff, including myself, it was after council had requested staff explore the possibility of using Sprung Structures, and thus likely after his public presentation to council in August (and after council's vote to move forward with fabric structures). I expect it was solely to answer questions for clarification and information about a process already begun. I do not recall any details of that conversation nor any effort by him to lobby me during that conversation.

Prior to the decision to use Sprung Structures, I and several other members of council had spoken with representatives of the company at various municipal conventions (AMO and FCM) and brought back literature from their displays for staff. I gave Peter Dunbar, former PRC director, such literature two or more years before council made its decision. I did not have and am not aware of anyone else having contacts with Sprung staff or their representatives outside these conventions.

Prior to the request for staff to explore fabric structures, I do not recall any discussions among councillors or staff about their use as municipal facilities in Collingwood and never heard the name Sprung used in any discussions about our recreational facilities. As far as I am aware, the request for a staff report on these structures was the first time the municipality seriously explored their use, and the first time anyone here contacted Sprung.

At no time during either process was I offered any benefit, money or position to vote any way. I am not aware of any member of staff or council being offered any benefit, money or position for either process, and do not believe any such offer was ever made or taken. I firmly believe in the integrity of all the members of former council and staff in this matter. We were, however, loudly and angrily pressured several times by YMCA supporters (at protests, in phone calls and via emails) to vote in favour of the YMCA-Central Park proposal, and the YMCA itself mounted a campaign among its members to lobby council.

I believe Acting CAO Ed Houghton did his best in trying to guide council and his team through the decision and fulfill council's request as fully and as accurately as possible.

Last term, councillors and staff did their utmost to provide open, accountable government in the service of the people of Collingwood. The decisions made were done in the best interests of the community, with the best information at hand and not for private or personal gain.

We collectively wanted to be decisive and proactive on pressing issues, and to be the first council to deal with a well-known and troublesome deficit in recreational facilities that had been the topic of studies, public meetings, community demands, user group presentations and reports for almost two decades. There was a general feeling at the table (expressed in public discussions and emails) that the proposed Central Park facility was too expensive or suffered from other issues (i.e. traffic, footprint, the eventual ownership). Some of us on council wanted to find an alternate, affordable solution quickly and not be yet another council that deferred the decision for a future council to deal with.

There have been concerns expressed over Mr. Bonwick's involvement (through Greenleaf) as a consultant for BLT, the Ontario representative and contractor for Sprung. At the time, I was unaware of his relationship with Greenleaf or even of Greenleaf's involvement. I am not aware of anyone on council who was aware of either. I do not know what they did, individually or corporately, how they were

involved, when they became involved, or what they were paid to do, even after reading the OPP's affidavit.<sup>208</sup> But it does not appear their involvement was either illegal or affected the final price.

Had I known Mr. Bonwick was involved, I would have declared a conflict of interest as I had done previously. I can only assume it was an oversight on Mr. Bonwick's part not to inform me; but even if he had the votes would have been 7-1 instead of 8-1 for the Sprung facilities.

However, it is not the normal process for either staff or council members to be involved with or even aware of subcontractors. That is the business of the contractor. Council does not and should not micromanage or politicize contractors. We do not know who was sub-contracted to remove the fill, to paint the change rooms, to supply the lockers or install the rubber flooring. Not should we. We approved a price for a finished, turnkey system.

All of council's processes, discussions and votes about the recreational facilities took place in the public. This is all documented in the timeline, above.

I supported our choices last term, I supported our decisions in both the Collus sale and the building of the Sprung structures. They were good decisions, made with the best information and open deliberation, for the benefit of the town. We are proud of what we accomplished for the greater good.

I believe this inquiry, like the OPP investigation before it, was politically motivated, intended as a springboard for some candidates' election campaigns, and to further personal agendas against individuals for making choices the instigators disapproved of. The timing of the motion to demand the inquiry underscores its political nature.

I can only trust that the inquiry does not help further these political goals and remains focused on the processes. I fervently hope the inquiry looks beyond these two events and examines the secrecy and the people behind the sale of Collus to EPCOR this term.

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<sup>208</sup> <https://www.documentcloud.org/documents/4517622-OPP-Anti-Rackets-Branch-Collingwood-Production.html>

## Statement for the Judicial Inquiry

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(read aloud Aug. 13, 2018 at the public meeting)

Thank you, your honour, for letting me speak tonight. My name is Ian Chadwick. I was a member of the previous council.

This inquiry is about two of the many challenges council faced and overcame last term.

First was the changing nature of Ontario's energy sector. Prior to the provincial election, all three political parties vowed to reduce the number of Local Distribution Companies across the province. The town expected legislation to force amalgamations after the election.

Council chose to be proactive.

Council listened to our utility board, to our utility and town staff, and to a consultant from the world-renowned firm KPMG. We created a Strategic Planning Team tasked with the responsibility of finding the best option and then guiding us along that path through an open public process.

Our decision to engage in a strategic partnership was lauded around the province as a model of cooperation and collaboration.

Our second big challenge was to resolve a two-decade old deficit in recreational facilities. Simply put, we didn't have enough space or time to accommodate all the hockey players, skaters and swimmers in our community. Kids and adults had to go out of town every week to play hockey or participate in a swim meet.

And again, council chose to be proactive.

We listened to what the parents and the hockey and swim clubs told us they needed.

Council turned to staff for advice. Staff researched the options, assured us our choices were sustainable, that the process was appropriate and most importantly, that our solution was affordable. Council debated and made a decision in public to fix the problem without burdening the taxpayers.

No, it wasn't popular with everyone. But councils cannot please every resident.

All of this happened six or more years ago, yet there are still some people in the community who are angry about those decisions.

The current council has had three years to request an inquiry into those decisions, yet it was called for only a few weeks before nominations opened for the upcoming municipal election. Doing so now was clearly politically motivated.

However, I trust in your wisdom not to let this descend into the witch hunt some people would like to see it become. And I also trust you will compare the open processes of last term with the closed-door decisions of this term to see which one served the community best.

I am confident that your inquiry will show the previous council and staff did everything correctly and openly, with the best interests of the people of Collingwood at heart.

I'm equally confident your examination will exonerate everyone involved last term, put to rest the conspiracy theories, and let the town finally move on. Thank you.

## Editorial notes

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- There were other events, media stories and issues raised regarding the Collus-PowerStream sale after 2014, but the author was not privy to all the documentation or discussions after 2014, so has not included many of those, in particular those for which he has no sources to cite.
- The process last term was fully open, and included public consultation and considerable media coverage and our neighbours in Clearview kept informed - the very opposite of this term's secretive and deceptive privatization of our once-publicly-owned electricity utility;
- During the process last term, the public was made aware that the town intended to sell *up to* but no more than 50% of the utility in order not to lose local control over rates and service. There was no public outcry or comments in the media opposed to this, no demands to sell 100% or to retain it all. None of the bids came in at lower than 50%. There was no opposition to the sale filed through the Ontario Energy Board (OEB) over the sale or the process, even after the winning bid of 50% was announced. This term there have been numerous complaints filed to the OEB over the sale and the secretive process;
- No sole-sourced consultants or lawyers were hired last term; quite the opposite of this term where a single sole-sourced lawyer has overseen the process;
- Our two utilities (electricity and water) were both active and respected partners in the process, and never once harassed, confronted or bullied by the council or the administration last term; quite the opposite of the way they have been treated this term;
- The goal of the sale last term was to engage a PARTNER who would work cooperatively and collaboratively with the town and the utility for the benefit of our residents; quite the opposite of the backroom deal arranged this term with a for-profit, out-of-province corporation that benefits only the sole-sourced lawyer who arranged it (the same sole-sourced lawyer who was hired to provide the 'market analysis' and then recommended the sale of the utility);
- The entire process, including all financials and agreements, was overseen and approved by dozens of people, including the lawyers, accountants, auditors, CAOs, clerks, treasurers, mayors, councillors, board members, CEOs, CFOs and managers of four municipalities, two utilities, KPMG, PLUS those at the Ontario Energy Board and Energy Probe. The process to privatize the utility this term was all done behind closed-door using one sole-sourced lawyer, without anything close to that level of scrutiny.
- The administration and some council members have said publicly that they don't have "all" the documents about the sale. Yet the author was easily able to obtain all this documentation, much of it in online public sources. As for SPTT meetings - those were the TOWN's responsibility, not the utility's. If any of those minutes are missing, ask the clerk where they got to: it was her job to record the minutes and store them.
- I have attempted to be as accurate about dates, issues, references and people as possible. If I have missed anything, incorrectly identified anyone or misquoted them, I apologize. It was solely my intention to provide a comprehensive and accurate timeline of events. However, I did not include the negative comments from local bloggers or those from Brian Saunderson and his self-aggrandizing "Better Together Collingwood" group (with one exception)

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# Endnotes:

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<sup>i</sup> The strategic partnership option was preferred over a 100% sale because of these factors (as noted at the public meeting on **Nov. 22, 2011**):

- **Reduced Risk.** The Town will reduce/mitigate itself from the risks of being in the electricity distribution business.
- **Retains an Income Stream.** The Town will earn a future dividend stream based on equity ownership in the new partner's LDC.
- **Operating Synergies with the Shareholder.** The Town retains the ability to obtain operating cost synergies through the integration of support functions with the water utility and IT.
- **Control.** The Town retains joint-control of the utility and its decisions with respect to levels of customer service, promotion of economic development, rates, subject to OEB oversight.
- **Provides Additional Funding to Town:** The funds that are received as a result of this partnership transaction will allow the Municipality to reduce debt or to be available for valuable community projects.

<sup>ii</sup> Listed under the section "Evaluation of a full sale option" of this report are the following advantages:

- **Cash Payment.** Town will achieve an immediate cash payment that can be used for municipal purposes.
- **Reduced Risk.** The Town mitigates the risks of being in the electricity distribution business.
- **Policy Challenges.** This option does address the expected push for additional consolidation of LDCs in the province.

Then it adds these disadvantages:

- **Transfer Tax Payable.** In the absence of an exemption, the Town will pay a Transfer Tax equal to 33% of the proceeds from a sale, less any corporate income taxes or PILS that have been paid since market restructuring. This will reduce the net proceeds received.
- **Loss of Income Stream.** The Town will eliminate the potential to earn a future dividend stream. The foregone dividend stream may be higher than the potential to earn interest income if the proceeds from sale are invested in interest-bearing instruments.
- **Operating Synergies with the Town.** The Town may lose the ability to obtain operating cost synergies through the integration of support functions with the water utility and IT.
- **Control.** The Town loses direct control of the utility and its decisions with respect to levels of customer service, local employment, promotion of economic development, and rate levels, subject to OEB oversight.

Under the section "Evaluation of a partial sale option" of this report are the following advantages:

- **Cash Payment.** Town will achieve an immediate cash payment that can be used for municipal purposes.
- **Reduced Risk.** The Town distances itself from the risks of being in the electricity distribution business.
- **Retains an Income Stream.** The Town continues the potential to earn a future dividend stream based on the equity ownership in the new owner's LDC.
- **Policy Challenges.** This option does address the expected push for additional consolidation of LDCs in the province.

Then it lists these disadvantages:

- **Transfer Tax Payable.** In the absence of an exemption, the Town will pay a Transfer Tax equal to 33% of the proceeds from a sale transaction, less any corporate income taxes or PILS that have been paid since market restructuring. This will reduce the net proceeds received.
- **Loss of Control.** The Town loses partial control of the utility and its decisions with respect to levels of customer service, promotion of economic development, and rate setting (although these remain constrained by OEB oversight).
- **Operating Synergies with the Town.** The Town may lose the ability to obtain operating cost synergies through the integration of support functions with the water utility and IT.
- **Loss of Local Employment.** The Town may lose some local employment if a buyer reduces costs by centralizing some functions at its head office.
- **Loss of Partial Income Stream.** The Town will receive a smaller future dividend stream based on the equity ownership in the new owner's LDC.

<sup>iii</sup> The weighting was based on a 100-point system:

- Investment for up to 50% of shares: **30 points**
- Provision of strategic and specialized resources, support in growing the Collus business: **30 points**
- Support for employees and their careers: **10 points**
- Customer experience and satisfaction, supporting the interests of the communities we serve: **10 points**
- Competitive distribution rate and cost structure of Collus: **10 points**
- Cultural and synergistic fit: **10 points**

However it is my understanding from conversations with staff after the sale was approved, that of all the bidders, PowerStream was the only one to suggest Collus recapitalize before the merger, thus allowing a larger amount of cash to be paid to the town from that recapitalization. All of the other bidders preferred it to happen after the merger, so they would also share (50%) in the resulting cash from the recapitalization..

<sup>iv</sup> The 2013 decision how to spend the money was not, of course, part of the sale process. [Chadwick blogged about this](#) in June, 2013 ([www.ianchadwick.com/blog/its-all-about-the-money/](http://www.ianchadwick.com/blog/its-all-about-the-money/)). Back then, the CFO for COLLUS/PowerStream Corporation (now Coun. Tim Fryer) provided the following details of the money received:

- Promissory Note \$1,710,170
- Cash Dividend \$11,598,389
- Funds held in Escrow \$1,000,000
- Future Dividend \$150,000
- **Total \$14,458,559**

The \$8 million cash from PowerStream was accompanied by a recapitalization (\$4,598,389) and a promissory note (\$1,710,170) totalling more than \$6 million, also paid to the town. The initial purchase value was based in large part on the shared service agreement that the subsequent council and the administration subsequently gutted.

The promissory note was paying the town approx. [\\$124,000 interest per year](#), but was called for repayment by the town in Nov. 2015. It was repaid in Dec. 2015.

See

[www.collingwood.ca/files/photos/DEPARTMENTS/CLK/BLG%20Collus%20Report\\_%20March%2031\\_%202016%20-%20REDACTED%20FINAL%20VERSION%20FOR%20TOWN%20OF%20COLLINGWOOD%20%28Apr%201%29.pdf](http://www.collingwood.ca/files/photos/DEPARTMENTS/CLK/BLG%20Collus%20Report_%20March%2031_%202016%20-%20REDACTED%20FINAL%20VERSION%20FOR%20TOWN%20OF%20COLLINGWOOD%20%28Apr%201%29.pdf)

The recapitalization was required by the OEB to achieve the recommended 60/40 debt-equity ratio. Of the original bidders, only PowerStream suggested the town undertake that process BEFORE the sale agreement was finalized, to the full amount was available to the town. The other bidders wanted it done after the sale, so the other partner would receive 50% of the recapitalization money, thus even with a higher cash component, the town would have received a lower total amount for the sale.

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⁴ The "[Third Party Review of The Collus Powerstream Strategic Partnership](#)" also noted (p. 132):

*By having PowerStream as a 50% owner, Collus PowerStream has effectively partnered with a LDC that employs over 550 people, has the financial strength that earned stable and consistent cash flows of \$28 million in net income in 2012, and a strong balance sheet with over \$345 million in shareholders' equity.*

See [www.ianchadwick.com/blog%20pics/2016/third%20party%20review.pdf](http://www.ianchadwick.com/blog%20pics/2016/third%20party%20review.pdf)