

KERRY MORRIS

January 26, 2016

Attn: Mr. Scott A. Thomas

President

CORIX GROUP

Suite 1160

1188 West Georgia Street

Vancouver, BC, V6E 4A2

RE: City of North Vancouver - Lonsdale Energy Corp (LEC)

Dear Sir:

Through extensive research I have come to learn that Corix and the City of North Vancouver engaged in a privative legal proceeding which occurred in 2015. The amount in dispute in these proceedings exceeded \$2,000,000 of monies claimed due and owing to Corix. I am aware that in or about late summer 2015, Corix was successful in every aspect of its claims against the City. Or put another way, the City was unsuccessful in all its claims against Corix.

Thus far the decision has been withheld from the public. The City alleges that all matters in relation to Corix and LEC must be kept confidential. The City claims that it is Corix who oppose public disclosure of these contracts and figures, and that if the City were able, they would open the books.

In 2013, as a result of enquires brought by this scribe, the City was required to convert what were wrongly recorded in public financial statements as short term trade accounts receivables exceeding \$6,000,000, into a long term loan between the City and LEC. At the time of this decision, the City's head of finance, Mr. Ben Themens characterized this \$12M loan as the maximum amount to be borrowed by LEC. Last night at the regular City of North Vancouver council meeting, that \$12M loan ceiling was upped by \$1.5M to \$13.5M. We believe this increased borrowing requirement is a direct result of the City having to pay millions of dollars to Corix for the aforementioned claim, together with massive legal costs to reimburse Corix for its defence. As well, the City also incurred massive legal bills in pursuing its claims. It is estimated that the combined legal services costs may have exceeded \$1M bringing the total amount of monies required to fund this fiasco to an amount in excess of \$3M.

As a result of these costs, when coupled with the existing loans as of December 31st 2014 and the ongoing 2015 LEC capital plan, it is believed that upon payment of the claims owing to Corix from the decision, and the accompanying legal costs, the City was in breach of the \$12M borrowing limit at the time it issued payment to Corix of all monies owing as a result of the privative legal decision. I believe the \$1.5M spending/loan increase authority passed by City council last night is to legalize monies already paid out in excess of the \$12M spending limit, which I believe was breached in the fall of 2015 when Corix received payout in accordance with the decision.

I have recently filed three separate FOI requests, and several additional email requests, with the City of North Vancouver, seeking various documents in accordance with FOI law. Whereas notice letters confirming receipt would typically be issued immediately upon receipt of any FOI

communication, the City Clerk (the FOI officer) has gone silent to date, and refuses to respond to my enquiries. The provincial auditor has now been asked by me to investigate this issue.

I write directly to your office seeking specific information. I do so in an open letter which will become public. I ask that you commit to make this information public if the City agrees.

I understand that privative legal decisions are typically held in private, but it is obvious by way of the decision outcome that Corix was correct in all of its claims, in which case the City was entirely wrong. As a result, taxpayers should know that Corix's action did not warrant the legal challenge brought, and the additional legal expense incurred by taxpayers from bringing these claims. Accordingly, the information sought should vindicate any allegation that Corix acted improperly, while at the same time disclosing if the City breached the *Local Government Act* by not first seeking the necessary borrowing authority to lend additional monies to LEC so they could then pay funds due to Corix as a result of the decision. I also believe the allegation that these additional monies are necessary to fund boilers for the Onni development space is untrue. I believe the additional spending authority is to cover the tracts of the payment to Corix. As the City currently refuses disclosure of the FOI documents sought, we must ask you.

Could you please identify:

- a) The exact amount of debt claim alleged by Corix and any offset amount claimed by the City?
- b) The amount of the claim ordered paid in the decision?
- c) The amount of reimbursed legal costs paid to Corix by the City?
- d) The date of the decision?
- e) The date the monies were paid by the City/LEC to Corix?
- f) The entity named on the cheque received by Corix (i.e.: City of North Vancouver or LEC) ?

The residents of the City of North Vancouver would be eternally grateful if you would agree to release this data. On the other hand, if the City refuses to allow the data to be released, would you simply write in reply letting us know this fact.

We need to know all financial losses which have occurred on this Mayors watch. This is not the first. Others are currently under investigation and the CPABC organization have a decision pending about the truthfulness of disclosures in this regard.

Thank you in advance for your time and consideration.

Yours truly,

"Kerry Morris"

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