

**Report to Council and the ratepayers of Melancthon regarding the \$5 million
“gift” from Dufferin Wind Power Inc.**

In view of the recent electronic edition of the Orangeville Banner and the subsequent e-mails and discussions, I felt it necessary to provide the following brief synopsis of events that lead to this.

On Sept 14, 2011 Denise Holmes, Melancthon’s CAO and I met for the first time with Mr. Jeff Hammond and Chad McAllister. It was more or less a “meet and greet”. The meeting touched on things that were important to the Township - i.e. buried lines, community contributions, turbine sizes, etc. Mr. Hammond was very direct in saying that they work in a certain way, they probably would not bury lines because they didn’t need to and at that point did not commit to any community contribution, but hoped we could find common ground.

We indicated that we had worked out an arrangement with Plateau Wind Inc. that was done under the Green Energy and Economy Act and would provide him with a copy of that Agreement that could be used as a template, which we did.

In April of 2012 the first “formal” pre-consultation meeting was held and the following people were in attendance; myself, Denise Holmes CAO, Township Planner Jerry Jordan, Township Solicitor Andrew Osyany, Township Engineer Gord Feniak, Jeff Hammond Senior Vice President Dufferin Wind Power Inc. Chad McAllister, Land Specialist Longyuan Canada Renewables Limited and John Kidd representing the Shareholders of Melancthon Farm Owned Power and Mr. Zhu Dong, Longyuan Canada Renewables.

From the discussions, it certainly appeared that the Plateau Agreement was being used. Mr. Hammond indicated they were using the Plateau Agreement and making changes they felt were necessary and would have it submitted to our Solicitor in the next day. A couple of days later, I was talking to Mr. Hammond and he said he was e-mailing the Agreement to our Solicitor that afternoon. That was in late April 2012.

In June of 2012, letters were received by Council criticizing us for “holding up the project” and not signing the Agreement. Specific verbal and non-verbal allegations were made that it was me personally delaying the project, and Council was against it.

A letter was sent on June 12, 2012, to those people who wrote, advising that it was not Council or I holding up the Agreement and explained the above information. The same letter was also sent to subsequent people accusing us of the delay.

There have been informal contacts at various PIC's about the Agreement since then and we have always been told "it's on its way". About a month or so ago, Rebecca Crump of Dillon Consulting came to the office on Tuesday (my Township office day) to drop items off and met with Denise and I. She indicated there were a couple of concerns in the Plateau Agreement about our right to enter the property and our time frame about decommissioning. We explained our position again and when Rebecca left, we were under the impression that she had a better understanding and hopefully that would do it.

At the October 24, 2012 PIC in Horning's Mills, Rebecca advised that although the Agreement was supposed to have been at our office October 19, 2012 "it would be there any day". At that PIC, Mr. Hammond stated that it would be available soon. I rose during the meeting and advised that Council had a meeting November 1, 2012 and hopefully they would ensure Council had it before the general population.

On November 1, 2012 at 5:42 p.m. Mr. Hammond forwarded the Agreement to our CAO. Denise contacted me (although I was away till Wednesday) and I went into the Orillia Library and printed off the Agreement. We discussed that in view of the drastic differences, from what we had been expecting, that instead of having the "normal Staff and Professional working meeting", I wanted the entire Council to be involved and a Special Council Meeting was called for 1:00 p.m. on Thursday November 8, 2012.

The meeting was an open Council meeting. Direction was given to the Professional Team to "redline" the Agreement. In addition, Members of Council were asked to submit their concerns/ideas by 4:30 p.m. on Monday November 19, 2012. A second Agreement would be prepared on Council's terms and at that point, another meeting would be held to see if there is any common ground.

On November 9, 2012, Dufferin Wind Power Inc. held the Grand Opening of their new office in Shelburne where they announced the "\$5 million dollar gift" to Melancthon.

On Tuesday, November 13, 2012, I was at the Township Office and opened my e-mail to find the latest online edition of the Orangeville Banner. I was amazed to see the headline. As I was sitting there in disbelief, Denise Holmes came into my office with the printed article saying that she had just received a call from our Deputy Mayor Darren White about the article.

Councillors Crowe and Malek were doing Committee work in the lunch room and we showed them the article. I immediately called Bill Tremblay of the Banner (the author of the article) and explained there was no "gift". I explained about the Agreement, told him about the Special Meeting of Council and the direction given. Within about 45 minutes, Bill Tremblay changed the headline and parts of the story.

In a follow-up e-mail, I provided more information and Bill Tremblay got back to me saying "you're absolutely right I should have called you on this. They spun me pretty good with their presentation of the "gift".

For the record, there are many concerns with the Agreement. Council is not going to debate specifics of it now or at a subsequent meeting because there are so many things. Once any Agreement is developed by Council, we will discuss it. I do however believe it is important for the public to be aware that one of the main considerations for the "gift" was: *"Now therefore in consideration of the mutual agreements contained herein, and the Municipality agreeing to publicly support the Development, including but not limited to the Developments Transmission System running from the Hydro One Networks Inc's Orangeville transformer station along the former Toronto Grey Bruce railway corridor, now owned by the County of Dufferin, and doing all things within its power to assist the Developer in securing the rights to construct, operate and maintain the Development and Transmission System, the Municipality and Developer agree as follows:"*

That does not sound like a "gift" to me. The \$5 million dollar figure is arrived at by the Township getting \$214,000.00 per year indexed at 2% for the next 20 years. In addition, there would be a one-time payment of \$225,000.00 upon signing of the Agreement.

It should be noted, that had the Provincial Government not capped the turbine assessment at \$40,000/MW, the Township would, based on current market value assessment, receive approximately \$15,700.00 per turbine (based on a turbine value of \$1.75 million multiplied by the 2012 Industrial Tax Rate - Melancthon). And, if you multiply that amount by the 49 turbines, the Township would receive approximately \$769,000.00 per year in taxes. The total tax dollars that the Township will see based on the capped assessment for the 49 turbines will be approximately \$35,445.00. Therefore, the net annual shortfall to the Township based on the amounts above, would be approximately \$519,555.00 (taking the Community Contribution into consideration) and the shortfall, multiplied over 20 years would be \$10,391,100.00.

Going forward the only comments that I will be making will be by direction or motion of Council or by a Press Release.

Our goal as a Council is to be open and transparent. While we appreciate that there are varying views, our job is to fulfil our obligations as outlined in the Municipal Act and we will do that.

Respectfully submitted,

Bill Hill, Mayor