

INVESTIGATION REPORT

FOR THE CITY OF ELLIOT LAKE

CONFLICT OF INTEREST COMPLAINT RE:

COUNCILLOR CHRIS PATRIE



***Office of the Integrity
Commissioner***

Prepared By:

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PREAMBLE

Expertise for Municipalities (“E4m”) was appointed as the Integrity Commissioner for the Corporation of the City of Elliot Lake (the “City”) by resolution on February 11, 2019.

As the Integrity Commissioner, E4m is a statutory officer of the City. The Integrity Commissioner reports to Council and is responsible for independently performing functions assigned to them by the City. Pursuant to section 223.3(6), the City must indemnify and save harmless the Integrity Commissioner or any person under their instructions for costs reasonably incurred by either in connection with or in the defence of certain proceedings.

E4m has been appointed by the City as the Integrity Commissioner for all functions set out in section 223.3(1) of the *Municipal Act 2001*, and E4m is responsible for conducting inquiries into whether a member has contravened the Code of Conduct pursuant to section 223.4(1) or contravened sections 5, 5.1 or 5.2 of the *Municipal Conflict of Interest Act* pursuant to section 223.4.1 (1).

The *Municipal Act, 2001*, gives the Integrity Commissioner a number of powers that the Integrity Commissioner can exercise while conducting Code of Conduct and *Municipal Conflict of Interest Act* inquiries. Specifically, subsections 223.4 (3) and 223.4.1(10) provide that “the municipality and its local boards shall give the [Integrity] Commissioner such information as the [Integrity] Commissioner believes to be necessary for an inquiry.” Moreover, subsection 223.4(4) and 223.4.1(11) provide that the Integrity Commissioner is “entitled to have free access to all books, accounts, financial records, electronic data processing records, reports, files and all other papers, things or property belonging to or used by the municipality or a local board that the Commissioner believes to be necessary for an inquiry.”

In addition to the statutory requirements for an inquiry under the *Municipal Act, 2001*, Integrity Commissioner inquiries are governed by the Integrity Commissioner Inquiry Protocol, which was adopted by Council. Pursuant to section 3.4 of the Integrity Commissioner Inquiry Protocol, in performing his or her duties, the Integrity Commissioner may engage outside assistance or consult with the City’s legal counsel.

The City’s legal counsel is employed by the City. The *Rules of Professional Conduct* provide that notwithstanding the fact that instructions may be received from an agent for an organization, when the lawyer is employed by an organization, including a corporation, in exercising the lawyer’s duties and providing professional services, the lawyer shall act for the organization. An incorporated organization has a legal personality distinct from its members, agents, councillors or employees. As such, when the Integrity Commissioner consults with the City’s legal counsel pursuant to section 3.4 of the Integrity Commissioner’s protocol, the Integrity Commissioner providing instructions as a statutory officer of the City and the City’s legal counsel is acting to ensure that the City’s interests are served and protected.

I. EXECUTIVE SUMMARY

- [1] These reasons relate to an inquiry pursuant to section 223.4.1 of the *Municipal Act, 2001*, (the "*Municipal Act*") about Chris Patrie ("Councillor Patrie"), an elected member of the City Council ("Council") for the Corporation of the City of Elliot Lake (the "City").
- [2] The Applicant alleged that Councillor Patrie contravened sections 5(1)(c) and 5.2(1) of the *Municipal Conflict of Interest Act* (the "*MCOIA*") by lobbying Council and staff to build the City's Community Hub (the "Hub") behind the Oakland Plaza. Councillor Patrie is an Officer and Director of a corporation that owns the Oakland Plaza and owns and operates the Trading Post, a retail store in the Oakland Plaza.
- [3] The results of our inquiry reveal that Councillor Patrie did contravene sections 5 and 5.2 of the *MCOIA*. We find that Councillor Patrie had a "deemed" and an "indirect pecuniary interest" in the location of the City's proposed Hub. We find that Councillor Patrie contravened sections 5.1 of the *MCOIA* when, before, during, and after the March 6, 2019, council meeting Councillor Patrie attempted to influence Council's discussion and vote on whether to purchase the property at 151 Ontario Avenue (the "Property") in order to construct the Hub. Moreover, we find that Councillor Patrie contravened section 5.2 of the *MCOIA* when Councillor Patrie attempted to influence the Chief Administrative Officer, the Mayor and other individual members of Council with respect to the location for the Hub and the purchase of the Property. To be clear, we find that Councillor Patrie wanted the Hub constructed on property adjacent to his business. He advocated for that site with various Members of Council and staff. He opposed Council's efforts to purchase the Property in an effort to thwart Council's decision to put the Hub on that Property. We find that his efforts to eliminate the purchase of 151 Ontario Avenue was a specific effort to improve the financial position of his Corporation.
- [4] Because we have found that Councillor Patrie contravened the *MCOIA* and that such contravention was ongoing, intentional and occurred before, during and after the March 6, 2019, meeting of Council, we will be applying to a Judge of the Ontario Superior Court of Justice under section 8 of the *MCOIA* for a determination of whether Councillor Patrie contravened the *MCOIA* and, if so, a decision as to the penalty to be imposed.

II. LEGISLATIVE FRAMEWORK

- [5] Under section 223.4.1(2) of the *Municipal Act*, an elector or a person demonstrably acting in the public interest may apply in writing to the Integrity Commissioner for an inquiry to be carried out concerning an alleged contravention of section 5, 5.1, 5.2 of the *MCOIA* by a member of council or a member of a local board.
- [6] Sections 5, 5.1 and 5.2 of the *MCOIA* provide as follows:

5 (1) Where a member, either on his or her own behalf or while acting for, by, with or through another, has any pecuniary interest, direct or indirect, in any

matter and is present at a meeting of the council or local board at which the matter is the subject of consideration, the member,

- (a) shall, prior to any consideration of the matter at the meeting, disclose the interest and the general nature thereof;
- (b) shall not take part in the discussion of, or vote on any question in respect of the matter; and
- (c) shall not attempt in any way whether before, during or after the meeting to influence the voting on any such question. R.S.O. 1990, c. M.50, s. 5 (1).

...

Written statement re disclosure

5.1 At a meeting at which a member discloses an interest under section 5, or as soon as possible afterwards, the member shall file a written statement of the interest and its general nature with the clerk of the municipality or the secretary of the committee or local board, as the case may be. 2017, c. 10, Sched. 3, s. 4.

Influence

5.2 (1) Where a member, either on his or her own behalf or while acting for, by, with or through another, has any pecuniary interest, direct or indirect, in any matter that is being considered by an officer or employee of the municipality or local board, or by a person or body to which the municipality or local board has delegated a power or duty, the member shall not use his or her office in any way to attempt to influence any decision or recommendation that results from consideration of the matter. 2017, c. 10, Sched. 3, s. 4.

- [7] When an application is submitted alleging that a member of council has contravened sections 5, 5.1, or 5.2 of the *MCOIA*, we may then conduct an inquiry. Upon completion of the inquiry, we may apply to a judge under section 8 of the *MCOIA* for a determination as to whether the member has contravened section 5, 5.1, or 5.2 of the *MCOIA*. We must publish reasons as to whether we intend to apply to a judge under section 8 of the *MCOIA*. These are those reasons.

III. THE APPLICATION

- [8] On March 29th, 2019, E4m as Integrity Commissioner (“IC”) received an application for inquiry (hereinafter the “Application”) with respect to Councillor Patrie. The Applicant is an elector under the *Municipal Elections Act* and was therefore entitled to make an application for an inquiry under section 223.4.1 of the *Municipal Act*. The Applicant declared that the application was made within six (6) weeks of the Applicant becoming aware of the alleged contravention. In that the application occurs within twenty-three (23) days of the subject Council meeting, we find that the application was brought within the timelines set by the *MCOIA*.

- [9] The Applicant alleges that Councillor Patrie contravened sections 5(1)(c) and 5(2) of the *MCOIA* when Councillor Patrie lobbied fellow members of Council, an officer and staff before, during and after the March 6, 2019, meeting of Council where Council decided whether to purchase the Property to build the Hub. The applicant alleges that Councillor Patrie had a pecuniary interest in this matter as he is an Officer and Director of the corporate owner of the Oakland Plaza and owner and operator of the “Trading Post”, a retail store in the Oakland Plaza.

IV. THE INQUIRY PROCESS

- [10] Upon receipt of the Application, we followed the inquiry process as set out in the Integrity Commissioner Inquiry Protocol that was adopted by Council. We completed an initial review of the complaint and determined that there were sufficient grounds to conduct an inquiry into the matter.
- [11] During the inquiry, we interviewed Councillor Patrie, Mayor Marchisella, Councillor Pearce, Commissioner Van Roon, Councillor Mann, Councillor Finamore, Councillor Turner, Councillor Cyr, Chief Administrative Officer (“CAO”) Mr. Dan Gagnon, Mr. Michael Thomas and Mr. Tony Guidoccio.
- [12] During the inquiry, we concluded, that Councillor Patrie was not a credible witness. Accordingly, Councillor Patrie’s evidence was only accepted where it had been fully vetted and corroborated.

V. THE FACTS

- [13] The basis for the Application is the City’s purchase of the Property in order to construct the Hub.
- [14] Since approximately 2016, the City has been considering the appropriate location to construct the Hub. The City commissioned two (2) consultant reports with respect to the appropriate location for the Hub. The first report, dated December 12, 2016, was prepared by Colliers and was titled “Multipurpose Complex Feasibility Study”. In its report, Colliers concluded that the “facility is best built on either the privately-owned site located at 151 Ontario Ave [the Property] or the municipally owned site on Highway 108 South, north of Esten Drive.”
- [15] In July 2017, Colliers provided the City with a second report. This report titled “City of Elliot Lake New Community Hub Site Options Comparative Analysis” considered the following sites:
- a. The site of the existing Centennial Area;
 - b. The site of the existing Civic Centre; and
 - c. The vacant lot located at 151 Ontario Avenue [the Property].

- [16] The report concluded that the Civic Centre was too small to accommodate the facility and that the 151 Ontario Avenue site [the Property] provided less challenges and risks than the Civic Centre site.
- [17] In addition to the properties listed above, the City owns property in Elliot Lake situated directly north of the Oakland Plaza on Oakland Boulevard (the “Oakland Boulevard Site”). Colliers did not list this property as a viable option for the Hub in either of the consultant reports.
- [18] On December 19, 2018, Council considered the purchase of 151 Ontario Avenue.
- [19] Prior to the December 19, 2019 Council meeting, whereat the purchase of 151 Ontario Avenue was to be discussed, Councillor Patrie visited Councillor Cyr [at Councillor Cyr’s workplace] to advise that Councillor Cyr had a pecuniary interest in the discussion regarding the purchase of 151 Ontario Avenue. At the meeting, Councillor Cyr, feeling bullied and concerned that he might face legal challenge from Councillor Patrie, declared a conflict and the vote to purchase 151 was tied and in essence defeated. Subsequent to that meeting Councillor Cyr did have advice that said he did not have a pecuniary interest in the matter. After March 1, 2019, Councillor Cyr did obtain advice from the Integrity Commissioner that stated he did not have a pecuniary interest in the purchase of 151 Ontario Avenue [this matter has been addressed more fully in another report].
- [20] On March 6, 2019, a special meeting was held whereat Council voted to purchase the Property for the Hub. Councillor Patrie did not disclose a pecuniary interest at this meeting.
- [21] Before, during, and after the March 6, 2019 meeting, Councillor Patrie lobbied Mayor Marchisella, Councillor Mann, Councillor Turner and CAO, Mr. Dan Gagnon about building the Hub on the Oakland Boulevard Site.
- [22] Councillor Patrie also asserted that even if he had these conversations, there was no pecuniary interest on his part as there would be no positive impact on his business. He stated that he thought there would actually be a negative impact. (Although this statement is not accepted by the IC, if it were true, it would still constitute a prohibited *negative* pecuniary interest for Councillor Patrie and require him to declare a conflict. Put differently, a pecuniary interest can be either positive OR negative.).
- [23] After the March 6th, 2019, Council meeting, Councillor Patrie continued to protest the calling of the meeting and the outcome. It got to the point that Mr. Gagnon invited Councillor Patrie to communicate directly with Mr. Paul Cassan – lawyer for the City. Councillor Patrie then sent Mr. Cassan a detailed account of the issues he had with this matter. We have reviewed the information provided to Mr. Cassan by Councillor Patrie. We found the information to be inaccurate in many respects.

- [24] Mr. Cassan then provided a written legal opinion to all of Council and endorsed the process that had been followed in this matter. This legal opinion belonged to the City and Council NOT to Councillor Patrie as an individual and it was not addressed to him. This opinion is solicitor and client privileged and is specifically protected under the Code of Conduct and cannot be disclosed except by consent of Council.
- [25] When interviewed, Councillor Patrie advised that he had obtained his own legal opinion on this issue. When asked, he provided us with a copy of the opinion from Virginia McLean, a lawyer who frequently worked or works for the City. In reviewing the opinion, it was clear that Councillor Patrie not only shared with his lawyer the confidential opinion that Council received from Mr. Cassan, but he also shared the memo produced by Councillor Pearce from the February 19th, 2019, meeting where the purchase was discussed with staff and Mayor Marchisella. This is the same memo given to Councillor Patrie by a staff member opposed to this matter. We also noted that Councillor Patrie shared the same details to his lawyer that he gave to Mr. Cassan and which continued to contain inaccurate information.
- [26] In the investigation, we did not find any evidence that Council authorized this disclosure, nor that Council waived the professional conflict of interest that this opinion appears to give rise to pursuant to rule 3.4(10) of the Law Society of Ontario Rules of Professional Conduct regarding Ms. McLean acting against a former (or possibly current) client.
- [27] We found that the materials shared by Councillor Patrie were protected documents and not his to share. He clearly violated the Code of Conduct in doing so.
- [28] We asked Councillor Patrie in writing to explain why he shared this information. He did not provide a fulsome response. Instead, he attempted to assert solicitor client privilege on the documents that he previously gave to us and advised us that we did not understand our duties under the *Municipal Act* in regard to this investigation. We again encouraged Councillor Patrie to provide an explanation as to why he did this. He did not respond to this request.

VI. THE ISSUE

- [29] We considered:
- a. Whether Councillor Patrie had a pecuniary interest in the purchase of the Property for the Hub;
 - b. Whether Councillor Patrie attempted before, during, or after the March 6, 2019, meeting to influence the voting on whether to purchase the Property; and

- c. Whether Councillor Patrie used his office to attempt to influence City staff or officers' decisions or recommendations with respect to the purchase of the Property;

VII. THE OPINION

- [30] The *MCOIA* prohibits Councillors who have a pecuniary interest from attempting in any way whether before, during, or after the meeting [from influencing] the voting on any such question.
- [31] The first issue we analyzed was whether Councillor Patrie had a “pecuniary interest” in the question before Council. “Pecuniary Interest” is not defined in the *MCOIA*, however the Courts have interpreted it to mean a financial interest or an interest related to or involving money. It does not matter whether the financial interest is positive or negative and when considering the existence of a “pecuniary interest”, it also does not matter the quantum of the interest.
- [32] In essence the Courts look at whether a financial interest exists and whether it is direct (personal to Councillor Patrie), deemed or indirect.
- [33] The matter before Council was whether they should purchase the Property to build the Hub. We find that Councillor Patrie had both an indirect and deemed pecuniary interest in this matter.
- [34] The Oakland Plaza is owned by Klover Building Inc. Councillor Patrie and his wife, Kelli Patrie, are directors and officers of Klover Building Inc. Councillor Patrie is also the owner and operator of the Trading Post, a store in the Oakland Plaza. We conclude that Councillor Patrie has an indirect and deemed interest in matters which may have a pecuniary impact on the Oakland Plaza and the Trading Post.
- [35] In order to determine whether the placement of the Hub would have a pecuniary impact on the Oakland Plaza and the Trading Post, we commissioned an Asset Valuation Change Report from Northstar Consulting (Attached hereto as **Exhibit A**). This report was received on September 5th, 2019. The report considered whether building the Hub at the Oakland Boulevard Site would have a greater economic impact on the valuation of the Oakland Plaza when compared to the Property and the alternate site on Esten Drive – Highway 108 South.
- [36] Northstar Consulting concluded that “developing the Multipurpose Community Hub on Site 5 [the Oakland Boulevard Site] would be a lucrative opportunity for the plaza owner [Klover Building Inc], and that site 5 [the Oakland Boulevard Site] would be significantly more beneficial to the owner than sites 2 [the Property] or 4 [Esten Drive- Highway 108 South site].
- [37] Accordingly, we find that Councillor Patrie had a pecuniary interest in the location of the Hub and Council’s decision to purchase the Property for the Hub. Because Councillor Patrie had a pecuniary interest in the matter, we find that Councillor Patrie contravened

sections 5, 5.1 and 5.2 of the *MCOIA* when he lobbied Mayor Marchisella, Councillor Mann, Councillor Turner and Chief Administrative Officer, Mr. Dan Gagnon about building the Hub on the Ski Hill Property, failed to disclose the interest in the March 6, 2019 meeting and voted on the decision to purchase the Property.

VIII. CONCLUSION

[38] It is our opinion that Councillor Patrie did have a pecuniary interest in the matter before Council on March 6, 2019. We have found that Councillor Patrie contravened the *MCOIA* and that such contravention was ongoing, intentional and occurred before, during, and after the March 6, 2019 meeting of Council. We will be applying to a Judge of the Ontario Superior Court of Justice under section 8 of the *MCOIA* for a determination of whether Councillor Patrie contravened the *MCOIA* and, if so, a decision as to the penalty to be imposed.

DATED September 16, 2019

EXHIBIT "A"



Elliot Lake

Asset Valuation Change Report
Elliot Lake Multipurpose Complex
September 4th, 2019



Northstar
Consulting



1.0 Introduction

Northstar Consulting Inc. has been retained to review the prospect sites that are being proposed for a multi-purpose sports/recreation and community hub for Expertise for Municipalities (E4m) who is the Integrity Commissioner for the municipality of Elliot Lake. Two previous consultant reports prepared by Colliers on behalf of Elliot Lake have been used to set the baseline assumption in this analysis. This report will compare three sites and determine if the proposed location next to the Oakland plaza situated at 14 Oakland Boulevard in Elliot Lake will have a greater economic impact in the valuation of the plaza when compared to the two recommended alternate sites at 151 Ontario Ave and North of Esten Drive - Highway 108 South.

2.0 Scope of work

This report is limited in scope to a high-level review of news articles pertaining to the matter as well as the two Colliers reports including the Multipurpose Complex Feasibility Study (820612-0021 v1.0) and City of Elliot Lake New Community Hub Business Case (820612-0031 v4.0). No discussions have occurred with Elliot Lake residents or project stakeholders during the preparation of this report. The report will formulate an opinion as to whether or not there is an expectation that by situating the hub complex next to the Oakland Plaza/Trading Post there would be either an increase or decrease in either the property values at this location or in regards to the foot traffic and associated revenues.

3.0 Multipurpose Community Hub Project Background

The proposed facility would be a \$30 million capital costs investment with yearly program revenues of approximately \$450,000, and expected to increase year over year. This facility would replace the aging Centennial Arena and Ruben Yli Juuti Centre Pool which generated yearly revenues of approximately \$100,000 and \$170,000 respectively. It is important to note that the new facility is expected to approximately generate \$180,000 in new revenue when compared to the existing two facilities that it will be replacing. That revenue is made up of a local component as well as an external tourism revenue attraction component originating from tournaments, special events, and gatherings. The expected monetization of this facility and cash flows from tourists and external residents is an important factor in this analysis and impact full to the retail bases tenants of the Oakland Plaza. The component revenue for the Multipurpose Community Hub can be found in Table 1 below.

Table 1: Expected Facility Revenue

Revenue expectations - Rounded to the nearest 1000		
Component	Year 1	Year 20
Arena	\$ 178,000	\$ 260,000
Aquatic Centre and multi purpose rooms	\$ 185,000	\$ 270,000
Gymnasium and fitness centre	\$ 74,000	\$ 108,000
Total	\$ 437,000	\$ 638,000

Source: Colliers Report 820612-0031 v4.0



4.0 Real Estate Valuation Methods

Real estate valuations can be calculated through a number of methods. These include; comparable sales approach, replacement cost method, and capitalization method. The sales comparison approach considers the selling prices of similar, recently sold properties. Those sales prices are adjusted to reflect the time, conditions, and differences between the comparable properties and the subject property. The result of the adjustments is a subject value estimate. Due to the fact that the Multipurpose Community Hub Project is expected to have a meaningful and significant impact on the area once it has been built and brought online, it has been determined that an analysis using historical sales data would not be appropriate. Replacement cost method is a commercial real estate valuation method in which its replacement cost (instead of its liquidation value) is considered which is usually higher than the book value (because depreciation is not taken into account). Given the scenario that this report is evaluating, replacement cost method is not appropriate to make the required determination. The capitalization method is an income-based approach to valuation that is based on the company's ability to generate cash flows in the future. It is the belief of Northstar Consulting that the Multipurpose Community Hub Project will positively affect future cash flows for some of the tenants of the Oakland Plaza and the location selected for the facility will have an impact on the magnitude of the increase. Capitalization valuation is the most appropriate method to draw the most accurate conclusion and will be the basis of the analysis used in the report.

5.0 Estimated Facility Traffic

The multi-purpose sports and recreation community hub will consist of a 500 seat arena, aquatic facility, fitness centre, walking track, gymnasium and multipurpose gathering rooms. The facility will generate a steady flow of reoccurring traffic from locals who plan to use the facility on an ongoing basis as well as special event driven traffic from concerts, trade shows, conferences, tournaments and sporting events. The special event driven traffic is expected to have a high volume of tourist or non-residents in attendance and would present the most significant economic increase over what exists in Elliot Lake today. A conservative estimate in traffic for the proposes of this report would be an average of 200 to 300 regular patrons per day, and an addition of 16,000 in special event traffic yearly. These consumers will generate the \$450,000 in revenue for the facility and drive sales at neighboring establishments. The basis of the attendance assumptions can be found in Appendix 1.



6.0 Oakland Plaza Cash Flow

To determine the valuation change of the Oakland Plaza, the net operating income (NOI) of the property is analyzed under the three different site scenarios. This analysis is done for each existing tenant as well as future prospects. We expect little change in operating expenses due to the addition of the multipurpose sports and recreation community hub and hence will focus primarily on income change. This report assumes that the value of the Plaza will increase as the tenant rents increase. It is acknowledged that it is probable that the tenants are in existing leases, however, if there is a substantial increase in revenue based on the location, the ability to charge increased rents is likely. Furthermore, the location will become more desirable with increased traffic and ability to charge more rent to new tenants is also very probable. Finally, Trading Post retail location is owned by the same plaza owner and increased revenue from sales of goods and services at this location would directly benefit the owner.

7.0 Prospective Location Analysis

Upon a review of the information presented to Northstar Consulting Inc., at the time of this report, there are three potential sites that are in question for the new Multipurpose Community Hub Project. Two of the sites were among those recommended in the Colliers report (820612-0031-v4.0) and have been identified as the best two locations. These are the preferred site at 151 Ontario Ave, Elliot Lake, ON P5A 2K3 (site 4) and the secondary choice North of Esten Drive at Highway 108 South (site 2). The third site is being proposed by the Oakland Plaza owner and is situated directly north of the plaza (site 5). This report will compare the three locations and decide if the site adjacent to the Oakland Plaza presents any increased direct benefit to the owner or the Plaza tenants, when compared to the suggested two sites in the Colliers report. Upon review of these sites, and the supporting data in the two Colliers Reports, Northstar Consulting also believes that the site at 151 Ontario Ave is the superior choice for the community and its stakeholders.

The development of the Multipurpose Community Hub will benefit the entire community. As more tourists and external dollars flow into the Elliot Lake economy, the local business community will realize that benefit in multiple ways. All three sites are within a 1.5 kilometer radius of the plaza and would be considered close enough to have some direct benefit to the location at 14 Oakland Blvd. The location being proposed directly north of the plaza would have additional benefits that could be easily monetized. The proposed location north of the plaza is within a “zone of convenience” which is defined as properties within a small radius to a major consumer driver. The properties within the zone of convenience benefit from the added consumer traffic pulled into the vicinity by the destination property. From table 2 below we can see that site 5 is well positioned to leverage pedestrian traffic as well as vehicular traffic due to its very close proximity to the traffic driver being the Multipurpose Community Hub. It would be likely that a consumer could walk to both the hub and the plaza without moving their car.

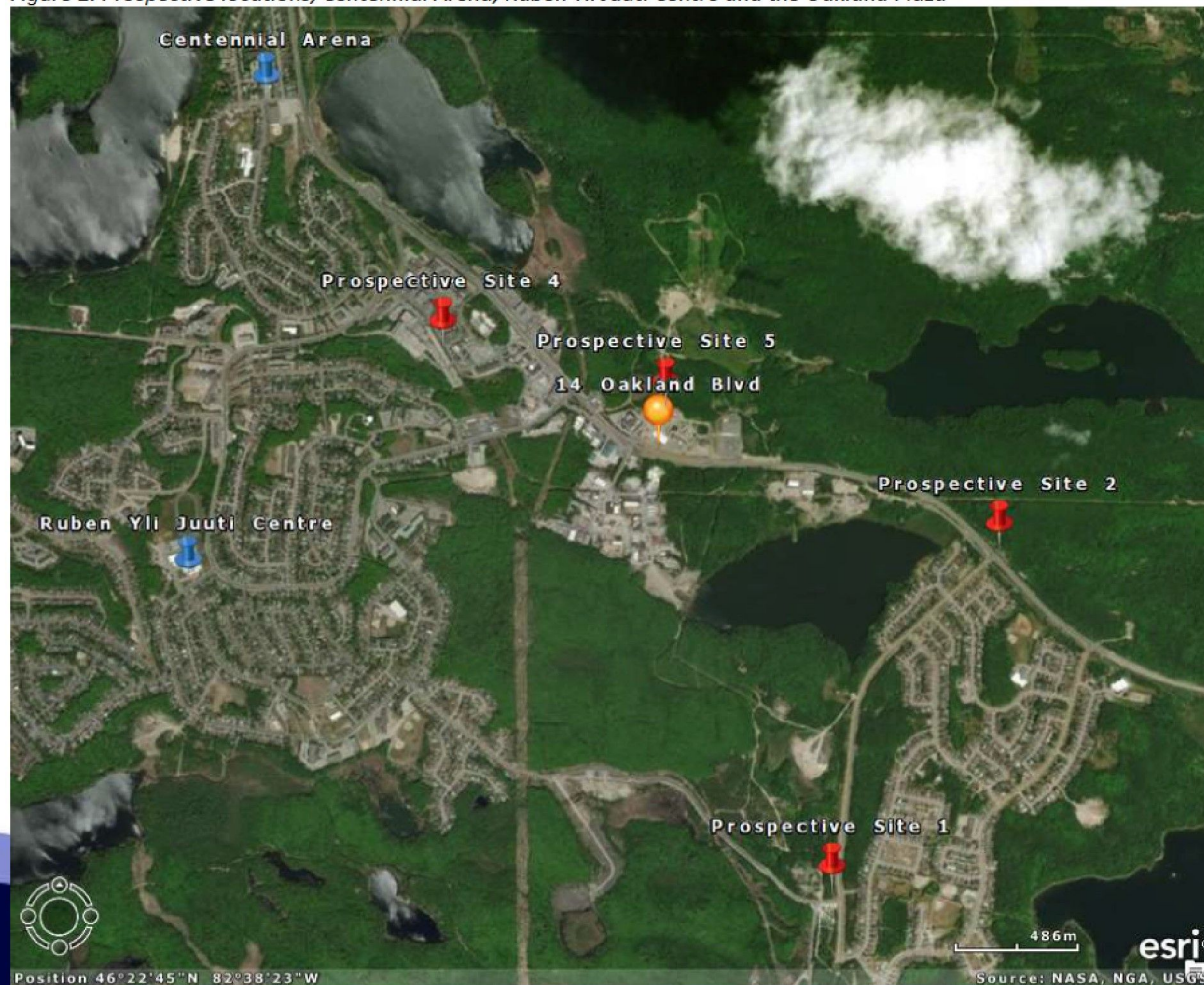


Furthermore, the access to the Multipurpose Community Hub would require the users of the facility to directly pass the Oakland plaza, presenting a further leverage opportunity. These competitive advantages do not exist for the Oakland Plaza with site 2 or site 4. There is significant value from and exposure and advertising perspective when look at the logistical funnel effect that would exist if site 5 were to be selected. The access points can be seen in Figure 2 below.

Table 2: Existing and Prospective Site Distance Analysis		Centennial Arena		Ruben Yli Juuti Centre		Oakland Plaza		Prospective Site 2		Prospective Site 4		Prospective Site 5	
		Driving	Walking	Driving	Walking	Driving	Walking	Driving	Walking	Driving	Walking	Driving	Walking
301 Mississauga Ave, Elliot Lake, ON P5A 1E8	Centennial Arena	0	0	4 Minutes	25 Minutes	5 Minutes	31 Minutes	5 Minutes	47 Minutes	5 Minutes	20 Minutes	5 Minutes	29 Minutes
180 Spruce Ave, Elliot Lake, ON P5A 2C8	Ruben Yli Juuti Centre	4 Minutes	29 Minutes	0	0	4 Minutes	26 Minutes	5 Minutes	45 Minutes	3 Minutes	17 Minutes	4 Minutes	27 Minutes
14 Oakland Blvd, Elliot Lake, ON P5A 2T1	Oakland Plaza	5 Minutes	31 Minutes	4 Minutes	26 Minutes	0	0	2 Minutes	19 Minutes	4 Minutes	16 Minutes	1 Minute	3 Minutes
North of Esten Drive - Highway 108 South (46.37679, -82.61997)	Prospective Site 2	5 Minutes	47 Minutes	5 Minutes	45 Minutes	2 Minutes	19 Minutes	0	0	5 Minutes	33 Minutes	2 Minutes	19 Minutes
151 Ontario Ave, Elliot Lake, ON P5A 2K3	Prospective Site 4	3 Minutes	20 Minutes	3 Minutes	17 Minutes	4 Minutes	16 Minutes	5 Minutes	33 Minutes	0	0	4 Minutes	15 Minutes
Oakland Blvd and Ski Hill Road	Prospective Site 5	5 Minutes	29 Minutes	4 Minutes	27 Minutes	1 Minute	3 Minutes	2 Minutes	19 Minutes	4 Minutes	15 Minutes	0	0

It is apparent from table 2 above that site 5 would be advantageous when looking to leverage pedestrian and vehicular traffic over site 2 and site 4.

Figure 1: Prospective locations, Centennial Arena, Ruben Yli Juuti Centre and the Oakland Plaza



The map above visually shows the proximity of each site to the plaza and the table below defines the distance.

Table 3: Plaza Proximity	Oakland Plaza Distance
Prospective Site 2	1.5 KM
Prospective Site 4	1.2 KM
Prospective Site 5	200 M

Figure 2: Logistical Access Points to Proposed Site 5



7.1 Existing Tennant Benefit Analysis

The Oakland Plaza is current operating location for the following businesses:

Building 1

1. Enbridge
2. Pet Valu
3. Shear Creations Hair Salon
4. Trading Post
5. Fire Side Classic Grill

Building 2

1. Paul Lalonde Alignements
2. Union Taxi
3. GR Entreprises – Power Sports – RV & Marine



The economic impact of the Multipurpose Community Hub is expected to benefit each business differently and this section will analyze the impact for each location as well as the probability that there will be an increase of their willingness to pay-based on increase revenues.

7.2 Enbridge / Union Gas

The Multipurpose Community Hub would present little to no benefit for this tenant and increased rents upon lease renewal based on the presence of the hub would be negligible.

7.3 Pet Valu

A web based search shows that at least 3 dedicated pet stores with a number of retail options that carry basic pet food and supplies such as grocery stores (No Frills) and Pharmacies (Shoppers Drug Marts) exist in the area. Retail is closely tied to consumer traffic and location has a significant impact on sales. Furthermore, added exposure and the benefits from external advertising can be leveraged due to the logistical funnel that exists with site 5 exclusively. The map below shows the location of the competitive pet stores in the area and their proximity to the prospective sites and the Oakland Plaza. We can conclude that from this information the Pet Valu store within the Oakland Plaza would see a direct benefit from the selection of site 5 over site 2 or site 4. This benefit could be monetized upon lease renewal by the owner to increase the NOI of the plaza.

Figure 3: Pet Store locations in proximity to the prospective 3 sites and the Oakland plaza.



7.4 Shear Creations Hair Salon

A web-based search revealed that ten or more hair salons are operating in Elliot Lake. In this business, clientele is often more sticky than other businesses in the service sector. A strong resistance to change exists once an individual has found a hairdresser that they are satisfied with. Despite that fact, there are some consumers that value convenience and look for an option that is best suited for them. When looking for a new hair salon, service quality as well as location are key drivers for consumers. Figure 5 below shows the location hair salons in the area. There is an apparent cluster of hair salons positioned around site 4. There is little competition situated around site 5 and would present additional benefits to Shear Creations over site 2 and 4. Walk in clientele would be expected to increase if the Multipurpose Community Hub were to be built on site 5 and a direct benefit would be derived from the additional exposure. We can conclude that from this information the Shear Creations Hair Salon within the Oakland Plaza would see a direct benefit from the selection of site 5 over site 2 or site 4. This benefit could be monetized upon lease renewal by the owner to increase the NOI of the plaza.

Figure 4 Hair salon locations in Elliot Lake in proximity to Prospective site 2,4 &5 as well as the Oakland Plaza

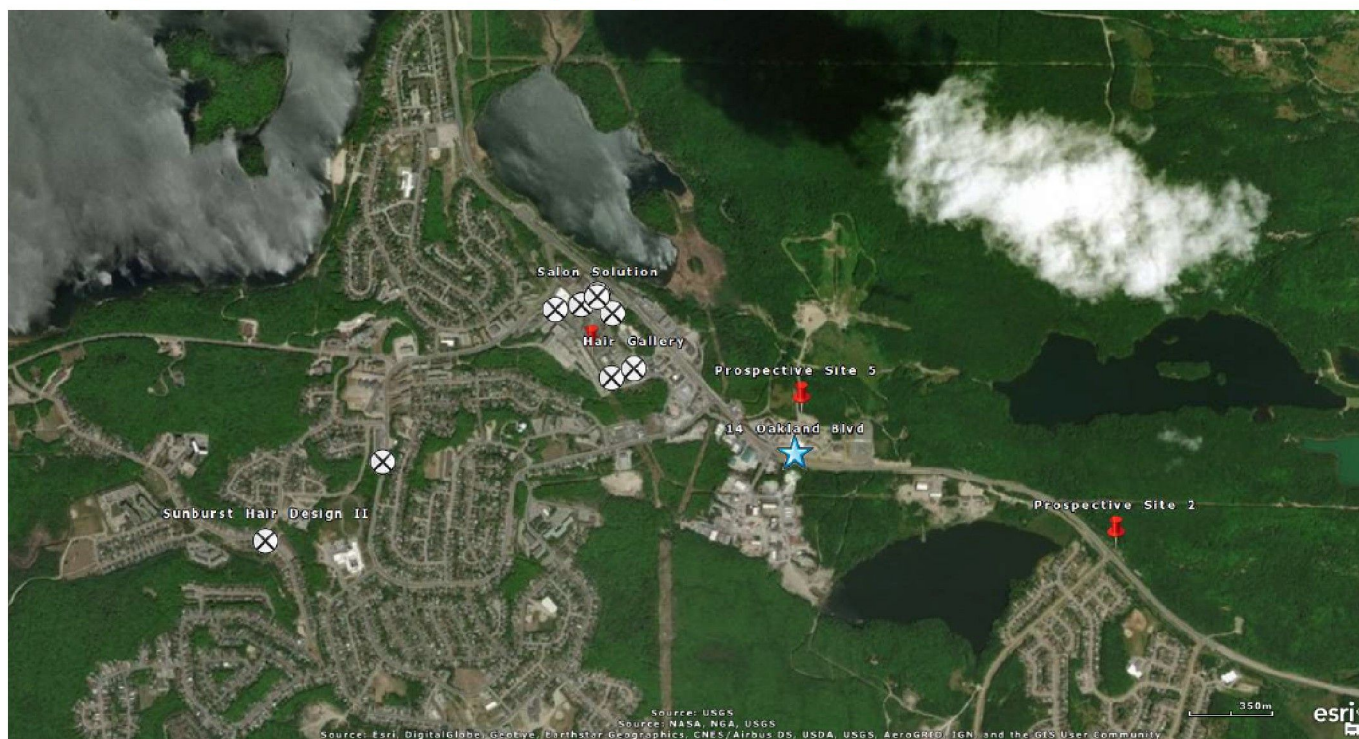


Figure 5: Hair Salon cluster positioned around Site 4



7.5 Elliot Lake Trading Post

This is a 1500-2000 square foot retail store focused on selling outdoor camping and fishing/hunting supplies as well as souvenirs. This store also carries a wide selection of snacks, and drinks. This store is well positioned to sell to tourists as well as pedestrian and vehicular traffic looking for convenience store items, as well as tourists looking for a souvenir. The increase traffic referenced in this report would be a direct benefit. Seeing as how the owner of the business and the plaza are one in the same, the benefit would be immediately realized or could be converted into a higher lease rate to increase the valuation of the property. The benefit seen from the development on site 5 is much stronger and more impact full for this business than if site 2 or 4 were selected, and can be directly translated into an increased valuation of asset.

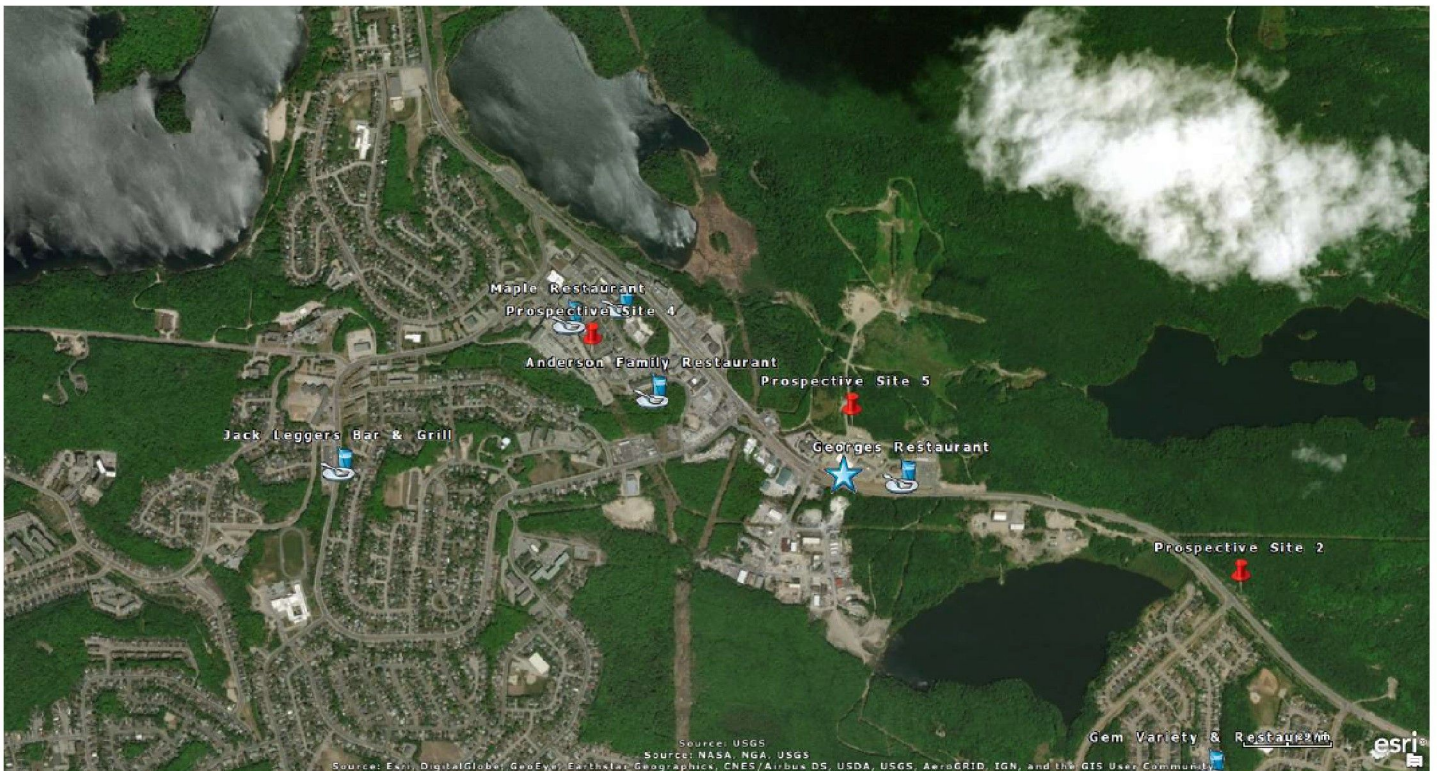
7.6 Fire Side Classic Grill

Six sit-down restaurants within the 2 km radius of the Oakland Plaza and multiple quick service options as well. These locations can be seen in figure 6 below. If the Multipurpose Community Hub were to be built on site 5, the increase in traffic would benefit both Georges and Fireside more so than the other four restaurants in the area. Similarly, the impact would be less so if site



4 were chosen where 3 additional restaurants can be found in that area. If site 5 were to be selected for the development, a significant benefit would exist before and after special events that were held at the complex. For example, the Elliot Lake Wildcats who participate in the NOJHL hold 28 home games per season, plus playoffs. The team has historically drawn just over 300 attendees per game on average. The typical target customer for these games would be likely to arrive at the arena early, to find an ideal parking spot and have a sit-down dinner before the game. This same concept would be applicable for concerts, trade shows and other events. The addition of a restaurant complex may lessen this effect depending upon options and price point, however, it is not expected to cannibalize existing sales and a net increase in revenues for the Fires Side Classic Grill would be expected with this development. The benefit seen from the development on site 5 is much stronger and more impact full for this business than if site 2 or 4 were selected, and can be directly translated into an increased valuation of asset.

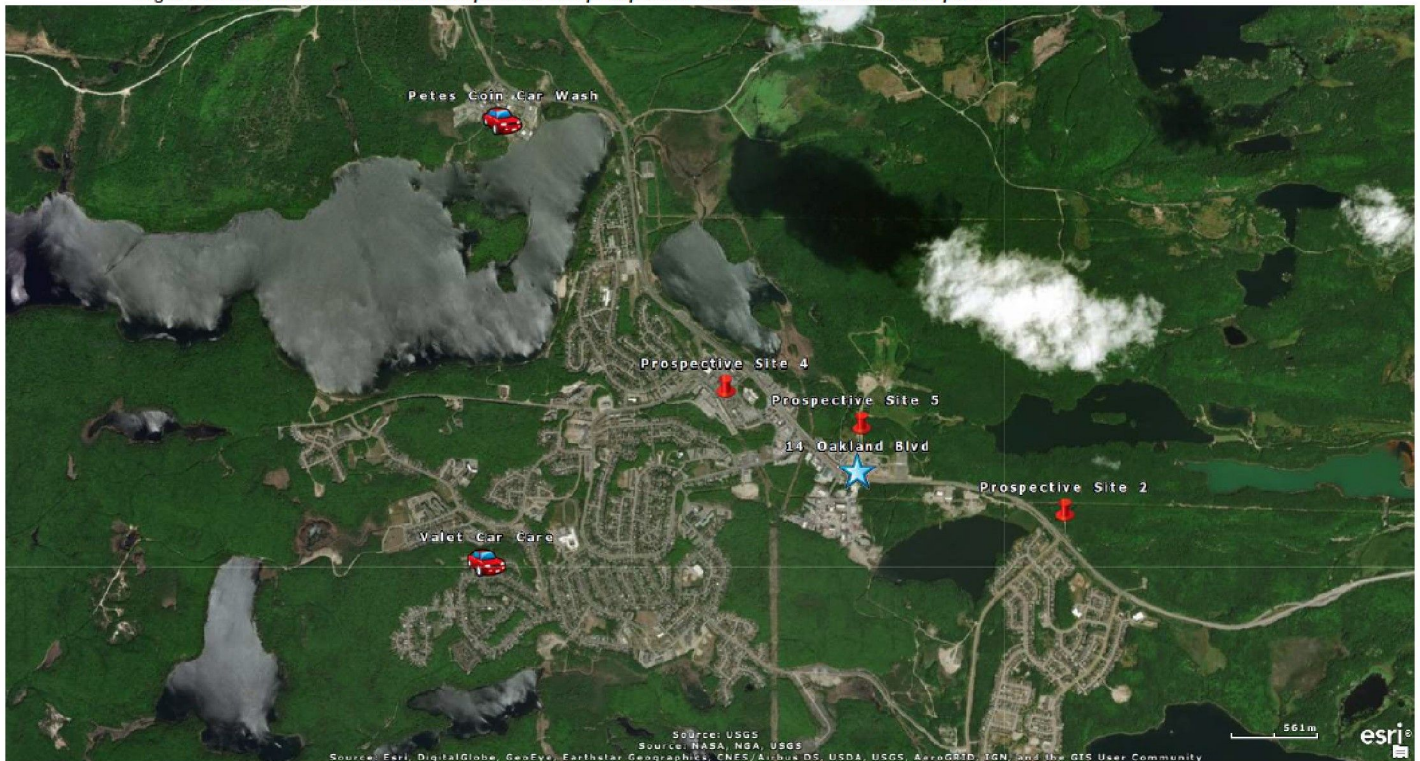
Figure 6: Locations of slow dining restaurants Elliot Lake



7.8 Paul Lalonde Alignments

This business services automobiles as well as has a touch-less car wash and vacuum station. The increased traffic that the Multipurpose Community Hub would bring would have some benefit to this location, but not nearly as significant as the Fire Side Classic Grill, trading post, or Pet Valu. There would be a direct benefit to the micro transactions such as car washes and vacuuming, however we would expect to see a marginal increase to the automotive service portion of the business. The increase exposure of site 5 would have an immediate benefit for this business, however, the increase in overall revenues when comparing site 5 to site 2 and 4 would be a small percentage of overall existing revenues. The figure below shows the existing car wash options in Elliot Lake.

Figure 7: Car wash locations in respect to the prospective 3 sites and the Oakland plaza.



From the figure above, it would appear to be at least two other car wash options in Elliot Lake, however, none as well positioned to capitalize on the additional vehicular traffic as Choice Tire & Repair Centre if site 5 were selected.



7.9 Union Taxi

The mobility and nature of this business ties little revenue to the location of the base of operations. There would be little difference in revenue for the business or the plaza if site 5 were to be selected over sites 2 or 4.

7.10 GR Enterprises - Power Sports

A web-based search shows that 3 other power sports dealers are operating in Elliot Lake. The locations can be found in figure 8 below. Purchases in this sector are often driven by product and brand loyalty; however, being in close proximity to a high traffic flow can create a marginal benefit. There would certainly be a direct benefit ties to the increased exposure and advertising opportunity and it would be up to the operator to make the most of that. The increase in overall revenues when comparing site 5 to site 2 and 4 would exist for this business to some degree and would have a small impact on valuation.

7.11 Prospective New Tenants

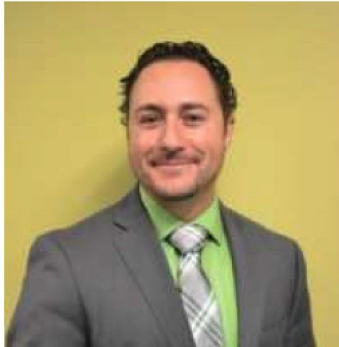
Perhaps one of the greatest opportunities to monetize development for the plaza owner is upon the expiration of the exiting leases. When this occurs, the owner may have an opportunity to solicit the space to the highest bidder. It is probable that some businesses would be willing to pay a premium to be situated next to the premier sports complex in the community with little options for alternate commercial space, unlike site 4 which seems to have multiple options in the vicinity. This increase in rental revenue streams would directly create an increase in the valuation of the plaza and increase the asset worth.

8.0 Conclusion

When evaluating at all the factors and competitive advantages sited in the report, it could be concluded with certainty that developing the Multipurpose Community Hub on site 5 would be a lucrative opportunity for the plaza owner, and that site 5 would be significantly more beneficial to the owner than sites 2 or 4. This would remain true both from a real estate asset valuation perspective, as well as from a retail sales standpoint when considering the Trading Post. The expectation for increase plaza revenues would directly lead to an increase in property valuation through the use of the Capitalization Valuation Method.



9.0 NORTHSTAR CONSULTING - JASON NACCARATO, PRESIDENT & CEO



Born and raised in Sault Ste. Marie, Jason Naccarato is a project manager who specializes in leveraging opportunities and managing initiatives related to finance, engineering, stakeholder engagement, and market development activities. Jason utilizes his experience to assist his team in the areas of economic development and strategy. He is a focused and driven individual who is results orientated.

Prior to starting Northstar Consulting, Jason was the Vice President of Development at the Sault Ste. Marie Innovation Centre (SSMIC) where he focused on economic development in the city of Sault Ste. Marie. During his tenure at SSMIC, he was also the CEO of Algoma Games for Health.

Jason is also the CEO of Northern Advancement Capital which is a real estate development firm. He currently owns and manages 45 residential units and over 60,000 square feet of commercial real estate space in Sault Ste. Marie.

In the past, Jason has held positions with Magna International as an Advanced Purchasing and Business Development team leader, Nissan North America as a Senior Program Controller in Cost Economics, Nissan Technical Centre North America as a Development Engineer, and with Siemens VDO as Test Engineer.

Jason was awarded an Honors Bachelor of Engineering Science in Mechanical/Materials Engineering from the University of Western Ontario. He holds an MBA from Wayne State University and was awarded his Project Management Professional (PMP) designation. Jason has also taught project management at Sault College. Jason has sat as a Director and/or Executive on numerous community-based Boards and Committees including:

Vice Chair - on the Sault College Board of Governors

Sault College is one of 24 publicly funded colleges in Ontario. Sault College is located in Sault Ste. Marie, Ontario, and began in 1965 as the Ontario Vocational Centre.

Director on the Ontario Sustainable Energy Alliance (OSEA) Board of Directors

(OSEA) is a non-profit organization supporting the growth of renewable energy and Community Power projects in the Canadian Province of Ontario.

Past President on the Sault Ste. Marie Chamber of Commerce Board of Directors

The chamber is the recognized voice of business committed to economic prosperity in Sault Ste. Marie.



Appendix 1

Hypothetical Regular Attendance		
Regular Usage	Daily Usage	Yearly Usage
League Hockey	100	26500
Swimming	50	13250
Fitness Center and Gymnasium	50	13250
		53000

Hypothetical Special Event Attendance			
Event	Occurrences per year	Expected Attendance per Event	Yearly Attendance
Concerts	5	300	1500
Swim Events	4	150	600
Trade Shows	4	250	1000
Conferences	2	400	800
Gymnasium Events	10	50	500
Hockey Tournaments	2	800	1600
Wildcats	30	325	9750
		Special Event Traffic	15750

