



OAKVILLE

February 24, 2010

Mr. Ray Green

Chief Administrative Officer
Corporation of the Town of Oakville
1225 Trafalgar Road
Oakville, ON

Mr. John Oliver

President
Halton Healthcare Services Corporation
327 Reynolds Street
Oakville, ON L6J 3L7

Dear Ray & John:

It is important to start this letter with a clear and unqualified statement that we fully acknowledge the need for a new hospital in Oakville. We both completely support the project proposed by the Halton Health Care Corporation and our goal is not to, in any way, question the need, the nature of the proposal or to second guess any of the clinical or sector related issues that make up this complicated plan. We are grateful for the work that has gone into this and our questions and concerns are meant to add value to the discussion as well as to provide the due diligence that we believe is necessary in order to make an informed decision about the request for a local share contribution from the Town of Oakville.

As Members of Council representing 2 of 13 votes, we are very anxious to make sure that we fully understand what is being asked of Council as well as to understand the implications to the Town that will resonate for 30 years into the future. Further, we believe we have an obligation to have as much detail on the business side of this enterprise as possible. Committing the taxpayers of Oakville to \$200 million, and potentially substantially more factoring in interest and opportunity costs, is really extraordinary and we are concerned over the lack of information and the time necessary to fully “come to grips” with those implications.

As a result of a motion that we made back in December of 2009, this matter will be back before Council on March 1st, 2010. While public opinion research is underway and will be presented to Council, we are again racing against the clock to make this massive decision with scant additional information or even results of the research that we deferred the item to receive. Presumably we will receive this information on March 1st, or perhaps later this week, but it is very disappointing that we have not had more time to study and digest the important feedback from the public. As was central in our assumption when we

sought the additional time, we expected to learn much more through an interactive consultation and to date that has simply not been the case. The one public meeting held at Town Hall seemed to be little more than a continuation of the public relations exercise the hospital has been undertaking and very little new information was provided.

The fact is that Monday, March 1st is rapidly approaching and we have compiled a long list of questions and a suggested financing scheme that we are sending to both of you. We hope that you will be able to provide answers at the meeting or beforehand to help us make the right decision on behalf of the people of Ward 5 and throughout Oakville.

1. Who will ultimately own the new hospital building and lands?
2. Is it an option for the Town to own the buildings and lands as is the case with the new Brampton Civic Hospital? Why did Brampton choose this route and what are the pros and cons?
3. What ongoing governance role will the Town have with the new hospital?
4. The Foundation (\$60 million) and the Hospital Auxiliary (\$3 million) have both made commitments to raise a large portion of the local share for the new hospital. What are their plans and timelines for achieving their goals and who makes up the difference if they are not successful?
5. When did the Town get the formal request for the \$200 million contribution?
6. As part of the proposal, the hospital board would turn over the lands for the existing OTMH facility in South-East Oakville.
 - i) What are the actual details of the land transfer (lot size, characteristics, etc.)?
 - ii) Who is responsible for demolishing buildings?
 - iii) What would the town's financial obligations be with respect to the former Oakville Trafalgar High School that is on site? This is a designated, historically significant building – under town ownership, we would come under considerable pressure to address this ageing and deteriorating building – what costs would be involved and has the hospital allocated any resources for this prior to a proposed transfer.
 - iv) Are there any leases or other encumbrances that would be inherited as a result of the transfer? If so, what are they and would they interfere with our ability to make long-term plans for the property.
 - v) What are the environmental liabilities that would result in the demolition of the building on site? Who is responsible for those and would there be an indemnifier covenant in case something is discovered later?

- vi) Is the title to the land clear and can a transfer be done without any challenges or restrictions on use?
 - vii) What is the actual market value for the lands based on various use scenarios (I would assume that Council would be under intense pressure to not develop it at highest and best use) and what costs would we incur to get to a point that reuse/resale could be considered?
7. Based on the current proposal, the town is being requested to pay the requested local share contribution up front and borrow the money to finance it. We understand that Infrastructure Ontario has offered to finance the deal for the Town at a rate of 4.97%/annum is that rate fixed for the entire term of the loan? Based on the answer to this, what are the total costs, principal and interest, based on a thirty year pay back?
 8. The Hospital Corporation is counting on revenues from parking and ancillary revenue to pay their share. Can we see a business plan justifying revenue projections totaling \$270 million?
 9. Has the hospital considered selling the parking franchise to get “up front” cash instead of being the actual operator?
 10. Does the hospital have a commitment in writing from the province to provide the operating funds to operate the additional beds and clinical services proposed for phase one?
 11. Can the town have its auditor review all details of the finances of the project to provide advice to Council of the soundness of the plan and the sufficiency of the financing being requested?
 12. What would the implications be to the project if our commitment was based on a 30 year payout without having to finance it? In short, pay the commitment as we collect the funds without incurring interest.
 13. There has been a suggestion that this hospital could become a teaching facility. Is it not true that teaching hospitals are funded either entirely or at a larger share than non-teaching ones? Has this been explored?
 14. Have there been additional costs factored into the proposal to provide teaching facilities/accommodations?
 15. Does this proposal provide excess capacity for the anticipated growth of Oakville? Ideally, how many beds should Oakville have now and how many should it have in 30 years based on current growth assumptions?

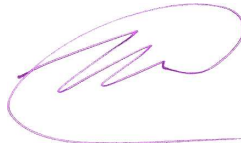
16. What capital assets/equipment/furnishings are being moved from the current site to the new one and what is the value of that? Has that been deducted from the local share?
17. Can we get a full report on other PPP and/or AFP models (i.e. William Osler) with specific focus on what went wrong and how those issues have been addressed in this plan as well as what went well and how those opportunities are being capitalized on.
18. Could we use the proceeds of the recent sale of Blink to offset the ultimate contribution that is agreed to by the Town? If Oakville Hydro makes this contribution directly as a “gift to the crown” does this potentially reduce tax liability to OHDI for the revenue resulting from the sale? In doing so, this money could be set up as a fund earning return until the time when the actual payment is required. Perhaps the Oakville Community Foundation, who have an excellent track record at earning high returns on their investments, could be asked to manage such a fund until the “substantial completion of construction in late 2014.” Profits from such an investment can be used to offset the ultimate local share cost.

We look forward to yours responses. If you require any clarification of any of the points, please feel free to call or write at your convenience.

Yours truly,



Jeff Knoll
Local & Regional Councillor
Oakville Ward 5



Marc Grant
Local Councillor
Oakville Ward 5