

Town of Collingwood Judicial Inquiry

AFFIDAVIT OF CINDY SHUTTLEWORTH

I, Cindy Shuttleworth, of the Town of Collingwood in the Province of Ontario, MAKE OATH AND SAY:

1. I have knowledge of the matters contained in this affidavit. Where my knowledge is based on information and belief, I have identified the source of the information and belief and in all cases believe it to be true.
2. I am the Senior Manager Financial & Regulatory Report at EPCOR Electricity Distribution Ontario Inc. In June 2011, I joined Collus as Controller. In October 2012, I became the CFO of Collus PowerStream, replacing Tim Fryer.

Tim Fryer

3. I recall speaking with Tim Fryer about the sale of 50% of Collus to PowerStream at some point after the Ontario Energy Board approved the transaction on July 13, 2012. During this conversation, Mr. Fryer advised that he would be leaving Collus after the transaction was complete. Before this I had a sense that Mr. Fryer was unhappy about the sale, although he had never said anything specific to me about his views.

Ralph Neate

4. I cannot specifically recall attending the joint meeting of Collus Power and Collus Solutions that was convened on December 2, 2011 and believe the minutes do not list me as being present. At some point after the meeting, however, Mr. Houghton advised me that Mr. Neate had strongly expressed his opposition to the proposed sale to PowerStream at that meeting. Mr. Houghton advised me that he was unhappy with Mr. Neate and stated that Mr. Neate's comments were outside the scope of Mr. Neate's role as auditor.
5. On March 26, 2012, I wrote a colleague about what Mr. Houghton had said. A copy of this email is contained in the email chain attached as **Exhibit "A"**.
6. At some point between March 1 and July 31, 2012, Collus stopped using Mr. Neate as an auditor, other than to do second partner review and corporate tax review. A different auditor from Gaviller & Company became the primary audit partner.
7. I believe that Mr. Neate's comments at the December 2, 2011 Board meeting were a tipping point that led Mr. Neate to be replaced as the primary audit partner. Prior to this, Collus had other concerns about Mr. Neate's work that contributed to the change in primary audit partner.

Change in Entity Sold

8. I was involved in some of the discussions regarding changing the entity to be sold from Collus Power to the holding company, Collingwood Utilities Services Corporation. The decision was made to avoid having the holding company pay taxes for the sale of its shares of Collus Power. These taxes would be avoided if it was the holding company that was sold, as the Town was the shareholder. Other than making note of the tax implications, I had no further discussions about this issue and wasn't involved in making the final decision nor do I know how it was made. I do not know if these tax considerations were discussed when the RFP was created, however, I do not believe they were.
9. I do not recall participating in any discussions as to how the sale of the holding company, as opposed to Collus Power, would affect the shared services agreements as between the Collus entities and the Town, although I recall that the Town signed a letter confirming its intention that it would continue to purchase services under the shared services agreements.

Bonus Payment

10. I received a \$15,000 bonus for my work on the sale transaction. I understood this was in recognition of and compensation for the extremely long hours I was working due to the demands flowing from the transaction over the prior months. Pam Hogg, Dean Muncaster and Mr. Houghton also received bonuses. I recall that Joan Pajunen approved the bonus payments. I believe the payment did comply with Collus policy on bonus payments at the time, but I am not certain. I was not privy to the board or committee approval process. I was not responsible for administering any of the relevant policies.
11. I told a friend about the bonus payment in an email dated March 27, 2012, a copy of which is contained in the email chain attached as **Exhibit "A"**. I used the word "secret" in my email as a reference to the fact that I was disclosing salary information, which is confidential. I was not told by anyone to keep the bonus secret.

Payments to Compenso in 2013

12. Collus PowerStream made two payments of \$15,000 plus HST to Compenso Communications ("**Compenso**") in 2013: one in January and one in February.
13. Prior to Collus PowerStream making those payments, Mr. Houghton advised me that Collus PowerStream had retained Compenso to develop a communications strategy relating to Collus PowerStream's plan to pursue further mergers and growth.
14. I do not recall Mr. Houghton advising me that Compenso was Paul Bonwick's company. I did not know Mr. Bonwick at the time and do not know him now, other than what I have read or heard about him since the transaction closed. I had not interacted with him during the RFP process or the subsequent transaction. I was also not aware of the nature of any relationship between Mr. Houghton and Mr. Bonwick. I learned that Mr. Bonwick was the principal of Compenso following news reports in March 2013, which I discuss below.
15. I did not review any agreements between Compenso and Collus PowerStream before the payments were made in 2013, as the amounts fell within Mr. Houghton's authorization limits. I do not know if any agreement was in place between Compenso and Collus PowerStream.

16. Mr. Houghton did not advise me how long Compenso would receive monthly payments of \$15,000. I expected the arrangement with Compenso to be short term, as Collus PowerStream could not afford to continue paying Compenso \$15,000 a month. That cost had not been incorporated into Collus PowerStream's rate application to the OEB for 2013. As a result, if the payments continued, this would have had a direct impact on Collus PowerStream's net income.
17. Collus PowerStream made the two payments to Compenso pursuant to invoices delivered by Compenso.
18. Following news reports about Compenso in March 2013, Mr. Houghton advised me that Collus PowerStream was ending its arrangement with Compenso. I recall that he he told me that Collus PowerStream could no longer retain Compenso in light of the media coverage because Compenso's reputation was compromised. Mr. Houghton also directed me to cancel the February 2013 payment. At the time of the direction, the cheque had been sent to Compenso, but had not been cashed.
19. On March 12, 2013, I emailed with Mr. Houghton about the payments made to Compenso. A copy of that email chain is attached as **Exhibit "B"**. At the time, I understood Mr. Houghton to be asking about what payments to Compenso would be reviewed by Collus' auditors when they conducted the year-end subsequent events testing for the 2012 year. In responding to Mr. Houghton, I explained that the 2013 payments would be reviewed as part of the 2012 review. I also wanted to advise Mr. Houghton that, even though the February 2013 payment to Compenso had been reversed, that payment would still be recorded as a reversed payment.
20. I have reviewed the document entitled "COLLUS PowerStream Corp / Solutions Specified Vendor Testing December 31, 2013", a copy of which is attached as **Exhibit "C"**. The document states, among other things:

Per Cindy, this was for a contract between Compenso and Collus for Paul to provide consulting support for ongoing strategic partnership planning (it is a requirement of the shareholder agreement that within a set timeframe that the two companies proceed with a plan to grow the operations through further strategic partnerships/purchases). Per Cindy, Brian Bentz suggested to Ed that Compenso be hired to look after the Collus side of this responsibility given Ed's commitment to the Town as CAO through to April 2013.
21. As part of my role, I regularly provided information to Collus' auditors. I recall speaking with the auditors about the payments to Compenso and believe I provided the information in the first sentence. I do not recall referring to Mr. Bonwick as "Paul" and do not believe I would have used his first name. I also do not recall providing the auditors with any information about Brian Bentz. I did not have a relationship with Mr. Bentz and do not know how I would have been aware of any suggestions Mr. Bentz made to Mr. Houghton.

SWORN BEFORE ME at the Collingwood ,
in the Province of Ontario on
13th of May , 2019

Notary

Simon Gooding-Townsend
Commissioner for Taking Affidavits
(or as may be)
Simon Gooding-Townsend

Cindy Shuttleworth
Cindy Shuttleworth

This is Exhibit "A" referred to in
the Affidavit of Cindy Shuttleworth
sworn May 13, 2019



Commissioner for Taking Affidavits
(or as may be)

Message

From: Cindy Shuttleworth [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=9146918A356C4BB8BA17E43D0AAC308C-CINDY SHUTT]
Sent: 3/26/2012 10:54:07 PM
To: [REDACTED]
Subject: Re: Town, PUC and Collus Audit

I have been working like a dog for two months. Not much to envy.
Well then again I did get 15,000 on thursday for my work closing the powerstream deal. Paid off my car in full. :)
Shhhhh. Secret.

~~~~~  
Sent from Blackberry Mobile Device

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**From:** [REDACTED]  
**Sent:** Monday, March 26, 2012 10:50 PM  
**To:** Cindy Shuttleworth  
**Subject:** RE: Town, PUC and Collus Audit

Ok thanks Cindy. I'll await your email. ☺

Go get some sleep - you've got another 7 hour work day ahead of you! (sorry, some envy might be showing through...)



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**From:** Cindy Shuttleworth [mailto:cshuttleworth@collus.com]  
**Sent:** Monday, March 26, 2012 10:43 PM  
**To:** [REDACTED]  
**Subject:** Re: Town, PUC and Collus Audit

You are up late, as usual.

Yes this week finally will be back to a normal pace. I just finished with the auditors on friday.

I think a meeting with Ed is a great idea. It is possible powerstream may suggest their auditors, but for the most part they aren't expected to have much involvement the first two years. I found out more about why ed is unhappy with gavillers and it has to do with ralph strongly expressing his opposition to the share purchase. Ed feels as our auditor it was not his business to make such comments in meetings he was invited to for the purposes of just being in the loop to what was happening.

I'm going with ed to powerstream on thursday and will have time to talk to him on the drive. He has asked me to recommend an auditor at least twice now. I think he will really like you and he knows darrin a bit too. I'd like him to see lorenzo and sarah, etc to see they quality of the people at BDO.

I'm falling asleep and the typing must be getting bad. Ill email you friday with a possible time/date for May. There are

many reasons why staying local makes sense. I think I can get them to sway the BDO way.  
~~~~~

Sent from Blackberry Mobile Device

From: [REDACTED]
Sent: Monday, March 26, 2012 10:30 PM
To: Cindy Shuttleworth
Cc: [REDACTED]
Subject: RE: Town, PUC and Collus Audit

Hi Cindy,

So, I understand that Tim is back and hopefully things have evened out a bit over there.

Recently, the Collingwood office joined forces with Owen Sound and Wiarton to become a "group". This doesn't change a lot of the day to day workings, but it does allow us the opportunity to share staff in a much more seamless fashion. I have talked to their managing partner because they have a strong complement of municipal work over there and they could share some experienced staff to help with the Town of Collingwood engagement should it become available.

This puts us in an even stronger position to be able to offer our services for both the utility and the town, although I do have to say that we still think there is a good chance that PowerStream would involve their own auditors.

Given the time of year, and the window of time before your upcoming audit, can we suggest a meeting with Ed in May?

Thanks Cindy. Hope you are doing well and enjoying 9-5 with lunch and coffee breaks. ☺



From: Cindy Shuttleworth [mailto:cshuttleworth@collus.com]
Sent: Sunday, February 26, 2012 12:52 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Town, PUC and Collus Audit

Hi Heather;

I have inserted answers below.

From: [REDACTED]
Sent: Sunday, February 26, 2012 12:06 PM
To: Cindy Shuttleworth

Cc: [REDACTED]

Subject: RE: Town, PUC and Collus Audit

Hi Cindy,

Thank you for keeping us informed on this. I have a few questions that perhaps you can answer:

- Have you considered the impact of changing auditors when you have a change in accounting framework? There will be additional costs due to requirements to audit previous figures. We think a National firm is important to have because we are moving to a more complex accounting framework(IFRS). Even though the costs will be higher to audit the 2011 previous figures, we think this is justified.
- Have you undergone any planning work regarding IFRS or hired an external IFRS consultant? We have BDO solutions as consultants for our IFRS conversion - the same as Midland and Parry Sound. [REDACTED] - we are in constant communication with them. The hard part is going to be actually getting the final Property, plant and equipment amounts set up in a new capital asset subledger. Also, tracking the poles, O/H, U/G assets that are removed during projects and maintenance is a process we need to get working.
- Are the Town and the PUC going to put forth a Request for Proposal for their audit services? For us, Ed is asking me who I want. I imagine an RFP is required, but I'll have to check our internal rules on that. The town (if they decide to leave) for sure will give a RFP. However, I feel if we go to a new auditor they will follow. I am close to the accountants at the town and see the Mayor a lot in my board meetings. I have some strong sway.
- Is there any specific reason for not wanting to continue with Gaviller's? What aspects of BDO have been identified as being important to the Town and PUC?

Ed is not too fond of Ralph Neate because he finds the presentation at the annual general meeting by him poor. I also have given my input on the quality of the financial statements and I feel they are significantly lacking. Gavillers is too comfortable that they will always have us, and not trying at all to keep us as clients. (Taken for granted syndrome).

Ed wants our AGM to be professional and a great presentation by our auditors because our (almost) new shareholder PowerStream is going to be expecting more than Gaviller's brings to the table.

The management letter from Gaviller's has provided no significant insight to the board or management for areas to improve in past years. The management letter is important to them.

We have many areas to improve here and many manual processes to be automated and stream lined. I am working on that.

As a side point....since I have been an auditor for so long, I think this is a job you can make good money on. There is no travel or meals and I promise to have really good working papers for you and give the staff the attention they need to complete the audit.

And yes I am working on a Sunday. And Oh I was here from 1pm yesterday afternoon til 12:30 last night. ☹️ I don't know if you heard but Tim is on a leave of absence (that I hope ends soon)

Thanks for your response. I'd love to set up an informal meeting with Ed just to give an introduction to BDO Collingwood. Nothing real intense, just meet and feel each other out for needs and compatibility.

See.... I may make you more money on the outside than the inside!!!

Miss you tons...Cindy

We would be quite happy to chat with Ed as well if you think we could informally conclude on whether our two organizations are a good fit for each other.

I have not copied [REDACTED] on this as he has officially retired now, off into the sunset.....brand new grandchild this month as well, so he is really enjoying his freedom.

Oh, and regarding the "expert" comment, I spent a lot of years running municipal and other public sector audits and have a soft spot for them, but would be remiss to ever claim that kind of status.

Thanks again Cindy,



From: Cindy Shuttleworth [<mailto:cshuttleworth@collus.com>]

Sent: Friday, February 24, 2012 12:48 PM

To: [REDACTED]

Subject: Town, PUC and Collus Audit

Hi Guys;

Collus and PUC are definitely not using Gavillers for 2012. Ed just confirmed that with me. I have been asked to make a recommendation for an auditor. Previously, I mentioned to Darrin this may be happening.

The Town also, is really thinking they are leaving Gavillers too. They are not happy.

I know you guys are really busy.
And maybe you don't even want all this work.
Heather is a municipal expert? I seem to recall that??

I have 5 companies here:

Collus Power – main hydro company - IFRS
Collus Solutions – holds shared employees for water and power- IFRS
Collus Energy – inactive - IFRS
Collingwood Utility Services – Holding Company – IFRS
Collingwood Public Utilities Service Board – Water services – PSAB

And then the town would be PSAB too.

Of course I want you guys to have first shot.
I just need to know if you even want it?

Cindy

Cindy Lee Shuttleworth, BAccS, CGA
Financial Controller

COLLUS POWER CORP.
COLLINGWOOD PUBLIC UTILITIES

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 Before you print think about the environment

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This is Exhibit "B" referred to in
the Affidavit of Cindy Shuttleworth
sworn May 13, 2019

A handwritten signature in blue ink, reading "Denise Grodin-Turner", is written over a horizontal line.

Commissioner for Taking Affidavits
(or as may be)

Message

From: Ed Houghton [/O=TOC/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=EHOUGHTON]
Sent: 3/12/2013 12:54:04 PM
To: Cindy Shuttleworth [/O=TOC/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=Cshuttleworth]
Subject: Re: Scanned Info

Let's chat

Sent from my BlackBerry 10 smartphone.

From: Cindy Shuttleworth
Sent: Tuesday, March 12, 2013 12:53 PM
To: Ed Houghton
Subject: RE: Scanned Info

It is reversed. I got Dian to do it after I spoke to you.
But....it still shows up in the vendor history for Compenso.

Cindy Shuttleworth, BAccS, CGA
Chief Financial Officer

From: Ed Houghton
Sent: Tuesday, March 12, 2013 12:51 PM
To: Cindy Shuttleworth
Subject: Re: Scanned Info

The one should be removed

Sent from my BlackBerry 10 smartphone.

From: Cindy Shuttleworth
Sent: Tuesday, March 12, 2013 12:49 PM
To: Ed Houghton
Subject: RE: Scanned Info

No they have to do subsequent events. So for sure they will look at the 2013 ones.

Cindy Shuttleworth, BAccS, CGA
Chief Financial Officer

From: Ed Houghton
Sent: Tuesday, March 12, 2013 12:49 PM
To: Cindy Shuttleworth
Subject: Scanned Info

Cindy:

We are only going to look at the two in 2012. Is that correct?

Ed

Sent from my BlackBerry 10 smartphone.

This is Exhibit "C" referred to in
the Affidavit of Cindy Shuttleworth
sworn May 13, 2019

A handwritten signature in blue ink, reading "Lynne Gooding-Torres", is written over a horizontal line.

Commissioner for Taking Affidavits
(or as may be)

**COLLUS PowerStream Corp / Solutions
Specified Vendor Testing
December 31, 2013**

Purpose To ensure that expenses related to a list of specific vendors occurred, are properly measured, are properly approved and are reasonable to be expensed

Scope All expenses to specified vendors

Procedures For the vendors specified, obtained a listing of all payments made, vouched to invoice to ensure the expense is related to the operations of Collus PowerStream and are reasonable.

Fraud risk It was alleged in a March 2012 CBC article that members of Town of Collingwood council are being investigated for various alleged offences. Collus PowerStream has been mentioned in these articles, as a result it was felt prudent to expand testing of various vendors to ensure that there is no fraudulent or unusual activity.

Vendor	Chq Date	Chq #	Chq Amt	Invoice #	Invoice Date	Invoice Amt	GL allocation	Description	Reasonable	Approved Dept/PO
Compenso Communications										
	13-Feb-13	21156	16,950.00	841	1-Jan-13	16,950.00	46225-12	Consulting	Note 3	Ed/Ed (Cindy for Acctg)
	26-Feb-13	21231	16,950.00	847	1-Feb-13	16,950.00	46225-12	Consulting	Note 3, 4	Ed/Ed (Cindy for Acctg)
Paul Bonwick	No noted transactions with this vendor									
Garmac	No noted transactions with this vendor									
Doug Garbutt	No noted transactions with this vendor									
PowerStream	No noted transactions with this vendor									
Brian Bentz	No noted transactions with this vendor									
Kevin Lloyd	No noted transactions with this vendor									
Rick Lloyd	No noted transactions with this vendor									
Sandra Cooper	17-Jan-13	15358	300.00			300.00		Per Diem CPUSB	Yes	Nelly
	3-Oct-13	22670	179.95	19125	14-Sep-13	179.75	5605-0001-00	320km mileage	Yes	Ed and Nella
Mike Edwards	No noted transactions with this vendor									
Ian Chadwick	No noted transactions with this vendor									
Joe Gardhouse	No noted transactions with this vendor									
Keith Hull	No noted transactions with this vendor									

Sandy Cunningham
Dale West

No noted transactions with this vendor
No noted transactions with this vendor

Kevan Cooper (not sure of
relationship with Mayor)

No noted transactions with this vendor

Note 3

Was noted in 2012 audit as a Subsequent payment - Per Cindy, this was for a contract between Compenso and Collus for Paul to provide consulting support for ongoing strategic partnership planning (it is a requirement of the shareholder agreement that within a set timeframe that the two companies proceed with a plan to grow the operations through further strategic partnerships/purchases). Per Cindy, Brian Bentz suggested to Ed that Compenso be hired to look after the Collus side of this responsibility given Ed's commitment to the Town as CAO through to April 2013.

Note 4

Was noted in 2012 audit. This cheque has been reversed as the contract has been terminated due to the allegations ongoing at the time.

Conclusion

Expenses occurred, are properly measured and reasonable.
JA March 4/14