



CommunityAIR - *devoted to restoring the lands and harbour now occupied by the Toronto Island airport to park, recreation, and cultural uses.*

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Press Release

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TPA Director in Conflict in Voting for Porter Ferry: Legal Opinion

Toronto Port Authority director Colin Watson was in a conflict of interest, in contravention of the TPA's own Code of Conduct, according to documents released today by CommunityAIR.

Watson was challenged at the TPA Annual General Meeting this morning on the issue by Brian Iler, Chair, CommunityAIR. He responded by telling Iler has was a "communist".

The legal opinion, dated January 21, 2009, was provided to the TPA directors prior to their considering a motion to approve the spending of \$5 million to purchase a second ferry for Porter Air's passengers. That motion passed by a 5-4 vote, with Mr. Watson casting the deciding vote.

No minutes have been presented to the board for approval for this meeting, or any other directors' meeting in 2009, CommunityAIR has been advised.

The conflict arises because of Mr. Watson's relationship with Robert Deluce, CEO of Porter. The Watson Report, which inquired into this, stated:

"According to the Mr. Watson, he had made it clear on several occasions that he was a "good friend" of Mr. Deluce and that he had mentioned sharing various social occasions, including golf, with Mr. Deluce."

Watson and Deluce also sit on several boards of directors together – Vector Aerospace and Spar Aerospace.

The legal opinion, by Bay Street lawyers Davies Ward Beck, stated:

In this case, in our opinion, a reasonable person would be concerned, having regard to Mr. Watson's close personal friendship with Mr. Deluce and Mr. Deluce's close identification with Porter, that Mr. Watson might have difficulty in being objective in assessing what would be in the best interests of TPA in matters relating to Porter. Therefore, in our

opinion, Mr. Watson should not, under the Code of Conduct participate in discussions of the Board relating to Porter, nor vote on decisions of the Board relating to Porter.

Following the 5-4 vote on the Porter ferry, the board voted 5-4 to dismiss the law firm that provide the opinion.

CommunityAIR has raised this issue with Stephen Harper in a letter dated July 22, 2009. His government's only response, just yesterday, was not to remove Mr. Watson, but to remove two of the four directors who were concerned about this conflict, and numerous other issues of improper governance practices. Their letters of May 6, 2008 to Lawrence Cannon, March 30, 2009 to John Baird, and June 10, 2009 to the Auditor-General, along with the Davies legal opinion, and CommunityAIR's letter, are attached.