

**Subject: Legal opinion on Canlan released to the public.**

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A MESSAGE FROM ERNIE CRIST:

To begin with I wish to express my thanks to John Hunter, Corrie Kost and David Sadler for their expose of "Canlan". You may recall that all three of them played an important role in bringing to the public's attention that the Canlan Management Agreement between the District and Canlan was in violation of the Municipal Act as it stood in 1998 when the agreement was made. Under the agreement Canlan built and is operating an Ice Rink in the District of North Vancouver.

As a result of the mismanagement of the District Heritage Fund amounting to several hundred million dollars, accelerated under Don Bell, the District was obliged to go to the private sector to build an ice rink demanded by the public. Under the Municipal Act, in force at that time, the District had an obligation to ask for public approval of the Canlan Agreement either in the form of a referendum or in the form of an opportunity for a counter option but this was not done. Mayor Don Bell is quoted in the OUTLOOK as saying that he knew the agreement was illegal but he hoped that the Provincial Government would change the Municipal Act so that it would become legal. Recently when I made a motion that Mayor Bell provide an explanation as to why he failed to inform Council that the agreement was illegal, the motion was defeated.

Mr. John Hunter's research especially has played a crucial role in bringing this matter to the attention of the public. Even prior to the last election, David Sadler, on repeated occasions, came before Council to criticize this illegal agreement. David Sadler, Allan Orr and I also exposed it during last municipal election campaign.

Following the Northlands Scandal, which is still under criminal investigation, the OUTLOOK printed a series of stories on "Canlan".

As for the Northlands embezzlement scandal, my attempts to determine as to when the Mayor was informed about the embezzlement have been refused by the present District on no less than three occasions.

As for Canlan, we now have the verdict supplied to us by Lidstone Young and Anderson, the solicitors acting on behalf of the District. Although the legal opinion document is dated Mar. 20, 2002, it was not given to members of Council until several minutes into the meeting on March 22, 2003 when this item came before Council and when the solicitors informed Council about the legal implications to the District as a result of this illegal agreement. My personal concern all along had been that the District had absolved Canlan from paying taxes on that part of the Ice facility which was not rented by the District and which amounts to approximately \$50,000 in taxes annually.

At Monday night's meeting Don Bell, Councillor Muri and Councillor Harris were obliged to leave the Council Chambers when this item was debated. They were in a conflict of interest situation since they had voted in favor of this illegal agreement at the time. Although I was part of the Council when the agreement with Canlan was made, I had voted against it so I was not obliged to leave the Council Chambers.

I made a motion that the item be deferred to give the members of Council an opportunity to study the document but my motion was defeated. Subsequently, I made a motion that the documents be released immediately. This too was defeated. The result was that District staff, which had failed to inform Council that this agreement was illegal, will now make a press statement to be released within two days.



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