



Centre universitaire de santé McGill
McGill University Health Centre

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Dear Dr. Porter

As you know I have been intimately involved in a number of very successful healthcare PPP projects on both the consortium and public sector sides of the process and have seen the healthcare PPP market develop over a period of more than 10 years. I am writing now to express my very severe concerns about the current state of play in the MUHC project, which is the first large-scale healthcare PPP in Quebec.

As you are aware, a full, thorough and successful process has been followed since RFP launch in October 2008 that has delivered on time every aspect of the project, from both the Public Authority and Proponents' perspectives. Well over 300 people were involved in the Bid Open period from the Public Authority, let alone from the proponents' teams. All of this endeavour produced two fine bids precisely on time on 13 August 2009.

Despite the delay caused by Government not signing the required Decree until 16 September, the evaluation process has been concluded successfully and on time. A Selected Proponent has been identified and both proponents have been told, albeit not yet officially, of the result. Over 150 people from MUHC, PPPQ, the DE's office, MSSS and external experts were involved in the evaluation process.

During the evaluation the PCUSM consortia submitted a formal request, via PPPQ, to replace their FM provider Axima with Dalkia Infrastructure Services. They also requested that Dalkia take a 10% equity stake in the PCUSM consortia. I wrote to you on 27 November 2009 recommending that PCUSM's proposal to replace Axima with Dalkia should not be approved. I made that recommendation based on the combination of detailed due diligence completed by MUHC's Director of Technical Services and his team and my previous experience as both a PPP Project Director and as a hospital Director of Facilities responsible for the provision of FM services in a major UK hospital. The recommendation was not made lightly or frivolously and was the culmination of careful study of all available evidence, including a meeting with representatives of PCUSM and Dalkia.

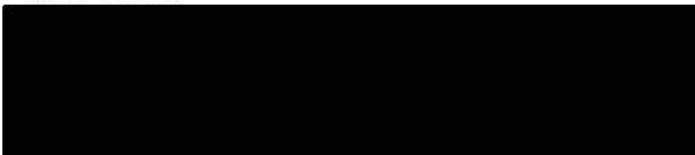
The whole PPP process from RFP launch to identification of the Selected Proponent has been overseen by the Fairness Auditor. His work has included attending the vast majority of meetings with both proponents, the work of the evaluation sub-committees and the Selection Committee. In his formal report he concludes that the two bidders were treated fairly and impartially and that the rules and established principle of transparency have been uniformly applied.

I understand that Government is now considering implementing a new, currently undocumented and additional process of asking both proponents to review their bids and submit revised proposals in approximately 60 days. Implementing such a process would directly challenge the veracity of the process that we have all been through and would bring into question the integrity of not only the PPP process itself, but the organisations and individuals involved. I believe that to do so would be extremely damaging to MUHC and to me personally.

Therefore, neither I nor key members of my team are prepared to be involved in any process other than that set out in the RFP documents. I will challenge most vigorously any implied or direct attempt to question my personal integrity and will do everything required to protect my reputation as a PPP project Director in both the public and private sectors.

In conclusion, I believe that above all it is our duty to protect the interests of the public and patients we serve. I believe those interests are best protected by implementing the process proscribed in the RFP documents and moving forward to Financial Close expeditiously with our Selected Proponent. In order for this to happen it is essential that the governance arrangements for the project are clarified as soon as possible so that MUHC is able to fulfill its role as maitre d'oeuvre. You may recall that I wrote to you on this subject on 30 November 2007; the issues identified in that Memo (particularly the lack of clarity regarding the roles and responsibilities of PPPQ and the DE), are a significant factor in the current situation.

I believe that by moving forward with our chosen partner without further delay we can deliver the improvements to healthcare and research that the people of Montreal and Quebec so desperately need and deserve.



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