

DRAFT MINUTES

GOVERNMENT RELATIONS – JUNE 1 /2016

Attendees: Peter Brain, Simon Resch, Gerry Lee, Abe Taqtaq, Laurie Karson

Special GR Advisors: Tania Lee (Blue Water Bridge), Michael Gruyich (Niagara Duty Free)

Absent: Philippe Bachand

FDFA Staff: Allison Boucher

TSA: Don Moors, Ryan Singh, Scott Munich

Review of prior meeting minutes:

Motion by Simon Resch to approve the draft GR Mtg. Minutes from: April 5, April 20, April 26, May 3 and May 16, 2016. Seconded by Abe Taqtaq. No opposition. All approved.

Lease Update:

Don Moors provided his opinion on the letter received from Martin Bolduc and their recommended next steps:

- The letter demonstrated that there is a heightened awareness within the CBSA of this ongoing situation.
- The CBSA has appeared to have backed away from the position that Memo D-4-3-2 does not apply to non-crown lands, they now say that "policies are only one of the factors that the Minister must consider".
- Re-established the tone of the CBSA wanting to take a "hands off" approach on the issue for the current time.
- Declared that the final decision is left with the Minister, despite their potential advice on how to proceed, he may act in a manner he prefers, when and if it comes to a cancellation of an existing license.
- Re-committed that CBSA will proceed with the guidance of current regulations if required to take an action.

Recommended Next Steps:

1. Send letter/liaise with David Hurl in the Office of Minister Goodale:
 - Outline the new facts we have learned since our last meeting with him.
 - Advise on the response from Martin Bolduc and concerns related (Ministerial authority, conflicting statements with respect to policy)
 - Request a meeting to discuss the situation and to find a solution.
2. Respond to Martin Bolduc, including:
 - Thank you for response.
 - Seek clarification on language: "policies are only one of the factors that the Minister must consider" - what are the other factors that potentially might encourage the minister outside current policies, Minister must follow the procedures outlined in the policy.
 - Suggest that the CBSA advise the Minister to defer cancelling the license given the facts that have come to light.

3. Obtain legal advice on statement "policies are only one of the factors that the Minister must consider"
 - o Does this infer that the Minister can ignore the procedures outlined in Memo D-4-3-2?
4. Send an updated letter to Minister Garneau and Gurveen Chadha (policy advisor), including:
 - o Advise on the update from the CBSA and that there is an understanding of an ongoing issue.
 - o Inquire on how will the appointment of the vacancy on the bridge authority will be handled, such as timeline and considerations for the appointments.

In-Camera Discussion:

The Committee discussed Don's recommendations and after detailed discussion all agreed on the following actions:

ACTIONS:

1. **Gerry Stobo (BLG) will provide a cursory legal review on the letter received from Martin Bolduc, specifically the reference to policies being only one factor the Minister must consider. Gerry's legal opinion will be a one-page document prepared on BLG letterhead**
2. **TSA will draft a response to Martin Bolduc written with a conciliatory tone and attached the BLG legal opinion letter**
3. **TSA will draft a letter to David Hurl advising on recent developments and communication with CBSA and request a meeting**
4. **All three letters will be circulated to the GR Committee and advisors for detailed input**

Next Steps after July 1st, 2016:

The Committee discussed the various scenarios that may occur on or after July 1st. There was a lot of discussion around the initial conversation with Peace Bridge Duty Free, should they not be the successful candidate of the RFP. All were in agreement that first; Peace Bridge will be asked to provide a roadmap of their strategy before the FDFA shares any information. The FDFA GR Committee will then review the PBDP strategy and determine what, if any information will be shared. It was also noted that the FDFA will need to pre-approve how Peace Bridge will use any information shared by the FDFA.

1. Various Scenarios for consideration:
 - Peace Bridge Duty Free (current holder) loses:
 - o Will FDFA allow Peace Bridge to re-join as they are a current licensee?
 - o If yes, in what capacity? Board of Directors? Committees?
 - o Special assessment levied for expenses incurred?
 - o Will FDFA release information and correspondence during the period of absence?
 - o Will FDFA support Peace Bridge's strategy?
 - o The FDFA position to CBSA
 - Peace Bridge Duty Free (current holder) wins:
 - o Will FDFA allow Peace Bridge to re-join?
 - o Special assessment levied for expenses incurred?
 - Peace Arch Duty Free wins:
 - o Will FDFA allow Peace Arch to join as one member or two?
 - o Will Peace Arch have 2 opportunities to join Board of Directors/committees?
 - o Ethics complaint?

- Peace Bridge Tax and Duty Free (Justin Guay) wins:
 - Will FDFA allow new operator to join?
 - Will Importations Guay and new Peace Bridge store have 2 opportunities to join Board of Directors/committees?
 - Will FDFA further the ethics complaint against Justin?
 - If the ethics complaint against Justin is upheld, will the FDFA allow either company to hold membership?
 - If the ethics complaint against Justin is upheld, will the FDFA allow either company to hold a LIMITED membership with no position on board or committees?

- Nicolby's wins:
 - Will FDFA allow new operator to join? At what point?

- Fort Erie Duty Free Group (Leo Duguay) wins:
 - Will FDFA allow new operator to join? At what point? In what capacity?
 - Are we concerned that this company is fronting a non-Canadian company?

- Duty Free Management Group (Fosters):
 - Will FDFA allow new operator to join? At what point? In what capacity?
 - Will the new store have 2 opportunities to join Board of Directors/committees?
 - Will the FDFA support the Duty Free Management Group against Peace Bridge Duty Free?
 - Does the FDFA consider this group as an offshoot of a current FDFA member?
 - Will the FDFA release information to Duty Free Management Group to use to support their claim?
 - Will the FDFA release information to Queenstown-Lewiston Duty Free as a current member?

2. **Press Release:** further discussion will take place on preparing in advance a press release on the FDFA's position of the outcome of the RFP.

Nest GR Meeting:

No meeting scheduled at this time. Laurie Karson will schedule the next meeting to discuss the above noted scenarios before the July 1st RFP announcement – a meeting alert will be sent via email.