

March 2, 2007

Scott Logan, CEO
Halifax 2014 Commonwealth Games Bid Committee
99 Wyse Road, Suite 1150
Dartmouth NS B#A 4S5

and

Frederick MacGillivray, Chair
Halifax 2014 Commonwealth Games Bid Committee
c/o Trade Centre Limited
1800 Argyle Street, Suite 416
Halifax NS B3J 2V9

Dear Mr. Logan and Mr. MacGillivray:

Re: Follow-up to letter sent February 22, 2007

As our collective work continues to progress on the analysis of the capital and operating costs associated with the 2014 Bid, we are writing to request your consideration and response to several key questions in advance of the Executive Committee meeting scheduled for Wednesday, March 7, 2007. We would respectfully ask you to be prepared to formally respond to these questions at the meeting.

To begin, we have received preliminary feedback from the consultants presently engaged in analysing the respective budgets which were submitted to the funding partners at the end of January 2007. We are aware that you have not yet received draft reports from the consultants, however, we understand you will receive these reports early next week in order for your team to ensure there are no technical inaccuracies contained therein. Regardless, as funding partners, we believe it is necessary for the Executive Committee to better understand the fundamental assumptions used in the creation and development of the capital and operating budgets. To that end, following are a list of key questions for your response:

1. Please provide:
 - a. A listing of the key differences between the domestic budget (without inflation) and the current draft budget under consideration.
 - b. This listing should also capture any cost increases which have resulted from present Commonwealth Games Federation requirements.
 - c. We require further information on the costing of the multiplex—specifically, we would like an explanation on the increased cost from \$65M (domestic phase) to \$145M (current budget).

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2. Identification within the budget of the guaranteed funds which must flow to CGF and CGC.
3. Please provide further, more detailed information about the \$112M costing for the site preparation of Shannon Park.
4. Athlete's Village:
 - a. Identification and detailed information on the funding required for the construction and operation of the village.
 - b. Risks associated with the land acquisition for the village.
 - c. Feasibility and risks associated with the purchase of the residential units within the village post-Games. (i.e. how realistic is the projection in the budget)
5. Stadium and Multiplex:
 - a. We require further information and commentary regarding the legacy assumption used with the proposed Stadium and Multiplex (i.e. value to the community, future use, etc.)
6. We would welcome confirmation on the integrity of the assumptions used in the derivation of the revenue projections in the operating budget.
7. A confirmation on the percentage of contingency used for the operating and capital budgets is required (including the assumptions used to determine the contingency).
8. Finally, it would be appreciated if you would come to the meeting prepared to discuss the Allan Howell's findings regarding proposed operating costs of \$900M as compared to the figure included in the budget currently under consideration.

Your cooperation in responding to these questions is greatly appreciated. We remain committed to providing our governing bodies with a full and informed recommendation regarding the bid. While we realize that a great deal of effort will be required to fulfill this request, we are at a critical juncture in the process and your responses are fundamental for informing the Executive Committee and our next steps.

Should you have any questions or require clarification on any item contained in this letter, please contact Duff Montgomerie.

Yours truly,

Robert (Bob) Fowler
Deputy Minister
Treasury and Policy Board
Province of Nova Scotia

Dan English
Chief Administration Officer
Halifax Regional Municipality