

IN THE MATTER OF THE TORONTO EXTERNAL CONTRACTS INQUIRY

AFFIDAVIT OF GIULIANA CARBONE

I, GIULIANA CARBONE, of the City of Toronto in the Province of Ontario,
MAKE OATH AND SAY:

1. I have the following comments to make regarding the evidence given by Wanda Liczyk.

September 14, 1999 Wanda Liczyk Memo to Jeff Griffiths

2. Wanda testified in respect of her September 14, 1999 memo to Jeff Griffiths (**TEC007498**) that I not only helped her write the chronology and get the documents together, but also that I actually helped her write the memo itself.
3. I did not help her write the memo to Jeff Griffiths. I did not see the memo until some point after Wanda sent it. Had I seen the memo before Wanda sent it, I would have pointed out to her that the August date referred to in the memo regarding the date of my decision to convert to TMACS was incorrect and inconsistent with the chronology of events I had prepared for Wanda at her request dated August 31, 1999 (**TEC002394**)
4. Further, I have located the electronic versions of the chronology in my computer. Both the August 31, 1999 and September 14, 1999 (**TEC012917**) versions are saved there. However, I have no file containing the memo to Jeff Griffiths itself. Had I had any involvement in drafting the memo, I would have saved a version of it on my computer along with the chronology.

5. With respect to the two versions of the chronology, I pulled the first version together based on the documents to which I had access. At some point after August 31, 1999, Wanda added additional documents in her possession. These documents included the 1998 proposal letters from Beacon to Wanda, which are listed as number 40 in the second version of the chronology, but not in the first. I do not recall personally updating the August 31 version and creating the September 14 version. I do not believe I saw the additional documents Wanda added at that time. If I did see them at the time, I did not review them carefully or appreciate their significance.

Beacon Contracts in 1998

6. In respect of getting contracts in place with Beacon in 1998, Wanda testified as follows:

NOVEMBER 10, 2004 TRANSCRIPT AT P.77, Line 20

Q: There's no other good reason to explain your continued failure to provide any of the proposals that you requested from Mike Saunders, received from him, and approved, to any other person. You kept them secret, Ms. Liczyk.

A: Ms. Rothstein, there were only two (2) proposals that were signed-off during Ms. Carbone's time, one (1) of which was received or dated May 15th, and the other one (1) is July 17th. There were two (2). And my conversation with Ms. Carbone from the time that she started was very clear in saying, We need to make sure that we have proper contracts with Mr. Saunders and Mr. Maxson, please talk to Jim Andrew about making sure that we get all the right paperwork done, because there really isn't anything that is of that legal contractual basis with respect to this -- this -- their work here. So, I asked her to do that, she had the conversation with Jim. I know she was working with Mr. Andrew, with respect to getting those kinds of contracts put in place.

7. Wanda did not tell me shortly after I started in my position as Director of Revenue in April 1998 that Beacon did not have a proper contract. I did not suspect they did not have proper contracts until I began signing their invoices.

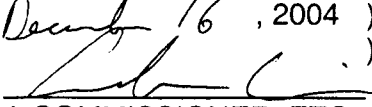
8. I do recall having a general discussion around May 13, 1998 with Jim Andrew about the status with the City of Mike Saunders and Dave Maxson. This discussion took place in the context of the demo I set up between TXM2000 and TMACS and my trying to ascertain how Saunders and Maxson fit within the organization. Jim confirmed that the budget for them was and would remain under the control of Corporate I&T and that Corporate I&T was responsible for the negotiation and administration of I&T contracts.
9. As I previously testified, the first time I became concerned about the contractual status of Saunders and Maxson was after Wanda directed me to sign Beacon's invoices around August 1998. I asked her the basis for doing so and she directed me to Al Shultz. Al told me they were covered off under the North York purchasing by-law.

Wanda Liczyk Meeting with Dave O'Brien

10. As I previously deposed, Wanda handled most of the details surrounding the termination of the TXM2000 partnership with Mississauga.
11. However, shortly after I recommended converting to TMACS on October 7, 1998, Wanda and I had a brief discussion about having to sever the TXM2000 partnership with Mississauga, and Wanda advised me that she would negotiate the severance, and she advised me that she would be meeting with David O'Brien to do so. I do not recall whether she mentioned the approach that she would take in the negotiations.
12. I believe it was sometime later in October that Wanda advised me she had met with Mr. O'Brien and had negotiated a severance based on Toronto's giving up its marketing rights.

13. My understanding of what Wanda negotiated, as conveyed to me verbally by her, is reflected on page 2 of the December 17, 1998 draft letter to Bill Munden of Mississauga that I drafted (TEC013121).

14. I make this affidavit in respect of the Toronto External Contracts Inquiry and for no other or improper purpose.

SWORN BEFORE ME at)
the City of Toronto in)
the Province of Ontario on)
December 16, 2004)
)
A COMMISSIONER, ETC.



GIULIANA CARBONE