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Mississauga inquiry set to begin

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The story

The Mississauga judicial inquiry was sparked by two affidavits filed in court as part of a dispute over a \$14.4 million land purchase agreement.

An affidavit by Tony DeCicco — filed in conjunction with one by Peter McCallion on behalf of their company World Class Developments — placed McCallion's mother, the veteran mayor of Mississauga, in private meetings involving the company.

The affidavits were meant to counter claims by the seller of the property, the Ontario Municipal Employees Retirement Scheme (OMERS), that a conditional deal to sell the land to World Class had fallen through in the midst of a faltering economy in 2008. World Class was acting as though the deal was still on, but OMERS wanted to sell the property to the city instead, for a planned Sheridan College campus. Hence the courts got involved.

At the last minute, around the time the affidavits became public, OMERS made a yet-undisclosed financial settlement with World Class, allowing the Sheridan College deal to close.

That marked the end of Peter McCallion's dream of building a hotel-convention centre and condo complex on the lands a few blocks from city hall. But questions remained, and city council, after a contentious 7-4 vote late last year, asked for a judicial inquiry into the whole affair.

The issues

Extent of the mayor's involvement in the World Class Developments land deal and hotel/convention centre project: Were the meetings with a company involving her son appropriate in her position as mayor?

What were the terms of the settlement between World Class Developments and OMERS that allowed the purchase of that same parcel of land by Mississauga?

- What role did Peter McCallion play in the company, and could he or did he benefit from the OMERS-World Class Developments settlement? He has filed conflicting affidavits about whether he was a principal in the company.

Whether minutes of a council meeting were altered to show the mayor had declared a conflict of interest that day in a discussion involving the property, when video of the meeting showed she had not. (That issue is expected to play a minor role in the inquiry.)

Questions about a veto OMERS quietly got inserted into its shareholder agreement with Mississauga as a 10 percent partner in the local utility Enersource. This is expected to be dealt with in the first couple of weeks.

The purpose

Justice Douglas Cunningham is to "investigate any supposed breach of trust or other misconduct of a Member of Council, an employee of the municipality or person having a contract with the municipality."

To inquire "into any matter connected with the good government of the municipality or the conduct of any part of its public business ..."

The expected outcome

Recommendations on how governance can improve.

Rarely does prosecution follow an inquiry. After the Toronto Computer Leasing Inquiry raised issues about the conduct of former councillor Tom Jakobek, a police probe resulted in no criminal charges.

The timeline

Kicks off Tuesday, with about one and a half weeks of testimony on the Enersource shareholder agreement.

Will sit on selected days and weeks into mid-September.

Mayor McCallion has served notice that does not want the inquiry to sit during the fall election period, something Justice Cunningham has said he will deal with at a later date.

The cost

The city originally budgeted \$2.5 million for a 40-day inquiry. It's now expected to go over-budget, although it's not clear by how much.

THE KEY PLAYERS

Hazel McCallion

Under scrutiny in the twilight of a long career that has seen Mississauga transform from farm fields to a maturing urban centre.

In an email last year, just before the inquiry vote, wrote: "On occasion, where I have been aware of his involvement on a matter that has come before council, where Peter has had an interest, I have made it my practice to fully comply with the Municipal Conflict of Interest Act."

Asked about one meeting she attended as the land deal between her son's company and OMERS was falling apart, McCallion said: "I get invited to a lot of things ... I was there and I don't quite know what else to say.

"I have no comment ... I am answering it to the best of my ability. You can come to your own conclusion."

Peter McCallion

Oldest son of the mayor, a fixture in the city's real estate and development scheme for over two decades. Stood to make serious money if the World Class Developments deal had gone through. Claims the project was his idea.

Previous clients claimed include Wal-Mart, First Pro, DeZen Construction and late Maple Leafs owner Steve Stavro.

Judge recommended council pay his legal fees, above the \$100,000 limit it had set, so he is represented properly. McCallion showed he had "cash flow" issues.

Leo Couprie

Thornhill-based businessman invested in World Class Developments Ltd. Bought Peter McCallion's house and leased it back to him.

Murray Cook and Tony DeCicco

DeCicco's affidavit placed the mayor in two meetings involving World Class Developments now being looked at by the inquiry. DeCicco, general manager of the company, said Peter McCallion was involved in the deal from the beginning, whereas his involvement only began after the agreement of purchase and sale with OMERS had been signed.

According to documents Peter McCallion brought Murray Cook on board in 2006 to manage the project. He left about the time DeCicco joined the project.

Michael Nobrega and OMERS:

Nobrega is the president and CEO of the \$40 billion pension fund for municipal employees who sits on the board of Enersource with Mayor McCallion. In an affidavit, Peter McCallion says he contacted Nobrega about buying the piece of land for World Class Developments.

David O'Brien

Former head of Toronto Hydro and board director with OMERS. Will be asked about the shareholder agreement involving Enersource, the local utility 90 per cent owned by the city.

A shareholder agreement gives OMERS, a minority partner, a negative veto on board decisions. Several councillors were outraged when the veto was discovered during a debate about board salaries.

O'Brien, a former city manager of Mississauga, moved on to Enersource shortly before the shareholder agreement was signed and later to OMERS. Questions about the deal are only expected to take 10 days, a fraction of the inquiry's time.

Justice Douglas Cunningham

Ontario Superior Court judge who dismissed corruption charges against Ottawa Mayor Larry O'Brien. Has made clear the inquiry – once started – will proceed at a brisk pace. Cunningham became a lawyer in 1980, a judge in 1991 and is a specialist in civil litigation.

William McDowell

Lawyer with Lenczner Slaght, lead inquiry lawyer assisting Cunningham. Former assistant deputy minister of justice with the federal government; helped implement recommendations from the Maher Arar inquiry. Was also a senior government lawyer on national security issues.

Brian Gover

A senior lawyer with Stockwoods, represents Peter McCallion. The former crown attorney has broad experience with public inquiries, having served as commission counsel for the Walkerton Inquiry, the Air India Inquiry and the Arar Inquiry. Also an adjunct professor at Osgoode Hall Law School.