

Appendix 1

Report on Complaint against Exhibition Place Board of Governors Former Member, Mr. Rocco Maragna Chronology of Events

Information was provided by the former Board Member and by the Corporate Secretary of the Board of Exhibition Place.

1. On June 19, 1998, the Board approved the “Exhibition Place Program and Development Concept Plan.” In January of 1999, two development strategies were established by the Board. One of these strategies was to develop a hotel on a site south of the Prince’s Boulevard. Between 2001 and 2006, preliminary discussions and communications took place with interested parties. In September 2004, Mr. Rocco Maragna, an architect in the City of Toronto joined the Board.
2. On November 3, 2006, the Board approved a hotel brief package for potential sites and directed staff members to draft a request for expressions of interest (REOI). On December 15, 2006, an REOI was issued by the Purchasing Department of the City of Toronto. Three submissions were made in response to the REOI, including a submission from HK Hotels.
3. In March 2007, the Board approved HK Hotels and one other proponent. Both of the two proponents had been recommended to the Board by the six member City purchasing staff team. Requests for Proposals (RFPs) were released to the two proponents.
4. The Board met on September 20, 2007 and received a staff recommendation to approve HK Hotels as the successful proponent. Mr. Maragna advises that he spoke in favour of the proposal from HK Hotels at that meeting, based upon the quality of their proposal.
5. On September 24, 2007, the Board approved HK Hotels as the successful proponent and directed staff to enter into exclusive negotiations leading to a letter of intent (LOI). Mr. Maragna was present at all of these meetings.
6. Between November 7, 2007 and February 25, 2009, the Board and its Business Development Committee received a number of reports and updates on the negotiations with HK Hotels as follows:

November 7, 2007	Board received preliminary implementation timetable for the hotel
January 25, 2008	A confidential information report was provided to the Business Development Committee of the Board on the hotel negotiations
March 6, 2008	A recommendation was made to the Board to approve LOI terms and conditions with HK Hotels. The Board approved a letter of

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- intent (LOI) with HK Hotels containing all substantive terms and conditions
- May 2, 2008 The Business Development Committee of the Board received an oral update on the hotel project with HK Hotels
- Feb. 25, 2009 The CEO of Exhibition Place provided the Business Development Committee with information that there was meeting scheduled on February 26 to review project timelines
7. Mr. Maragna was a member of the Business Development Committee, as well as being a Member of the Board. He was not present at the March 6, 2008 meeting, but was present at the other meetings outlined above.
 8. In December of 2008, the CEO of Exhibition Place arranged a trip to New York to enable Board members to make a visit to HK Hotels and to ensure confidence in their ability to develop and operate the proposed hotel. The CEO, Board Chair and two Board members, one of whom was Mr. Maragna, were scheduled to attend. The other Board member cancelled at the last minute for personal reasons. In New York, the CEO, Chair and Mr. Maragna viewed a number of hotels owned by HK Hotels. They met with the CEO of HK Hotels and discussed a number of issues including site context, scheduling and archaeological issues.
 9. Mr. Maragna advised that HK Hotels had a business relationship with a Toronto-based firm for the purposes of the proposed hotel project. This Toronto-based enterprise provided access to local contacts. In February or March 2009, that relationship was terminated, leaving HK Hotels with few connections in the City of Toronto.
 10. In early April, the CEO from HK Hotels came to Toronto in order to make arrangements for obtaining a preliminary conceptual architectural design that was required under the LOI by mid-May, 2009. On April 2, 2009 the CEO for HK Hotels had an appointment with an architectural firm and asked Mr. Maragna to accompany him in his capacity as a member of the Board. Mr. Maragna cleared this action with the Chair of the Board and attended this meeting.
 11. On April 3, 2009 a luncheon was sponsored at Exhibition Place at which Mr. Maragna was present. The CEO for HK Hotels attended the luncheon and asked Mr. Maragna if he would assist with the conceptual design in order to meet the deadline in May. Mr. Maragna pointed out that he could not consider this request without clearing it first with the Board.

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The CEO of HK Hotels told him that he had already spoken with the Chair and the CEO who were of the view that this would be acceptable so long as a conflict of interest was declared at the Board level after accepting the retainer. During this conversation, Mr. Maragna explained that he would not be able to single-handedly carry out the project without another architectural firm being involved. The CEO agreed with this arrangement and said that he wished to retain Mr. Maragna because of his years of experience, his familiarity with the project site and his affinity for European influenced design.

12. On April 9, 2009, a recommendation was made to the Board to approve the terms and schedule in the LOI referred to above. At that meeting, Mr. Maragna declared an interest based on the fact that on April 3, 2009, he had been asked by the CEO of HK Hotels to assist HK Hotels with preparation of a preliminary conceptual design, and to act as Architect of the project. As a result of Mr. Maragna's declaration of interest, he took no part in the discussion or the voting. Prior the meeting, Mr. Maragna wrote a letter to the Corporate Secretary of the Board of Governors, copied to the CEO of Exhibition Place and the Chair of the Board of Governors, the relevant portion of which reads:

I have been approached by Mr. Henry Kallan, President of HK Hotels, to be part of his design team for the development of the proposed Hotel on the grounds of Exhibition Place.

I have decided to accept this offer and with this letter I am informing the Board of Governors of my decision. At any given time that this project will be considered by the Board of Governors or any of its Committees of which I am a member, I will declare a conflict and will not partake in the deliberations. Please do not forward to me any confidential material, and/or any other form of information relating to the Hotel Development.

13. On April 17, 2009, the Board met and approved amendments to the LOI concerning the hotel. Mr. Maragna again declared an interest concerning the subject matter of the report because he had accepted the role of Architect for the project. Mr. Maragna wrote another letter to the Corporate Secretary declaring his interest as follows:

Further to my letter of April 8, 2009, I have given further thoughts to my earlier decision to become professionally involvement with the hotel development and as of this date have decided to accept the mandate.

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In view of this I will continue to declare a conflict and will not partake in the deliberations at any given time that this project will be considered by the Board of Governors or any of its Committees of which I am a member. Please do not forward to me any confidential material, and/or any other form of information relating to the Hotel Development.

14. On June 10, 2009, Mr. Maragna delivered the preliminary concept design. On June 13, 2009, Mr. Maragna registered as a lobbyist because he anticipated future meetings to discuss the project with city officials and Board members.
15. On September 3, 2009, the Board received the hotel design project and requested that staff undertake next steps. Mr. Maragna took no part in this discussion or the voting. He declared an interest in the subject matter because of his role as Architect for HK Hotels.
16. On September 14, 2009, a meeting in the community was held to discuss the hotel project. Mr. Maragna made a presentation at that meeting. There were concerns expressed by some community members, which led Mr. Maragna to conclude that he would need to give his full time attention to the project and that he could no longer continue to sit on the Board. By letter dated September 22, 2009, Mr. Maragna wrote to the Board and resigned immediately from his position on the Board. Mr. Maragna described his reason for resignation as follows:

The Board of Governors, of which I have been a member for the past six years, was informed by letter of April 8th of my decision to accept the commission from HKH to design their Hotel at Exhibition Place. Since then I always declared a conflict during the meetings of the Board that had in its agenda this item.

The presentation made at the public/community meeting on Sept. 14, 2009, made me realized that during the ensuing months this project will require my extensive professional commitment as well as that of the design team. Furthermore the planning process will involve staff of Exhibition Place, staff from various departments of the City and subsequently final approvals from the Board of Governors and City Council. Although by law it is sufficient to declare a conflict, the perception of the law is another matter. I do not want members and staff in any shape of form to be influenced or perceived to be influenced by my presence on the Board. As a result I deem it appropriate to resign from the Board of Governors effective immediately.

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17. On October 8, 2009, Mr. Maragna and the CEO of HK Hotels were invited to attend the Board meeting. The Board heard deputations from the public on that date and considered the project proposal from HK Hotels. The Board members approved the project by unanimous vote.