

## Public Item # 2

To:	Build Toronto Inc. Board of Directors
Date:	September 17, 2015
Subject:	<b>A) Review of Open Items &amp; Changes Since Last BOD Meeting</b> <b>B) Review of Outstanding Deliverables &amp; Status</b>

### **Recommendations**

It is recommended that the Board of Directors receive this report for information.

### **Background**

Attached are two lists which include the Property/Project the action item is in regards to; the meeting date that it was discussed at; the lead(s) on the action item; the action item; and the status:

- 1) Action Items from Board of Directors and Committee Meetings (action items from CEO Report and FARMC have been consolidated into this as requested at the Board meeting of August 25, 2015).
- 2) Completed Action Items from Board of Directors Meetings.

## Action Items from Build Toronto BOD/Committee Meetings

(as of August 27, 2015)

	Property/ Project	Meeting Date	Resource Name	Action Item	Status
1	Corporate	16-Jan	DF	Dividend policy/The formalization of a more fulsome dividend policy with the City	On-going
2	FARMC	5-Feb	DF	Ensure CEO expenses are in accordance with budget.	On-going
3	FARMC	5-Feb	DF	Keep FARMC updated on Pinewood Studios – sale and debt issues	On-going
4	FARMC	23-Feb	DF	Keep FARMC informed of any changes to the timing of the implementation measures re: AG Report action items.	On-going
5	FARMC	23-Feb	DF/KG	Revisit MRI License and support fee in 12 months and decide whether or not to continue using the service.	2016
6	FARMC	23-Feb	KT	Controller to create a complete flow chart of our systems and highlight the controls and present it at the next FARM meeting.	Present at next FARMC 16-Oct
7	FARMC	23-Feb	DF/KG	Create a list of what is required to go forward with the automated reports in Yardi and to ask for requirements from the FARMC.	Complete by 31-Dec
8	FARMC	23-Feb	DF	Create a summary and circulate to the FARM what the conditions are for the loan guarantee.	Complete by 31-Dec
9	Eva's	27-Apr	Kevin Lee	Inquiry of Eva's for relief of tax burden	Pending
10	FARMC	27-May	DF	TTC Receivable - The Chair of the FARMC requested that management endeavor to have this collected by June 30th.	Complete by next FARMC 16-Oct
11	FARMC	27-May	DF	2015 Cash reforecast reviewed: Management to bring a revised income reforecast for next FARMC meeting.	Verbal update at next FARMC 16-Oct
12	FARMC	27-May	DF	Code of Conduct: Management to ensure that all employees and directors have returned their 2015 code of conduct compliance forms.	Complete by next FARMC 16-Oct
13	Eireann Quay	9-Jun	DL	Invite Greywood to present their design proposal at an upcoming REIDC meeting	Awaiting outcome of initial City report
14	Downsview	9-Jun	CV, WF & DL	Chris & Wayne to call Chairs of CLC, Bombardier & Flight Safety as part of a coordinated effort to remove restrictive covenants	Suspended
15	BOD	9-Jun	BB	Plan as to how mgmt will incorporate Strategic Plan initiatives into performance expectations	Pending
16	BOD	9-Jun	BB	Overview of Build's activities (consulting, advisory, support, project investigative, assistance, etc.) in connection with Councillor requests, support to RES, City Manager's Office requests, Waterfront Sec, Charities, others, etc. (i.e. non-Build Toronto balance sheet asset activities) and associated costs, direct and indirect (for next BOD meeting)	Aug 25 BOD Item #10 - Deferred to Sep 28
17	BOD	9-Jun	BB	Detail of year to date spend against approved project investigative costs line item	Aug 25 BOD Item #13 - Deferred to Sep 28

	Property/ Project	Meeting Date	Resource Name	Action Item	Status
18	Corporate	9-Jun	BB	Comprehensive Affordable Housing Plan to be presented at October BOD meeting/Affordable Housing with AHO	Pending
19	FARMC	12-Aug	DF	Send a reminder note to City Manager re: Auditor General	Pending
20	FARMC	12-Aug	DF	What is the revenue budget for 2016?	Complete before October 2015
21	FARMC	12-Aug	DF	The FARM asked that the CFO review and sign off on numbers in REID report	On-going
22	FARMC	12-Aug	BB/DL	CEO and SVP of Development to provide update to Board re: finding new sources of revenue	Pending
23	FARMC	12-Aug	DL	Business plans: provide more transparency and ensure capital requirements are built into plans	Pending
24	FARMC	12-Aug	DF	2016 Budget: Start with a dividend of more than 5 million so as to align with City expectations.	Pending
25	FARMC	13-Aug	DF	Management to return to FARMC meeting with a report on follow-up with the requested action items set out in the letter from the City Manager, dated June 20, 2014	Update at next FARMC 16-Oct
26	FARMC	13-Aug	DF	Management to return to FARMC with recommendations on procurement spending limits.	Update at next FARMC 16-Oct
27	BOD	25-Aug	BOD	Submission of all Code of Conduct forms to Director, HR & AS	Pending
28	Corporate	25-Aug	BB	Management/Bill to prepare a year-end protocol for review of STIP to provide HRCGC with opportunity to provide feedback on EMT performance review	On agenda for Sep 28
29	Corporate	25-Aug	SJT	Complete list of policy & procedures	Pending
30	Corporate	25-Aug	DF	City guarantee of BT borrowing	Pending
31	Corporate	25-Aug	DF	Realty tax relief from the province	Pending
32	Corporate	25-Aug	DF	AG report	On-going
33	Corporate	25-Aug	DF	Renewal of IO/Pinewood Loan	Pending
34	Corporate	25-Aug	BB	Implementation of Strategic plan initiatives into the 2016 planning process/How guiding principles in Strategic Plan are going to be enacted in the organization	On-going
35	FYB	25-Aug	DL	Fort York Bridge	Pending
36	Corporate	25-Aug	DF	Refresh of the preferred suppliers rosters	Pending
37	Corporate	25-Aug	DF	More detailed year-end reporting timeline (Item #7) for each of the key processes: Business plan, operating budgeting, strategic planning; e.g. first draft, when do you need comments from board, board approval, etc.	On agenda for Sep 28
38	BOD	25-Aug	DF	Follow up item from BOD Item #12 Budget Reforecast: what happens to the properties that we don't get?	Pending
39	Eglinton	25-Aug	DL	Shannex (REIDC report): budget needs a ball park figure for 2016 (\$20M of profit)	Pending
40	Richmond	25-Aug	DL	Need City Council resolution to include "authorization" for Build Toronto to give the land	Pending

## Completed Action Items from BOD/Committee Meetings

(as of September 18, 2015)

	<b>Property/ Project</b>	<b>Meeting Date</b>	<b>Resource Name</b>	<b>Action Item</b>	<b>Status</b>
1	Corporate	9-Jun	DF	Amendments to Strat Direction and re-circulate to BOD	Completed: Jun 11, 2015
2	BOD	9-Jun	JP	Amendments to April 27 (pg 3) and May 29 minutes	Completed: Jun 12, 2015
3	BOD	9-Jun	SG	Sharon will follow-up with Board for their Code of Conduct forms	Completed: Jun 12, 2015
4	BOD	9-Jun	ST	Send link to apply to BOD when available and when deadline is established	Completed: July 31, 2015 via e-mail from JP
5	Corporate	9-Jun	CV	Initiate & schedule discussion for CEO's mid-year Performance review with a sub-set of the Board to ensure that a feedback loop is in place leading up to a year-end performance review	Completed
6	BOD	25-Aug	JP	Correlate action items from CEO Report & FARMC	Completed: Aug 27, 2015
7	FARMC	12-Aug	DF	Send out reforecast showing the 2014 projections for 505 Richmond.	Completed
40	FARMC	27-May	DF	Action Item: IFRS 10 – IAS 28 Changes – the CFO is to review and report back at the next meeting on what effect might these changes have on financial statements in future.	Completed

## Public Item # 3

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To:	Build Toronto Board of Directors
From:	Bill Bryck, President & CEO
Date:	September 18, 2015
Subject:	<b>CEO Report and Update</b>

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### **Recommendations**

It is recommended that the Board of Directors receive this report for information purposes.

### **Background**

Since the last CEO Update which was less than a month ago, the market has remained relatively stable for land sales. Market reports indicate a pickup in condo sales which was to a certain degree unexpected, however, the land market will not react to a one quarter report but will continue to look for longer term trends. Even with this second quarter pickup, the inventory of condo product is quite impressive and significant sales momentum will be needed to drive new projects not already in the ground or financed.

In 2014, GTA developers delivered 25,000 high-rise units to the market while 2015 is only set to deliver 18,000 units. However, 2016 is set to deliver 28,000 units and 30,000 units in 2017. This represents a significant inventory for the market to absorb before new projects are launched. In fact, at this time the 2018 deliveries are set at 15,000 with the vast majority still in pre-planning as opposed to construction. All figures are taken from RealNet.

High density, well located downtown sites are still what most developers are looking for and the suburban market for high-rise still remains quiet. Ground related product both from a re-sale and new build continue to perform well.

The City has issued the RFP for the consultant to run the City Wide Real Estate Review and the consultant is expected to be on board in mid-October.

### **Key Activities**

The senior management team continues to focus on closing the following sales in 2015:

- 505 Richmond W
- Tippet North

- Ordinance PH II

The following sales are at an early stage and will most likely be 2016 closings:

- 5131 Sheppard E
- Tippet South

Significant progress has been made on the Yonge and Eglinton file and the City has just given the go ahead to sign the contract with the constructor for the Fort York Pedestrian Bridge.

The 411 Victoria Park project rezoning application was approved at Scarborough Community Council in early September which is a major milestone for this project.

The 2016 Budget and Strategic Plan review is well underway.

## Public Item # 4

To:	Build Toronto Inc. Board of Directors
From:	David Fiume, Senior Vice President & Chief Financial Officer
Date:	September 3, 2015
Subject:	<b>Review of Amended Year-End Planning Process and Timeline</b>

### **Recommendations**

It is recommended that the Board of Directors receive this report for information.

### **Background**

The following report was provided to the Board in a follow-up e-mail memo which was sent on September 3, 2015.

The Budgeting / Strategic Planning Process is compromised of the following components:

- 2016 to 2020 Strategic Plan – As in prior years, this document is more aspirational in nature, with corporate long term objectives and goals, analysis of resources and market, and inclusive of a five forecast (where the first year, is the 2016 detailed budget)
- 2016 Budget and Projection – Comprised of a detailed 12 month operating and capital budget, which is supported by two components:
  - Property Business Plans – For each property the business plans will state the annual objectives, City-building, asset management transaction (as well as alternate or potential transactions and timelines), and operating and capital costs required for 2016 in detail (monthly and by line item) and for the four year projection period (which is less detailed, annual versus monthly and by major cost category).
  - Corporate Budget – Comprised of G&A and other revenue and expenses, both on an operational and capital basis, in detail for 12 months and more general for the four year forecast period.

These processes are interrelated, and therefore iterative by nature, but are providing separate timelines for analysis.

### **Strategic Plan**

Customarily, the kick off to the process would be a Board session, usually in June, July or August at the latest, where there could be a free flowing discussion about the market, strengths and

weaknesses of the company, future goals and objectives, City Building, etc., and through some consensus building, narrow down the scope of the direction so that Management would have a better understanding of Board aspirations, and be able to draft the Strategic Plan, that would then provide guidance to the business planning and the budgeting process, so that the theoretical / aspirational would translate in to practical / execution. On June 9<sup>th</sup> of this year, the 2015 to 2019 Strategic Plan was approved, and since this was only a few months ago and reflected information and thoughts to that point in time, an initial session such as this is not critical.

Management's approach for the 2016 to 2020 Strategic Plan, since we do not expect many major changes, is to update and revise the recently approved plan, and present this refreshed version to the Board through a "backlined" version indicating the changes, and seek input based on this revised document, and use the session on September 28<sup>th</sup> to seek the required input, clarification and general approval of the direction of the Strategic Plan. The 2015 to 2019 Strategic Plan is currently being used to guide the Property business plan / budgeting process, but any major changes, if any, could be layered in if required.

The Strategic Plan would be updated from this initial meeting, and sent to the Board for comments again, and based on the response from the Board, allow for 20 to 30 minutes in the October 27<sup>th</sup> Board Meeting, if required. The initial update to the Strategic Plan would not include updated financial information, simply because it will not be ready at this point, but this second version could have draft financial information, to help to put some of the discussion into overall context.

Management would present a final copy that we would expect to be approved on The December 3<sup>rd</sup> Board meeting, with the other components mentioned below.

### **2016 Budget and Projection**

The Budget and Projection process has already commenced, with an initial kick off meeting on August 17<sup>th</sup>, 2015. As noted above, the direction from the 2015 to 2019 Strategic Plan approved in June 2015, will be utilized to guide the Property Business Plans, and therefore the budgets and projections, and their effects on the general and administrative expenses, including staffing levels, etc. The components of the 2016 Budget and Projection are:

#### Property Business Plans, Budget and Projections

As noted above, the current Strategic plan is guiding the Property Business plans, which this year will be improved to include better market information on values and more options / potential asset management strategies, which could better demonstrate how selling earlier versus later, would affect the revenue costs and return, etc. The Property Business Plans will be the basis of the Property operating and capital budget, including the revenue events. The first draft of the property business plans, along with the 2016 budget and the 2017 – 2020 projection, will be presented to the REIDC on October 15<sup>th</sup>. After this initial review, the plans and the budget / projection will be edited, and revised for completion, to be presented on November 11, to be finalized and approved so that they can be included in the final submission for the Board on December 3<sup>rd</sup>.

#### Corporate Budget

The Corporate 2016 Budget and four year projection continues the "downhill" nature of the process, where the Property budgets will guide the general administrative expenses, especially the staffing requirements. The Corporate budget will also include incidental revenue and expenses, such as interest revenue and charges. The initial draft of the Corporate Budget, which includes a consolidation of the property budgets and projections, will be presented to FARMC on October 16<sup>th</sup>. After this initial review, the plans and the budget / projection will be edited, and revised for



completion, to be presented again on November 12, to be finalized and approved so that they can be included in the final submission for the Board on December 3<sup>rd</sup>. The finalized 2016 Budget and the 2017 to 202 Financial Projections will be inserted into the Strategic Plan, for Board Meeting on December 3<sup>rd</sup>.

The key dates for the 2016 Budget/Strategic Plan are previously presented are:

- **August:** Budget kick off
- **October 15:** REID is presented with the first draft of the property budgets
- **October 16:** FARM is presented with the first draft of the consolidated budget, G&A, and the 5 year cash flow from the Strategic Plan
- **November 11:** Finalized budgets to be presented to the REID for recommendation to the Board for approval
- **November 12:** Finalized consolidated budget, G&A and the 5 year Strategic Plan to be presented to the FARM for recommendation to the Board for approval
- **December 3:** Board approval of the 2016 Budget

