

Public Item # 2

To:	Build Toronto Inc. Board of Directors
Date:	October 21, 2015
Subject:	A) Review of Open Items & Changes Since Last BOD Meeting B) Review of Action Items & Status

Recommendations

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

Background

Attached are three 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) Key Action Items from Board of Directors and Committee Meetings
- 2) Administrative Action Items from Board of Directors and Committee Meetings
- 3) Completed Action Items from Board of Directors Meetings

Revisions to the Action Items have been made as per the last Board meeting of September 28, 2015.

Key Action Items from Build Toronto BOD/Committee Meetings

(as of October 21, 2015)

	Property/ Project	Meeting Date	Resource Name	Action Item	Status
1	FARMC	27-May	DF	Code of Conduct: Management to ensure that all employees and directors have returned their 2015 code of conduct compliance forms: outstanding is Cllr Shiner	Complete by next FARMC 16-Oct
2	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	Will be provided at Nov 18 HRCGC
3	Corporate	16-Jan AND 28- Sep	DF AND BB	Dividend policy/The formalization of a more fulsome dividend policy with the City AND a communication policy/feedback loop with our Shareholder in terms of their use on the dividend (can be informal)	Q1 2016
4	Corporate	25-Aug	DF	Finalize City guarantee arrangements for BT borrowing	Q1 2016
5	Corporate	25-Aug	DF	Pursue realty tax relief from the Province	Q1 2016
6	Corporate	25-Aug	DF	Renewal of IO/Pinewood Loan	Q1 2016
7	BOD	25-Aug	BOD	Set up of Succession Planning Subcommittee	Q1 2016
8	FARMC	23-Feb	DF	Keep FARMC informed of any changes to the timing of the implementation measures re: AG Report action items.	On-going
9	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

Administrative Action Items from Build Toronto BOD/Committee Meetings

(as of October 21, 2015)

	Property/ Project	Meeting Date	Resource Name	Action Item	Status
1	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
2	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
3	FARMC	13-Aug	DF	Management to return to FARMC with recommendations on procurement spending limits.	Update at next FARMC 16-Oct
4	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
5	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
6	FARMC	23-Feb	DF	Create a summary and circulate to the FARM what the conditions are for the loan guarantee.	Complete by 31-Dec
7	REIDC	11-Aug	ST	Modification of Indemnity Clause Required by City - BT confirm with City what, if any, modifications are acceptable	Q1 2016
8	REIDC	11-Aug	ST	No OMB Policy - modifications proposed due to recent negotiation experience	Q1 2016
9	REIDC	11-Aug	DL	Sustainability Policy	Q1 2016
10	REIDC	11-Aug	DL	Project Update Report - direction needed re utility of report and update frequency	Nov REIDC
11	FARMC	16-Oct	DF	Send out a presentation to FARM on the Roster process.	Nov 19 FARMC
12	FARMC	16-Oct	DF	AG checklist: in recommendations create a summary of conclusions.	Nov 19 FARMC
13	FARMC	16-Oct	DF/BB	Have a meeting with Rob Rossini and see if there is an expectation of how much dividend to pay as well as confirmation of the City's expected timing of the dividend.	Reported on at Nov 19 FARMC November 19, 2015
14	FARMC	16-Oct	DF/KT	Collection of TPLC receivable	Update at Nov 19 FARMC November 19, 2015
15	FARMC	16-Oct	DF	Management to monitor status of lease and report back to the FARMC in Q1 2016 as to proposal re: exercise of June 30, 2016 lease termination.	Nov 19 FARMC
16	FARMC	16-Oct	DF/BB	Provide FARMC with data re: hits on Build Toronto website.	Nov 19 FARMC
17	FARMC	16-Oct	DF	Create a presentation on what IT backup and disaster recovery systems are in place.	Nov 19 FARMC
18	FARMC	16-Oct	DF	Management will set up a call with the FARM Committee for a walk through on any individual adjustments made to the budget.	1 week before Nov 19 FARMC
Ongoing					
19	FARMC	5-Feb	DF	Ensure CEO expenses are in accordance with budget.	On-going
20	FARMC	5-Feb	DF	Keep FARMC updated on Pinewood Studios – sale and debt issues	On-going

	Property/ Project	Meeting Date	Resource Name	Action Item	Status
21	BOD	28-Sep	BB	Add Action Items that are of priority/critical/particular importance to CEO Report & Update	On-going
22	BOD	9-Jun	BB	Plan as to how mgmt will incorporate Strategic Plan initiatives into performance expectations	Pending
23	FARMC	12-Aug	DF	Send a reminder note to City Manager re: Auditor General	Pending
24	FARMC	12-Aug & 15-Oct	DL	SVP of Development to provide update to Board re: finding new sources of revenue	Pending
25	FARMC	12-Aug	DF	2016 Budget: Start with a dividend of more than 5 million so as to align with City expectations.	Pending
26	Corporate	25-Aug	SJT	Complete list of policy & procedures	Pending
27	Corporate	25-Aug	DF	Refresh of the preferred suppliers rosters	Pending
28	BOD	25-Aug	DF	Follow up item from BOD Item #12 Budget Reforecast: what happens to the properties that we don't get?	Pending
29	REIDC	11-Aug	ST	Join Venture Policy	Pending

Completed Action Items from BOD/Committee Meetings

(as of October 21, 2015)

	Property/ Project	Meeting Date	Resource Name	Action Item	Status
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	Eva's	27-Apr	Kevin Lee	Inquiry of Eva's for relief of tax burden	Completed at Aug 25 BOD meeting
7	BOD	25-Aug	JP	Correlate action items from CEO Report & FARMC	Completed: Aug 27, 2015
8	FARMC	12-Aug	DF	Send out reforecast showing the 2014 projections for 505 Richmond.	Completed
9	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
10	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)	Completed at Sep 28 BOD meeting
11	BOD	9-Jun	BB	Detail of year to date spend against approved project investigative costs line item	Completed at Sep 28 BOD meeting
12	BOD	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.	Completed at Sep 28 BOD meeting
13	BOD	28-Sep	JP	Nominating panel dates to be provided to BOD	Completed: Oct 6, 2015
14	Strat plan	28-Sep	JP	Open REIDC & FARMC meeting to whole board	Completed: Oct 7, 2015
15	BOD	28-Sep	JP	Resend board and committee dates	Completed: Oct 7, 2015
16	BOD	28-Sep	JP	Provide Orientation Binder materials to BOD; they will see what is missing	Completed: Oct 8
17	BOD	28-Sep	JP	Revise August 25 in camera minutes	Completed: Oct 14

18	BOD	28-Sep	JP	Revise action item list: <ul style="list-style-type: none"> • #1: add that the CEO develop a communication policy with the City for the Dividend Policy – a communication/feedback loop with our Shareholder in terms of their use on the dividend and add date of next board meeting in October; can be an informal policy. • Highlight in yellow where there is a change, e.g. in date • Reformat e.g. by topic or Committee • Timing should be more specific • Look into whether all action items be in public agenda • Consolidate all action items (including REID, HRCG) • Prioritize 	Completed: Oct 19
19	Strat plan	28-Sep	JP	Allow for more than 30 minutes at Oct board meeting to discuss strat plan	Completed: Oct 19
20	FARMC	12-Aug	DL	Business plans: provide more transparency and ensure capital requirements are built into plans	Completed: REIDC Oct 15
21	Affordable Housing	9-Jun	ST	Comprehensive Affordable Housing Plan to be presented at October BOD meeting/Affordable Housing with AHO	Completed: on Oct 27 BOD agenda
22	REIDC	11-Aug	DL	Business Plans - revised as required and delivered as part of October Budget	Completed
23	BOD	28-Sep	BOD/DF	BOD to provide comments of Strat Plan to DF and review session will be set up	Completed: set for Oct 26
24	FARMC	27-May	DF	TTC Receivable - The Chair of the FARMC requested that management endeavor to have this collected by June 30th.	Completed: FARMC 16-Oct
25	FARMC	27-May	DF	2015 Cash reforecast reviewed: Management to bring a revised income reforecast for next FARMC meeting.	Completed: FARMC 16-Oct
26	BOD	28-Sep	DL	Circulate drafts of strategic plans and budgets to board, informally - all business plans and budgets circulated to REID to go to rest of board and highlight top 10 - add HRCGC input prior to (G&A, staffing levels, etc.)	Completed: REIDC Oct 15
27	BOD	28-Sep	DF	Detail review of current and projected staffing levels and ensure it is consistent with what anticipated profit is	Completed
28	Eglinton	25-Aug	DL	Shannex (REIDC report): budget needs a ball park figure for 2016 (\$20M of profit)	Completed
29	Richmond	25-Aug	DL	Need City Council resolution to include “authorization” for Build Toronto to give the land	Completed
30	Biz plan	28-Sep	DF	In connection with Business plans, ensure that key strategic initiatives are incorporated in the plans	Completed
31	Budget	28-Sep		Step up communication & information (for transparency) to board on operating budget instead of bringing it as finished item	Completed
32	BOD	28-Sep		Be proactive with City RFP: what the City will be talking to City Reps about and who they will be talking to (mgmt, BOD, both) and what was suggested as model options and efficiency opportunities	Completed
33	Tippett N	28-Sep	DL	DL to send e-mail to Cllr Shiner, copy Joe Nanos (Director) with update and state what is missing	Completed

Public Item # 3

To:	Build Toronto Board of Directors
From:	Bill Bryck, President & CEO
Date:	October 21, 2015
Subject:	CEO Report and Update

Recommendations

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

Background

Since the last Board meeting of September 28th, most of the efforts of the company have been centered around producing the 2016 Operating Budget and continuing to work on the 2015 property sales program. The 2016 Operating Budget was presented to the FARMC on October 16th along with ancillary reports to HRCGC and REIDC. Management is in the process of incorporating feedback received from the Committees with a view to producing a final 2016 Operating Budget for the November Committee cycle and for presentation to the Board for approval on December 3rd.

Key Activities

Progress continues to be made on closing the sale of Ordnance PH II, 505 Richmond Street West and Tippett South before the end of 2015. The Ordnance project has now gone firm with a closing set for October 29th. The prospective purchaser of 505 Richmond is continuing with their due diligence and Management continues to support those efforts. We continue to work with the purchaser of Tippett to process their rezoning application through Community council which will permit a 2015 closing.

The REIDC at the October 15th meeting approved the following:

- Entering into a Letter of Intent with a potential purchaser of 5131 Sheppard Ave. East
- Entering into an Agreement of Purchase and Sale for the Tippett South lands
- Taking the Rockcliffe lands to market

Progress continues to be made on the difficult forward sale of the 411 Victoria Park.

Marketing of the Bicknell site has begun following REIDC approval in May.

The contract for the winning proponent of the Fort York Pedestrian Bridge was signed with City approval.

The CEO and CFO presented an overview of Build Toronto to the City Wide Real Estate Review Advisory Panel on October 19th.

The CEO participated in the City Age Conference on a panel discussion which included the Toronto City Manager.

Public Item # 4

To:	Build Toronto Inc. Board of Directors
From:	David Fiume, Senior Vice President & Chief Financial Officer
Date:	October 21, 2015
Subject:	Auditor General's Report Update

Recommendations

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

Background

Enclosed is the updated status of the Auditor General's recommendations from their review of the Operational Review of Build Toronto Inc. dated October 9, 2015.

Management’s Response to the Auditor General’s Review of the Operational Review of Build Toronto Inc.

<u>Rec No</u>	<u>Ratings</u>	<u>Recommendation</u>	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>	<u>Details</u>	<u>Detailed Action Plan & Time Frame</u>
	City Manager					
	Strategic					
5.		City Council request the City Manager, in consultation with Build Toronto's Chief Executive Officer, to review the Shareholder Direction on a periodic basis to ensure that the mandate and City objectives remain consistent with City Council's ongoing priorities and expectations for Build Toronto. Any changes required should be submitted to City Council for approval.		In 2015, the City Manager will review the Shareholder Direction to Build Toronto, and recommend mandate amendments to Council should they be required.	BT welcomes clarity of Council Direction for the inclusion of this recommendation.	External – 2015 <u>BT Owner:</u> CEO <u>Timing:</u> Initiated discussion with City Manager’s Office Monthly monitoring <u>Target:</u> Q4 2015
6.		City Council request the City Manager, in consultation with Build Toronto's Chief Executive Officer: a. Formalize a dividend policy consistent with the mandate and objectives of Build Toronto; and b. Establish processes to enable the periodic review of the dividend policy.	As per Council direction, City staff have been discussing with the Province potential regulatory changes that impact Build Toronto's ability to generate profit and issue dividends to the City. The results of these discussions will be incorporated into a new policy.	In 2015, the City Manager will formalize a dividend policy, in consultation with Build Toronto, which will include a provision for periodic review.	BT will work with City Manager to put in place a policy that ensures there is flexibility for cash flow, funding capital, etc, and factors in the ebbs and flows of sales. The (hopefully) upcoming provincial approval of the loan guarantee will help with the safety net concept, but not eliminate the need for a well thought out dividend policy.	External – 2015 <u>BT Owner:</u> CFO <u>Timing:</u> Second meeting and philosophy from City Manager. BT analyzing models, cash flow, etc of potential plans. Further meeting to occur in Late October, early November. <u>Target:</u> Q4 2015

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22.		City Council request the City Manager, in consultation with the Chief Executive Officers of Build Toronto, Invest Toronto, and Toronto Port Lands Company to review areas where opportunities exist to consolidate or coordinate operations and report to City Council on the results of these consultations.		The City Manager will consult with Build Toronto, Invest Toronto and Toronto Port Lands Company on opportunities to consolidate or coordinate common activities, and report to Council with recommendations in the second quarter of 2015.	The full report communicated the lost savings of TPLC's move from BT's premises. Speaks to potential savings of \$1 million. This is also part of the discussion of merging companies together to be more effective as well.	External – 2015 <u>BT Owner:</u> CEO <u>Timing:</u> Panel selected, consultant engaged after data consolidation. BT Monthly monitoring <u>Target:</u> Q1 or Q2 2016
	Property Acquisition					
7.		City Council request the City Manager to ensure that the ongoing review of real estate holdings and the City-Wide Office Modernization Plan consider alternate accommodation solutions to allow for the development of high value sites. The City Manager report to City Council and the Board of Build Toronto annually on the progress made to identify sites currently in operational or program use that have significant development or value potential.		City Real Estate Services is reviewing citywide overall holdings and will outline high potential development on an annual basis. The City Manager's report will be completed mid-year 2015.	As discussed many times, this initiative is critical to freeing up high value sites for BT through corporate efforts to consolidate, etc. Management feels that the inclusion of this item in the report due is critical For our future.	External – 2015 <u>BT Owner:</u> CEO <u>Timing:</u> Initiated discussion with CCO, studies being completed in concert with the above recommendation. BT Follow-up required. BT Monthly monitoring <u>Target:</u> Q4 2015

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8.		<p>City Council request the City Manager ensure that a comprehensive City-Wide Real Estate Strategy is prepared which contemplates:</p> <p>a. Protocols for cooperation by City divisions, agencies, and corporations which clarifies how they would be compensated for the operating and capital impacts of transferring properties to Build Toronto; and</p> <p>b. Protocols for real estate development activities carried out by City agencies and corporations and whether such activities should be centralized or coordinated with Build Toronto.</p>		<p>City Real Estate Services will review current city wide strategy. The City Manager will bring forward a report in 2015.</p>	<p>There are two parts to this recommendation.</p> <p>Part One: This is the second method of freeing up valuable sites for BT, by incenting the sister companies and departments to be team players for the City, so that we can obtain value for underutilized sites, a “win-win”</p> <p>Part two: the recognition of BT as the central development agency for the City is also critical, providing security for BT as an entity and further product.</p> <p>These items in the report are critical for our future.</p>	<p>External – 2015</p> <p><u>BT Owner:</u> CEO</p> <p><u>Timing:</u> <u>Part of recommendation #22 above.</u></p> <p><u>Panel selected, consultant engaged after data consolidation.</u> <u>BT Monthly monitoring</u></p> <p><u>Target:</u> Q1 or Q2 2016</p>
9.		<p>City Council request the City Manager, in consultation with Build Toronto's Chief Executive Officer, to ensure that properties already declared surplus are transferred to Build Toronto on timely basis.</p>		<p>The City Manager will request that City Real Estate, in consultation with Build Toronto, review the process to transfer properties declared surplus in Q1 2015, and recommend changes to Council to streamline the process, if appropriate, to ensure properties are transferred on a timely basis.</p>	<p>Reflects two main issues, the ever increasing length of time to obtain properties and with that long time period, we have had a number of properties “retracted” more for Councillor concerns, not overall City issues.</p>	<p>External – 2015</p> <p><u>BT Owner:</u> CFO</p> <p><u>Timing:</u> Initiated internal process Leading to presentation to RES. <u>BT follow-up required.</u> <u>Target:</u> Q4 2015</p>
	Reporting					
14.		<p>City Council request the City Manager, in consultation with the Chief Executive Officer of Build Toronto, to report to Council the estimated open market financial impact of terms and conditions of transfer agreements together with any Section 37 or other obligations on properties transferred to Build Toronto.</p>		<p>The City Manager, in consultation with Build Toronto, will explore methodologies and processes to estimate the financial impact of terms and conditions of transfer agreements for properties to be transferred to Build Toronto and report in 2015.</p>	<p>It is key that Council be able to understand and quantify the costs of the terms and conditions, especially strata title, to aid transparency for transfer approval.</p> <p>It is important that this item is presented by City Manager, not BT</p>	<p>External – 2015</p> <p><u>BT Owner:</u> CFO</p> <p><u>Timing:</u> Initiated internal process RES is discussion with City Manager's Office <u>BT follow-up required.</u> <u>Target:</u> Q4 2015</p>

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	Internal					
	Strategic / Reporting					
1.		The Board of Directors of Build Toronto request the Chief Executive Officer to ensure Build Toronto's five-year strategic plan includes clear objectives and performance measures which address both the financial and non-financial priorities of the City.		In 2013, Build Toronto identified and began to measure non-financial results. In our "2013 Annual Review". Build Toronto sets out our non-financial strategic priorities that we will measure, being: Engagement, Livable Neighbourhoods, Sustainability, Employment and Transit-Oriented Development, in addition to our Financial and Affordable Housing objectives, that will be built into our upcoming 2015 – 2019 Strategic Plan, currently being prepared. Non-financial objectives are now being reported on separately in every submission brought to the Board for approval.	This was fairly non-judgmental to BT. There was a realization that BT had a tremendous influence placed on it to increase sales and dividends and therefore did not allow BT to fulfill the "City Building" portion of its Mandate. Mentioned the upcoming Affordable Housing Program, and the recent measurement of City Building, but we have to make sure we put these goals in our Strategic Direction, being reviewed for possible approval in January 2015	To be built into our current Strategic Plan, led by CEO. <u>BT Owner:</u> CEO <u>Timing:</u> <u>Status: Targets included in business plans and to be augmented in 2016 Plans</u> <u>HRCG to incorporate targets into STIP</u> <u>Revised Target: Q4 2015</u>
	Reporting					
2.		The Board of Directors of Build Toronto request the City Manager to submit the approved 5-Year Strategic Plan, or any subsequent updates to the Plan, to City Council for information.		Build Toronto can confirm that it has asked and the City Manager has agreed to make the 2015 – 2019 Strategic Plan available to Council for information, and Build Toronto will report its progress through its AGM, and other opportunities with Council.	Follows up on our commitment at the City's Executive Committee to ensure that we submit it, but basically that the City Manager make it available, which he does.	Completed

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3.		The Board of Directors of Build Toronto request the Chief Executive Officer to ensure Build Toronto's Annual Report addresses progress towards achieving the objectives specified in the strategic plan and activities which contribute towards Build Toronto's ability to fulfill its mandate.		Build Toronto will report its progress on its strategic objectives through its Annual Report and Annual Review for 2014, and will specifically report progress at its AGM in May / June 2015 and at other opportunities.	Reporting of actual results achieved will be done in our Annual Report or a separate document, like the "Annual Review" (which focuses just on City Building) presented to Executive Committee.	<u>BT Owner:</u> CEO <u>Status:</u> <u>Completed</u> <u>Approved and filed Strat Plan, Financial Results and Annual Review</u>
12.		The Board of Directors of Build Toronto request the Chief Executive Officer to provide reports summarizing the value created on each project which include, where possible: a. A summary of activities completed by Build Toronto staff to enhance the value of properties and the related estimates of profits generated as a result of realized holding gains versus profits earned through site advancement activities; b. A summary of additional actions taken to enhance the value of the site where Build Toronto continues to participate in a joint arrangement on the site and the related future proceeds from profit participation in these arrangements;		Build Toronto has committed that it will report items of this nature, where information is available, when financial statements are presented at Executive Committee in May / June 2015, and then through this process to Council.	This is a follow-up from a request at Executive Committee that we reflect our "works" on all properties, since the sales do not reflect all the Company's efforts. Holding Gains probably can't be split from Value Add gains, but we will look at some alternatives.	<u>BT Owner:</u> SVP Development <u>Timing:</u> <u>Status:</u> <u>Completed with</u> <u>Approved and filed</u> <u>Annual Review</u> Notes: - (d) Financial impact was not done by BT, it will be reported on by BT once RES discloses this information. - At times, to preserve confidential information about sales transactions, information is often aggregated. -We continue for further methods to disclose this information

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		<p>c. The projected economic impact of the development of the property;</p> <p>d. The financial impact of any conditions attached to the property transfer; and</p> <p>e. A summary of other city building benefits expected to be realized and the associated financial impact of providing such benefits.</p>		Build Toronto will coordinate with the City as noted in recommendation #14.	<p>c. Being done currently – but not for historic sales, we will have to get an update for this purpose.</p> <p>d. very important recommendation, for BT to coordinate with the City..</p> <p>Similar to recommendation 1.</p>	
13.		The Board of Directors of Build Toronto request the Chief Executive Officer to periodically report on the actual versus projected economic impact from development of the property.		Build Toronto currently estimates future economic and fiscal benefits from all properties received from the City, and to the extent possible, will report on these metrics at its next AGM in May / June 2015.	This will be very difficult to achieve for non-public information for sold properties, but we are currently investigating what can be obtained publically.	<p><u>BT Owner:</u> CFO</p> <p><u>Status:</u> <u>Completed with Approved and filed Annual Review</u></p> <p><u>-We continue for further methods to disclose this information</u></p>
15.		The Board of Directors of Build Toronto request the Chief Executive Officer to enhance the Record Retention Policy to clarify what information needs to be documented and retained in support of processes to identify purchases and/or development partners.		A current internal committee is working on a new record retention policy, targeted completion by Q1 2015.	Unfortunately an embarrassing issue that we were not able to produce source documents from the past on transactions prior to a number of personnel being in place at BT.	<p><u>BT Owner:</u> GC</p> <p><u>Status:</u> <u>Completed with Revamped policy, which does not yet include retention policy (all records currently retained)</u></p>
	Operational					

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4.		The Board of Directors of Build Toronto request the Chief Executive Officer to conduct a review of the incentive compensation program and the executive performance management processes to ensure appropriate emphasis is placed on both long term goals established in the strategic plan and annual performance targets.	This project was started approximately a year and a half ago, but was delayed due to a number of organizational issues, such as the reconstitution of the Build Toronto Board (private citizens including the Chair), a new Chief Executive Officer and the reorganization of the company.	The Chief Executive Officer of Build Toronto will discuss this issue with Build Toronto's Human Resources and Corporate Governance Committee at the first fully constituted meeting in the First Quarter 2015.	By examining the metrics used in assessing bonus level, only a minor percentage is allocated directly to City Building. Notwithstanding, BT personnel understand the requirement to make Councillors satisfied, so that they sign-off on transferring the property to BT, which is necessary under the transfer process.	<u>BT Owner:</u> HRCG /CEO <u>Timing:</u> Discussion at HRCG, and RFP issued to hire consultant for three City Corporations. <u>Status:</u> In-Progress <u>Target:</u> Q4 2015
10.		The Board of Directors of Build Toronto request the Chief Executive Officer to prepare and document detailed project plans for each property which includes: <ul style="list-style-type: none"> a. Milestones and timelines (key activities); b. Detailed pre-development and development budgets; c. A robust risk assessment together with measures to address risk identified; and d. A forecast of project profits. 		This process has already begun, and should be completed by the second quarter 2015.	The AG observed that there a lack of documenting the project plans, and changes to those plans are not documented and communicated to the Board, the recommendation below. A number of the projects have business plans (I am not sure of the level of Board review) and the remainder have to be completed.	<u>BT Owner:</u> SR VP Dev <u>Timing:</u> <u>Status Completed</u> To be further augmented in 2016 Budget Process

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11.	Operational	<p>The Board of Directors of Build Toronto request the Chief Executive Officer enhance periodic project status update reports to document progress made on project plans including:</p> <p>a. Description of any changes to milestones and timelines including any significant slippages or issues impacting the progress of projects;</p> <p>b. Actual life-to-date costs compared to original pre-development and development budgets and explanations for significant variances; and</p> <p>c. Revised project profitability forecasts including any changes to the assumptions used.</p>		Monitoring of plans, as noted above, will commence as long range plans are completed through 2014 to second quarter 2015.	A procedure for the requirement that the plans be updated on an on-going basis, how often, and how are these changes communicated to the Board has not been concluded.	<p><u>BT Owner:</u> SR VP Dev <u>Timing:</u> Process of reporting will commence with completion of plans noted above. Also to be integrated into new Policy and Procedure. <u>Target:</u> Q2 2015</p> <p><u>Status:</u> In-Progress, updates to plans to be provided quarterly to REID, beginning with Revised Target Q3 2015 Results</p>
	Transactional / Procurement					
16.		<p>The Board of Directors of Build Toronto request the Chief Executive Officer to implement processes to ensure that, where external consultants or partners conduct the process to identify purchasers and/or developer partners, Build Toronto obtain and retain adequate supporting documentation from the external parties to demonstrate compliance with its own policies and procedures.</p>		Build Toronto has recently put this recommendation in place, so that this oversight will ensure compliance by consultants working on our behalf, such as brokers, by ensuring that the Procurement Manager is included, with proper documentation of the process.	Where we use outside consultants, i.e. still our project, therefore our procedures (not that we are a minority partner), such as a broker, we need to ensure that our procedures are followed, even where there appears to be little visibility.	<p><u>BT Owner:</u> CFO <u>Timing:</u> Completed. Procurement Manager ensured that external Consultants understand BTs procurement objectives and this has been done for all 2015 transactions through his involvement.</p>

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17.		<p>The Board of Directors of Build Toronto request the Chief Executive Officer to implement a formal policy governing the processes to identify purchasers and/or development partners which addresses:</p> <p>a. Practices to support the openness, fairness and transparency of processes while respecting the hybrid nature of Build Toronto; and</p> <p>b. Key controls that should be implemented to substantiate efforts to maximize financial returns and ability to achieve city-building objectives.</p>		<p>Build Toronto is finalizing its transaction policy that will reflect the current process, and where required, update the process to ensure that the objectives of the policy continue to support the objectives of openness, fairness and transparency while respecting the hybrid nature of Build Toronto. Completion by second quarter 2015.</p> <p>Build Toronto has implemented an improved monitoring and recording system through the Procurement Manager, capturing the “gives and takes” of negotiations as they move along.</p>	<p>This recommendation comes from the AG believing that not all of the transactions had a wide enough distribution, and that led to a more limited set of respondents. BT did not really agree that the facts supported this conclusion, but that a policy that requires full dissemination of potential transactions, especially where brokers are utilized (such as advertising all transactions) is a strategy.</p> <p>As well, the scoring and request should detail how we evaluate competing proposals.</p>	<p><u>BT Owner:</u> CFO <u>Timing:</u> Initiated internal review of process for last few sales transactions. Formalizing and documenting, for inclusion in new Policy and Procedure. <u>Target:</u> Q2 2015. <u>Completed - Scoring is included for all RFPs and transactions in 2015.</u> <u>BT continues to use rosters or ensures wide dissemination if rosters not used</u></p>

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18.		<p>The Board of Directors request the Chief Executive Officer to ensure that, for all property transactions, reports recommending or short listing purchasers and/or development partners include:</p> <p>a. A summary of evaluations of submissions received in response to requests for bids or proposals;</p> <p>b. A comparison of key terms and conditions offered by bidders or proponents and the corresponding projected financial returns including underlying assumptions of financial analysis; and</p> <p>c. Other qualitative factors considered in recommending or short listing bidders or proponents.</p>		<p>Build has commenced the process of improving the disclosure within the submissions to the Board and is working with the Board to ensure that the information required, is received.</p> <p>Completion of program by first quarter 2015.</p>	<p>When using a broker on transactions, a summary sheet was prepared, but often it was inconclusive, or wasn't really indicative of a clear number one.</p>	<p><u>BT Owner:</u> CFO <u>Timing:</u></p> <p>New process is being used on all transactions, with Procurement Manager involved to ensure objectives of transparency, equity and fairness are met.</p> <p><u>CFO reviewing files for all previous transactions to ensure proper documentation</u></p>
19.		<p>The Board of Directors request the Chief Executive Officer to report any subsequent significant changes to terms and conditions of agreements including:</p> <p>a. The justification for such negotiated changes;</p> <p>b. The financial and qualitative impacts of such changes; and</p> <p>c. Any alternatives considered in the structuring of agreements.</p>		<p>During the sales process, negotiating terms and conditions are fluid. Build Toronto is now recording the negotiating process, as noted above, to be reported to the Board. Completion of policy in the first quarter 2015.</p> <p>At times, there may be insignificant allowance for change delegated to management through the Board motion approving the transaction. If the transaction is within that allowance, management will subsequently report this to the Board, but is not required to seek additional approval.</p>	<p>After selection, there often was not a trail of the negotiations, the "gives and takes" were not documented, which is standard for many real estate companies, but should not be the case for BT.</p>	<p><u>BT Owner:</u> CFO <u>Timing:</u></p> <p>Initiated internal process being led by Procurement Manager and Development Leads for last few transactions, being reviewed for formalizing and documenting, for inclusion in new Policy and Procedure. Target: Q4 2015. <u>Status: Included in above recommendation</u></p>

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20.		The Board of Directors request the Chief Executive Officer to implement practices to ensure sufficient supporting documentation of agreements and amendments including the rationale for changes from original offers or proposals.		This process has begun, and Management is working with the Board to ensure there is documentation in place to support all changes. Completion by Q1 2015.	In examining the documents, the rationale was often not documented for changes in the legal agreements, especially amendments, similar to above.	Included in the above <u>Status: To be included in above recommendation</u>
21.		The Board of Directors ensure minutes of Board and Board committee meetings adequately document: a. The nature and extent of additional information verbally disclosed by management during Board discussions with respect to property transactions; and b. Direction or decisions by the Board which would impact the outcomes of the transaction.		Management will discuss this issue with the Board and incorporate this into the minutes.	There is a lack of details in the Minutes, which really do not demonstrate support for changes, other than the approved motion. Minutes should reflect the back ground of the decisions, especially when management is directed.	<u>BT Owner:</u> BOD / GC <u>Timing:</u> Recognition of further detail in the minutes regarding transaction, led by GC, but must be implemented by BOD. <u>Target:</u> Q1 2015. Completed – new minute policy being followed
23.		The Board of Directors of Build Toronto request the Chief Executive Officer, in consultation with the City Manager, to review the Procurement Policy and recommend appropriate revisions to the policy which support effective, objective, fair, open, transparent, accountable, and efficient procurement processes.		Build Toronto is reviewing the Procurement Policy, which has been in place for approximately four years, with the goal to make appropriate revisions which support effective, objective, fair, open, transparent, accountable, and efficient procurement processes. Completion in Q3 2015.	This recommendation comes from a few areas where BT differs from the City and questions where the AG believes that there really should not be a difference. BT believes that its use of more judgment rather than prescriptive rules in this manner has a better result, but we are review all out policies, and looking for improvement. One change already implemented is the requirement that all RFPs list selection criteria and the weighting, which we did not communicate in the past, but is required for “public” entities.	<u>BT Owner:</u> CFO <u>Timing:</u> Initiated internal process led by Procurement Manager. Analyzing potential changes and finalization for formalizing and documenting, for updates to Procurement Policy Procurement review, completion by Q4 2015. <u>Status: In-Progress</u>

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24.		The Board of Directors of Build Toronto request the Chief Executive Officer to ensure that the use of rosters is in compliance with the updated procurement policy.	Build Toronto uses its own roster in most common procurement categories, but has at times used a roster from the City or other City agency where Build does not have the volume to necessitate its own roster (such as in property services).	Rosters are now being reviewed to assess if they require renewal. Build will initiate an update of selected rosters in the Q3 of 2015, and put new rosters in place where required.	Due to the infrequency of the need for certain rosters, BT has used the City rosters and TPLC's. After three years, BT should update the rosters, but this is very time consuming, and there may still be instances where a roster is not justified.	<u>BT Owner:</u> CFO <u>Timing:</u> Underway Planning Completed Environmental O/S Architecture Underway <u>Target:</u> Q4 2015.
25.		The Board of Directors of Build Toronto request the Chief Executive Officer to enhance oversight and monitoring of procurement activities to include: a. Improved procurement planning to reduce the need for direct procurement and direct award of additional work; and b. Improved reporting of direct procurement activities and significant increases to existing contracts through direct award of additional work.		Build Toronto has augmented its policies to reduce the requirement for Direct procurement and additional work, but understand that there is still room for improvement. "Additional Work" is now reported to the FARM Committee.	BT has tried to reduce direct procurement through discussion and reporting to the FARMC. There continues to be use of direct procurement, some of which is reasonable, some of which can be eliminated through better RFPS that are better define but also provide more flexibility.	<u>BT Owner:</u> CFO <u>Timing:</u> Internal process underway and is linked to the review noted above, and where possible, we may alter procedures to reduce the reportable cases of direct. <u>Target:</u> Procurement review, completion by Q4 2015. Status: In-Progress
	Ratings					
		Critical Issue				
		Moderate Issue				
		Low Risk Issue				