



**STAFF REPORT  
ACTION REQUIRED  
with Confidential Attachment**

**Build Toronto Chief Executive Officer Recruitment**

<b>Date:</b>	September 27, 2013
<b>To:</b>	City Council
<b>From:</b>	City Manager
<b>Wards:</b>	City-wide
<b>Reason for Confidential Information:</b>	This report deals with personal matters about an identifiable person.
<b>Reference Number:</b>	

**SUMMARY**

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At its meeting of June 11, 12 and 13, 2013, City Council requested that the City Manager report back on the process undertaken to select the Chief Executive Officer (CEO) of Build Toronto Inc. and the conclusions reached by the new Board of Directors of Build Toronto Inc. prior to their final decision. Further, Council directed that the new Build Toronto Board reconstitute its Human Resources and Corporate Governance Committee, and that the Committee re-start its process of reviewing applications, short-listing and interviewing candidates for the CEO position.

Confidential Attachment 1 contains the report of the Build Toronto Special CEO Selection Sub-Committee to City Council, which identifies their preferred candidate and the process undertaken by the Sub-Committee in its CEO search. This report outlines the provisions of the City's Shareholder Direction to Build Toronto Inc. regarding the selection of Build Toronto's CEO and the process undertaken by the new Build Toronto Board to select the new CEO.

**RECOMMENDATIONS**

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**The City Manager recommends that:**

1. City Council receive this report including its attachments for information; and

2. City Council direct that the contents of Confidential Attachment 1 to this report be kept confidential in their entirety after consideration of this report by Council as it contains information respecting personal matters about an identifiable person.

## **Financial Impact**

There are no financial implications resulting from implementation of the recommendations in this report.

## **DECISION HISTORY**

At its meeting held on June 11, 12 and 13, 2013, City Council adopted Item CC36.8 “Appointment of Citizens to the Board of Directors of Build Toronto Inc.” appointing a number of directors to fill a number of vacancies on the Build Toronto Board. At that time, City Council also requested the incoming Chair of the Build Toronto Board to provide, through the City Manager, a confidential report to City Council setting out the CEO selection process undertaken and conclusions reached by the Board prior to the Board finalizing its selection of a candidate. Further, acting as Shareholder, Council directed that following the appointment of new Build Toronto Board members, that the Board reconstitute its Human Resources and Corporate Governance Committee (formerly the Corporate Governance Committee) and that the Committee re-start the process of reviewing applications, short-listing and interviewing candidates for the CEO position.

[CC36.8: Appointment of Citizens to the Board of Directors of Build Toronto Inc.](#)

At its meeting held on July 16, 17, 18 and 19, 2013, City Council adopted Item CC37.16 “Appointment of Citizens to the Board of Directors of Build Toronto Inc.” and filled the remaining vacancies on the Build Toronto Board.

[CC37.16: Appointment of Citizens to the Board of Directors of Build Toronto Inc.](#)

## **ISSUE BACKGROUND**

Article 4.1(b) of the City’s Shareholder Direction to Build Toronto states that the Build Toronto Board shall, through recommendations of the Board’s Corporate Governance Committee (currently the Human Resources and Corporate Governance Committee), appoint the CEO, approve the terms of his or her employment, establish performance objectives for the CEO, monitor the CEO’s success in meeting those objectives and hold the CEO accountable for meeting those objectives.

Article 4.8(d) of the Shareholder Direction states the Build Toronto Board’s Corporate Governance Committee is responsible for recruiting and recommending to the Board the appointment of the CEO, evaluating their performance and recommending any action concerning their employment to the Board. The same article stipulates that the Mayor or the director who is the Mayor’s designate on the Board shall be chair of the Corporate

Governance Committee and that they shall determine the membership of the Committee. Any amendment to the Shareholder Direction can only be made by City Council.

The employment contract of J. Lorne Braithwaite, Build Toronto's first and current CEO, concluded on June 30, 2013 but he has agreed to continue in this position on a month-to-month basis while the CEO search process is conducted and to ensure a suitable transition to his successor.

## **COMMENTS**

At its meeting of July 25, 2013, the Build Toronto Board considered a report from its CEO which responds to City Council's directions of June 11, 12 and 13, 2013. The report presented two search process options: a renewal of the previous process or to commence an entirely new process. The Build Toronto Board decided to renew the previous process.

As directed by City Council, the Build Toronto Board reconstituted its Human Resources and Corporate Governance (HRCG) Committee. Its members include: Councillor Ford (Chair), Chris Voutsinas (Board Chair), Nancy Cohen and Wayne Fraser. The Build Toronto Board also struck a special CEO Search Sub-Committee chaired by Wayne Fraser and comprising three citizen directors and two City Councillors. Its members include Wayne Fraser (Sub-Committee Chair), Frank Bucys and Councillor Michael Thompson, with Chris Voutsinas (Build Toronto Board Chair) and Councillor Doug Ford, as *ex officio* members.

Confidential Attachment 1 to this report is the September 27, 2013 report of the Sub-Committee which describes and documents the CEO search process undertaken by Build Toronto and identifies the preferred candidate for City Council's information.

The Sub-Committee adopted a series of principles setting out its commitment to integrity and transparency, ethical conduct and professionalism, periodic communication with the Build Toronto Board and process and decision-making mechanics. All members of the Sub-Committee committed to interviewing each short-listed candidate and the finalist and that all its decisions would be by consensus.

The previous Build Toronto Board had retained the executive search firm SpencerStuart to assist in the CEO search. To ensure that the recruitment timeline and objectives could be met the Sub-Committee decided to continue working with SpencerStuart with SpencerStuart providing advice on an as-needed basis at the Sub-Committee's discretion pursuant to their original mandate and without further fees.

The Sub-Committee reviewed the previous job specification prepared by SpencerStuart and decided to revise it to increase the emphasis on leadership and business acumen rather than real estate development to better reflect the stage of development and operating needs of Build Toronto.

The Sub-Committee adopted a three-pronged approach to the search for potential CEO candidates: to review all previously identified candidates, the short list and finalist list and assess the status and appropriateness of each candidate with a view to reconstituting a new long list for consideration; to ask SpencerStuart and new and existing Build Toronto Board members to canvass their contacts in the marketplace and their personal networks to identify potential new candidates who may not have fit the original job specification; and to reconsider all internal candidates. Finally, the Sub-Committee developed an evaluation score card and standard list of interview questions to guide consistent evaluation of candidates during interviews.

From a long list of more than 25 persons, the search process concluded with a short list of two qualified and interested candidates, both of whom were new to the search process. The preferred CEO candidate was unanimously agreed upon by the CEO Selection Sub-Committee, the HRCG Committee and members of the Build Toronto Board.

General discussions have been held between the Build Toronto Board and the CEO finalist candidate regarding terms of employment, which would comply with City Council's direction pursuant to Item EX21. 19 adopted July 11, 2012, including that any incentive variable pay remuneration (one-time lump sums) not exceed 25% of their base salary. Subject to any action City Council may take in the matter, it is anticipated that the Build Toronto Board would finalize an employment offer to the preferred CEO candidate and that they would start in the position on or about October 21, 2013.

## **CONTACT**

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## **SIGNATURE**

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Joseph P. Pennachetti  
City Manager

## **ATTACHMENTS**

Confidential Attachment 1: Report of the Build Toronto Special CEO Selection Sub-Committee, September 27, 2013