



## STAFF REPORT ACTION REQUIRED

### Build Toronto - Annual General Meeting and Audited Annual Financial Statements 2012

<b>Date:</b>	June 17, 2013
<b>To:</b>	Executive Committee
<b>From:</b>	City Manager
<b>Wards:</b>	All
<b>Reference Number:</b>	

#### **SUMMARY**

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This report recommends the actions necessary to comply with the requirements of the *Business Corporations Act* (Ontario) for holding the 2012 Annual General Meeting of the shareholder of Build Toronto Inc. including receipt of 2012 Audited Financial Statements and appointment of the auditor for 2013. This report also transmits documents from Build Toronto Inc. to City Council disclosing the compensation of executive officers employed by the corporation in 2012.

#### **RECOMMENDATIONS**

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**The City Manager recommends that City Council:**

1. Treat the Council meeting at which this report is considered as the 2012 Annual General Meeting of the Shareholder for Build Toronto Inc. by:
  - a. Receiving the Annual Report 2012 of Build Toronto Inc., which includes 2012 Audited Financial Statements, Attachment 1 to this report;
  - b. Appointing Pricewaterhouse Coopers LLP, Chartered Accountants, as the Auditor of Build Toronto Inc. for fiscal year 2013, and authorizing the Board of Directors of Build Toronto to fix the remuneration of such Auditor; and
  - c. Receiving the report of the Deputy City Manager and Chief Financial Officer titled "Build Toronto Inc. - 2012 Audited Financial Statements," Attachment 2 to this report.

2. Forward a copy of the Annual Report 2012 of Build Toronto Inc., which includes 2012 Audited Financial Statements, Attachment 1 to this report, to the Audit Committee for information.
3. Receive the information of Attachment 3 concerning executive compensation disclosure in this report for information.

## **Financial Impact**

Build Toronto declared an interim dividend to the City of \$10.0 million from its 2012 operations. Build Toronto's Annual Report 2012 is Attachment 1 of this report.

Build Toronto's net income increased by 351% to \$38.8 million, as compared to \$8.6 million in 2011, mainly from increased net property sales and rental income. A list of property transactions during the year can be found in the Corporation's Annual Report (Attachment 1). Furthermore, Build Toronto's total assets increased by 12% to \$293.8 million, and total shareholder equity increased by 23% to \$228.6 million at year-end, as a result of increased retained earnings.

The Deputy City Manager and Chief Financial Officer has reviewed Build Toronto's 2012 financial statements and his summary and comments are contained in Attachment 2 to this report.

## **DECISION HISTORY**

At its meeting on July 11, 12 and 13, 2012, City Council adopted the City Manager's report on Build Toronto's 2011 Annual General Meeting. Attached to the report were Build Toronto's Annual Report and a report from the Deputy City Manager and Chief Financial Officer on the Company's Audited Financial Statements (Build Toronto - Annual General Meeting and Audited Annual Financial Statements 2011).

At its meeting on July 11, 12 and 13, 2012, City Council required that the Shareholder Directions for all wholly-owned City corporations be amended to require public disclosure to the extent permitted by law of individual executive compensation as part of the annual reporting to the Shareholder and where required obtain consent from the executives for such disclosure (Executive Compensation 2011 for City Agencies and Corporations).

## **ISSUE BACKGROUND**

Build Toronto Inc. was incorporated under the *Business Corporations Act* (Ontario) in 2008. The City is the sole shareholder. The mandate of Build is to unlock the value of underutilized lands and use the available City and agency land base to attract targeted industries, stimulate the creation of desirable employment and regenerate neighbourhoods. This is Build Toronto Inc.'s fourth Annual Shareholder's Meeting since incorporation.

## COMMENTS

In 2012, Build Toronto engaged in a variety of real estate transactions to generate both financial returns and lead 'City-Build' initiatives for the City. As highlighted in their Annual Report 2012, Build Toronto generated \$94 million in sales revenue from property transactions representing almost 20 acres across the City. In addition, they submitted development applications for projects including Ordnance Triangle in Liberty Village, 411 Victoria Park in Scarborough, and 505 Richmond Street and 28 Bathurst Street in downtown Toronto. Build Toronto, in a joint venture partnership with Tridel, saw record market interest for their 65 story residential development at Ten York..

The shareholder's review of Build Toronto's 2012 Audited Financial Statements is set out in the report of the Deputy City Manager and Chief Financial Officer, which is attached to this report as Attachment 2 and which should be considered part of the agenda of the Annual General Meeting.

Build Toronto Inc. is disclosing information concerning executive compensation for senior staff, including discussion and analysis, in Attachment 3 of this report as per request from City Council. The protection of individual privacy is required by the *Municipal Freedom of Information and Protection of Privacy Act* (MFIPPA). Specific compensation data of individual executives is private information under MFIPPA.

Build Toronto Inc. has indicated that current members of the senior management team have consented to the release of the information contained in Attachment 3 in order to enable the City Manager to publically disclose the information on the public agenda. The corporation has considered the privacy impacts of the disclosure under MFIPPA and has provided assurances to the City that there is no unauthorized release of personal information protected under the legislation.

## **CONTACT**

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## **SIGNATURE**

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Joseph P. Pennachetti  
City Manager

## **ATTACHMENTS**

Attachment 1: Annual Report 2012 of Build Toronto Inc.

Attachment 2: Report of the Deputy City Manager and Chief Financial Officer titled  
"Build Toronto Inc. - 2012 Audited Financial Statements"

Attachment 3: Build Toronto - 2012 Executive Compensation Discussion and Analysis