

Audit Committee

AU6.7		Referred		Ward: All
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Review of 260 Eighth Street Land Transaction: No Wrongdoing Identified

City Council Decision

City Council on October 27, 28 and 30, 2020, referred Item AU6.7 back to the Audit Committee for further consideration.

Committee Recommendations

The Audit Committee recommends that:

1. City Council receive the report (October 6, 2020) from the Auditor General for information.

Origin

(October 6, 2020) Report from the Auditor General

Summary

This report provides the Auditor General's findings from reviewing the 2018 sale of a property at 260 Eighth Street in Etobicoke, Ontario (the Property). This review was initiated based on concerns brought forward by a complainant in relation to the sale of the Property. They included that the sale amount of the Property was less than market value, the approval process for the sale of the Property was not conducted in accordance with City guidelines, and the best value for the Property was not attained.

We conducted an investigative review to evaluate whether there was evidence to support concerns of wrongdoing. This does not constitute an audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). However, we believe we have performed sufficient work in satisfaction that there was no wrongdoing in this transaction.

The Auditor General's review including hiring a designated professional real estate appraiser to conduct an independent appraisal of the Property. Based on this review, it was concluded that there was insufficient evidence to support a claim that the Property was sold at less than market value.

We also reviewed the process surrounding the special meeting related to this transaction. Proper procedures appear to have been followed in the process, including the notice for and

conduct of the special meeting of the Boards of Build Toronto and Toronto Port Lands Company which occurred on April 15, 2019.

Given that the sale price of the Property was at fair market value and the appropriate processes were followed in the notice for and conduct of the special meeting, we decided not to investigate the matter of obtaining the best value for the property by maximizing the number of jobs. It is important to note that during our review, no evidence came to our attention to sufficiently support or refute the job creation numbers by any of the proponents or that would suggest that the Property's successful purchasers are likely to create fewer jobs than other developers.

Finally, there was a question regarding whether late, unsolicited offers received should have been accepted. In our view, it was appropriate for CreateTO to proceed with the agreement it already had in place, considering that fair market value was being received from the successful proponent, as well as the complexity of the transaction and environmental issues on the Property. In addition, it is important for the public to be able to rely on the City's open bidding process.

Background Information (Committee)

(October 6, 2020) Report from the Auditor General on Review of 260 Eighth Street Land Transaction: No Wrongdoing Identified

<http://www.toronto.ca/legdocs/mmis/2020/au/bgrd/backgroundfile-157428.pdf>

(September 15, 2020) Attachment 1 - Auditor General's Report - Review of 260 Eighth Street Land Transaction: No Wrongdoing Identified

<http://www.toronto.ca/legdocs/mmis/2020/au/bgrd/backgroundfile-157429.pdf>

7a Auditor General's Office - Review of 260 Eighth Street Land Transaction

Origin

(October 9, 2020) Letter from the Board of Directors of CreateTO

Summary

At its meeting on October 9, 2020, the Board of Directors of CreateTO considered Item RA17.5, Auditor General's Office - Review of 260 Eighth Street Land Transaction.

Background Information (Committee)

(October 9, 2020) Letter from the Board of Directors of CreateTO on Auditor General's Office - Review of 260 Eighth Street Land Transaction

<http://www.toronto.ca/legdocs/mmis/2020/au/bgrd/backgroundfile-157439.pdf>

(September 25, 2020) Report from the Auditor General on Auditor General's Office - Review of 260 Eighth Street Land Transaction

<http://www.toronto.ca/legdocs/mmis/2020/au/bgrd/backgroundfile-157531.pdf>

(September 15, 2020) Attachment 1 - Auditor General's Report - Review of 260 Eighth Street Land Transaction: No Wrongdoing Identified

<http://www.toronto.ca/legdocs/mmis/2020/au/bgrd/backgroundfile-157532.pdf>