

Public Meeting Minutes

Board of Directors

Date: September 28, 2016

Time: 9:00 a.m. – 12:00 p.m.

Location: Build Toronto, 200 King Street W., Suite 200 – Main Boardroom

Director Attendance:

	9:03 to 10:03 a.m. Public Session	10:03 to 11:52 a.m. In Camera Session	11:52 to 11:53 a.m. Public Session
Councillor David Shiner, Chair	✓	✓	✓
Michael Bernstein	✓	✓	x
Nancy Cohen	✓	✓	x
Dennis Fotinos	✓	✓	✓
Wayne Fraser	✓	✓	✓
Deputy Mayor Denzil Minnan-Wong	✓	x	x
Peter Sharpe	✓	✓	
Walied Soliman	✓ (teleconference)	✓ (teleconference)	x
Councillor Michael Thompson	✓	✓	✓
Moshe Wertheim	✓	✓	✓
Audrey Wubbenhorst	✓ (teleconference)	✓ (teleconference)	✓ (teleconference)

✓ Directors were present for some or all of the time indicated

Also present (at the invitation of the Board):

Lucas Cocca, Ryerson University Student
Haresh Vijay, Ryerson University Student
Alex Bell, Principal, Mercer
Bruce Martin, Principal, Mercer
William Bryck, President & Chief Executive Officer (CEO)
David Fiume, Senior Vice President (SVP) & Chief Financial Officer (CFO)
Don Logie, Senior Vice President, Development & Investments - teleconference
Mary Ormond, Legal Counsel
Gabriella Sicheri, Director, Development
Steven Trumper, Senior Vice President, Legal & Administration
Michael Whelan, Vice President, Development
Janice Paterson, Executive Assistant & Recording Staff

The Chairman of the Board confirmed that a quorum was present and called the meeting to order at 9:03 a.m.

No conflicts were declared.

At this time, two members of the public entered the meeting.

0.5 Executive Compensation Review

The Board of Directors received, for information, a report delivered by Alex Bell and Bruce Martin of Mercer regarding the review of Executive Compensation at Build Toronto undertaken by Mercer. The Executive Compensation Review had been mandated by the City Executive Committee in Report EX44.8 which was adopted by City Council on August 25, 2014. Section 1 of the Report provided as follows:

“City Council request City agency and Corporation Boards to develop a comprehensive senior executive compensation policy, independent of management, applying the guiding principles and practices set out in Attachment 1 to the report (August 6, 2014) from the City Manager and the City Solicitor.”

Two key guiding principles of Attachment 1 to the Report were:

- (i) The midpoint for the base salary range [for each senior executive position] should be the median (50th percentile) for the industry comparators, which include public sector comparators only; and
- (ii) Variable/incentive pay shall not exceed 25 percent of base salary, inclusive of merit pay.

Three key steps were involved in the Mercer review process: 1) Meeting with different members of the Board as key stakeholders in getting their opinions; 2) compiling a public sector comparator group of organizations that were aligned with the City directive (and for context, private sector pay levels were also considered to better understand how executive pay would fit against that particular market); and 3) compiling salary ranges and incentive targets aligned with the City directive.

Feedback from stakeholders indicated that executives at Build Toronto could be recruited from the public or private sector. However, in all cases, executives required at least some experience within the private sector, and development and real estate, in order to have the desirable kind of experience before entering the public sector.

Two criteria were used to obtain organizations appropriate as public sector comparators: 1) organizations that were similar in size (i.e. operating budget) and; 2) organizations that had real-estate focus and/ or development expertise.

Results were split into two parts: 1) how the CEO fit against the market and; 2) how the rest of the executives fit against the market. Total cash compensation for the CEO when compared against the broader public sector comparator group, was around the middle and in line with the 50th percentile in the City directive. When compared with the private sector, it falls within the 25th and 50th percentile. Mercer noted that the key thing to understand with the private sector is that there is often a long-term incentive component in executive compensation – this is not applicable to Build Toronto. Other executives' total cash compensation was near or above the 75th percentile of other public sector organizations. When examining the private sector, the compensation for the CEO and other executives was around the 50th percentile, with the exception of the SVP Legal who is positioned slightly lower.

In terms of aligning salary range with the City directive, the current compensation package for the CEO essentially fits within the range and does not have a significant impact. The challenge is with building a range that is aligned with the public sector comparator group for the other executives, because they are positioned above the 50th percentile.

Mercer concluded their report and discussion ensued with the Board. It was reiterated that this was done as a direction from Executive Committee and Council. As the City-Wide Real Estate Review (CWRER) is currently underway, it was concluded that the Mercer report should be finalized and sent to the City as part of the CWRER to assist in developing the compensation structure of the new organization.

On motion by Nancy Cohen, seconded by Walied Soliman, the Board of Directors approved the forwarding of the Mercer Executive Compensation Review to the City Manager, the Executive Committee and the Transition Team for the City Wide Real Estate Review and that the comments of the Board be minuted and forwarded with the report.

Representatives from Mercer exited the meeting at 9:39am.

1. Approval of the Previous Board of Directors Public Meeting Minutes of June 21, 2016

The Board of Directors had before it the public minutes of the June 21, 2016 Board of Directors meeting.

On motion by Peter Sharpe, seconded by Moshe Wertheim, the Board of Directors approved the public minutes of June 21, 2016.

2. Update on Auditor General's Report

The Board of Directors received, for information, a report from the SVP & CFO entitled "Update on Auditor General's Report" dated September 20, 2016. Attached was a chart entitled "Management's Response to Auditor General's Review of the Operational Review of Build Toronto Inc." dated September 20, 2016.

3. Amended Project Sale Policy and Process

The Board of Directors received, for information, a report from SVP Development & Investments entitled "Amended Project Sale Policy and Process" dated September 15, 2016 which included a blackline copy of the policy revised May 25, 2016.

The Board requested that Management and the REIDC review and work on the comments and issues that were raised at the meeting and expand on the list of City-building initiatives with flexibility in the targets. The Board has also requested that Management bring forward to the REIDC a review of the Ontario Energy Statute Law Amendment Act for discussion along with the city-building initiatives.

On motion by Wayne Fraser, seconded by Michael Bernstein, the Board of Directors approved the amended Project Sale Policy and Process attached as Appendix A to the report dated September 15, 2016.

4. CEO Report and Update, Part I

The Board of Directors received, for information, a verbal report provided by the President & CEO on various on-going matters.

Members of the public exited the meeting at 10:03 a.m.

Camera Motion

On motion by Moshe Wertheim, and seconded by Nancy Cohen, the Board of Directors resolved to adopt the recommendations from its public session and close part of the meeting to the public to give consideration to confidential matters according to By-law No. 1 of the Corporation and the Company's Shareholder Direction at 10:03 a.m.

During the in camera session, the Board of Directors discussed the following matters:

5. Approval of the Previous Board of Directors In Camera Meeting Minutes of June 21, 2016

6. Review of Key Action Items

7. CEO Report and Update, Part II

8. Chair Report of the REIDC Meeting of September 20, 2016

- A. Draft Minutes of September 20, 2016 REIDC Meeting
- B. 5131 Sheppard Ave E
- C. 301 Rockcliffe Blvd

9. Chair Report of the FARMC Meeting of September 20, 2016
 - A. Draft Minutes of September 20, 2016 FARMC Meeting
 - B. Oversight of Financial Reporting
 - C. 75 Billy Bishop Financing
 - D. Infrastructure Ontario / Pinewood Financing

10. HRCGC – no items to discuss

11. Other Business

12. In Camera Session – CEO Only

13. In Camera Session – No Management

Adjournment

On motion by Moshe Wertheim and seconded by Peter Sharpe, the Board of Directors resolved to adopt the recommendations from its closed session and direct that these matters remain confidential in accordance with By-law No. 1 of the Corporation and the Company's Shareholder Direction. The Board of Directors resumed its public session at 11:52 a.m. and the meeting was adjourned at 11:53 a.m.

"David Shiner"
Board Chair

"Steven Trumper"
Senior Vice President, Legal & Administration