Board of Directors Meeting

Agenda and Meeting Book

THURSDAY, DECEMBER 5, 2019 FROM 08:30 AM TO 11:30 AM

WATERFRONT TORONTO

20 BAY STREET, SUITE 1310
TORONTO, ON, M5J 2N8
Meeting Book - Board of Directors Meeting

Agenda

8:30 a.m. 1. Motion to Approve Meeting Agenda Approval S. Diamond
8:35 a.m. 2. Declaration of Conflicts of Interest Declaration All
8:40 a.m. 3. Chair’s Opening Remarks Information S. Diamond
8:50 a.m. 4. Consent Agenda
   a) Draft Minutes of Open Session of the October 10 and 24, 2019 Board Meeting - Page 4 Approval All
   b) Draft Minutes of Open Session of the October 31, 2019 Board Meeting - Page 11 Approval All
   c) CEO Report - Page 15 Information G. Zegarac
   d) Finance Audit and Risk Management (FARM) Committee Chair’s Open Session Report - Page 44 Information K. Sullivan
   e) Human Resources, Governance and Stakeholder Relations (HRGSR) Committee Chair’s Open Session Report - Page 47 Information S. Palvetzian
   f) Investment, Real Estate and Quayside (IREQ) Committee Chair’s Open Session Report - Page 48 Information M. Mortazavi

9:00 a.m. 5. Port Lands Flood Protection (60% Design Stage Gate Status Update) Approval D. Kusturin
   Cover Sheet - Page 49
   Presentation is attached as Appendix A to the Board Book

9:15 a.m. 6. Waterfront Toronto Priority Projects - Construction Update Information D. Kusturin
   Cover sheet - Page 50
   Presentation is attached as Appendix B to the Board Book

9:30 a.m. 7. Motion to go into Closed Session Approval All

Closed Session Agenda
The Board will discuss items 8, 9 (a), (b), (c), (d) & (e), 10, 11 and 12 and 13, being Status Update on Auditor General Report - WT Response to Standing Committee on Public Accounts, consideration of the draft Minutes of the Closed Session Oct 10 & 24, 2019 and Oct 31, 2019 meetings, the HRGSR Committee Chair’s Closed Session Report, the FARM Committee Chair’s Closed Session Report, the IREQ Committee Chair’s Closed Session Report, the Rolling Five-Year Strategic Plan (2020/2021 – 2024/25), Divestiture – District Energy Assets (West don Lands), Quayside Update and the Board Closed Session Discussion respectively, in Closed Session as permitted by By-Law No.2 of the Corporation. The exceptions relied for the discussion of item 8 in Closed Session is Section 6.1.1(i), for
items 9 (a) and (b) is provided in item 4(a) and (b) of this agenda, for item 9(c) is Section 6.1.1(b), for item 9(d) is Section 6.1.1(a), for item 9(e) is Section 6.1.1(a), for item 10 is Section 6.1.1(a), for items 11 and 12 is Section 6.1.1(l) and for item 13 is Section 6.1.1(b) of By-Law No. 2. The Board will continue in Open Session at the end of the Closed Session to discuss and vote on any resolution(s) pertaining to the Closed Session.

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<td>11:15 a.m.</td>
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<td>11:20 a.m.</td>
<td>15. Resolutions Arising from the Closed Session</td>
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<td>11:25 a.m.</td>
<td>16. Chair’s Closing Remarks</td>
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<td>11:30 a.m.</td>
<td>17. Motion to Terminate the Meeting</td>
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MINUTES of the Open Session Meeting of the Board of Directors of the Toronto Waterfront Revitalization Corporation
20 Bay Street, Suite 1310, Toronto, Ontario
Thursday, October 10, 2019 at 8:30 a.m. local time.

PRESENT:  
Stephen Diamond (Chair)
Mazyar Mortazavi
Jeanhy Shim
Sevaun Palvetzian
Councillor Joe Cressy (by phone)
Kevin Sullivan
Patrick Sheils
Wende Cartwright
Jack Winberg
Michael Galego
Christopher Voutsinas

ABSENT:  
Andrew MacLeod

IN ATTENDANCE  
WATERFRONT TORONTO
George Zegarac (Chief Executive Officer)
David Kusturin (Chief Project Officer)
Lisa Taylor (Chief Financial Officer)
Chris Glaisek (Chief Planning and Design Officer)
Meg Davis (Chief Development Officer)
Julius Gombos (Senior Vice President, Project Delivery)
Cameron MacKay (VP, Strategic Communications and Engagement)
Rose Desrochers (VP, Human Resources and Administration)
Leslie Gash (Senior Vice President, Development)
Kristina Verner (VP Innovation, Sustainability and Prosperity)
Erik Cunnington (Director Development)
Kevin Greene (Project Management Director)
Kathleen Niccols (Senior Vice President, Corporate Strategy)
Catherine Murray (Senior Legal Counsel)
Ian Ness (Acting General Counsel)
Ed Chalupka (Director, Government Relations)
Aina Adeleye (Board Administrator and Legal Assistant)

Also in attendance for part or all of the meeting were:

- David Stonehouse, Director, Waterfront Secretariat, City of Toronto.
- Adam Reddish, Assistant Deputy Minister, Ministry of Infrastructure.
- Nancy Faraday-Smith (by phone), Acting Director, and Shawn Tippins (by phone), Senior Analyst, from Investment, Partnership and Innovation Branch of Infrastructure Canada.
- Abraham Costin, Legal Adviser, McCarthy Tétrault LLP
1. **Motion to Approve Agenda**

   The Board agreed that the Agenda be revised so that all items to be considered in the Closed Session be taken as the first items of the day and the agenda be renumbered accordingly.

   **ON MOTION** duly made by Councillor Joe Cressy, seconded by Jeany Shim and carried, it was **RESOLVED** that the Agenda for the October 10, 2019 meeting be approved, as presented.

2. **Declaration of Conflicts of Interest**

   There were no conflicts of interest declared.

3. **Motion to go into Closed Session**

   In accordance with By-Law No. 2 of the Corporation and **ON MOTION** made by Kevin Sullivan, seconded by Sevaun Palvetzian and carried, the Board **RESOLVED** to go into Closed Session to discuss items 4 and 5 (a) (b) and (c), and 6. The exception to the Open Meeting Law relied on for the discussion of item 4 in Closed Session is Section 6.1.1(l), the exceptions for for items 5 (a) and (b) are provided in the minutes of the open session of the June 27, 2019 and July 31, 2019 meetings of the Board of Directors respectively, the exception for item 5 (c) is Section 6.1.1(l) and for item 6 is Section 6.1.1(b) of By-Law No. 2. The Chair requested that members of the public exit the meeting.

4. **Investment, Real Estate and Quayside (IREQ) Committee Chair’s Report Closed Session**

5. **Consent Agenda**

   a) Draft Minutes of the Closed Session June 27, 2019 Meeting
   b) Draft Minutes of the Closed Session July 31, 2019 Meeting
   c) Human Resources, Governance and Stakeholder Relations (HRGSR) Committee Chair’s Report – Closed Session
6. **Board Closed Session Discussion**

7. **Motion to go into Open Session**

   ON MOTION made by Jeanhy Shim, seconded by Wende Cartwright and carried, the Board RESOLVED to go into Open Session.

   The Chair requested that members of the public rejoin the meeting.

8. **Resolutions Arising from the Closed Session**

   ON MOTION duly made by Sevaun Palvetzian and seconded by Mazyar Mortazavi and carried, it was RESOLVED that the Board approves the recommendations of the Investment, Real Estate and Quayside Committee as discussed in the Closed Session.

   ON MOTION duly made by Patrick Sheils and seconded by Jack Winberg and carried, it was RESOLVED that the Minutes of the Closed Session of the Board of Directors meetings held on June 27, 2019 be approved, as tabled.

   ON MOTION duly made by Wende Cartwright and seconded by Jack Winberg and carried, it was RESOLVED that the Minutes of the Closed Session of the Board of Directors meetings held on July 31, 2019 be approved, as tabled.

9. **Consent Agenda**

   ON MOTION duly made by Patrick Sheils and seconded by Jack Winberg and carried, it was RESOLVED that the Minutes of the June 27, meeting of the Board of Directors be approved as presented.

   ON MOTION duly made by Wende Cartwright and seconded by Jack Winberg and carried, it was RESOLVED that the Minutes of the July 31, meeting of the Board of Directors be approved as presented.

   The CEO Report, the HRGSR Committee Chair’s Open Session report and the IREQ Committee Chair’s Open Session Report were received and taken as read for information.

10. **Chair’s Remarks**

   The Chair highlighted the remaining items for consideration at the meeting.

11. **Appointment of the Chair of the Finance, Audit and Risk Management (FARM) Committee**

    ON MOTION duly made by Mazyar Mortazavi and seconded by Wende Cartwright and carried, the Board RESOLVED that Kevin Sullivan be appointed as the Chair of the FARM Committee.
12. Delegations of Authority

Management presented the revised Delegations of Authority of the corporation which the Board took as read.

*ON MOTION* duly made by Wende Cartwright and seconded by Jack Winberg and carried, it was *RESOLVED* that the revised Delegations of Authority be approved as presented.

13. Chair’s Closing Remarks

The Chair thanked everyone for attending the meeting.

He reminded everyone that, as agreed during the discussions on item 4 (IREQ Committee Chair’s Closed Session Report) in the Closed Session, the day’s meeting will be adjourned to October 24, 2019 to reconvene and continue discussions on the item.

14. Adjournment of the Meeting

There being no further business, *ON MOTION* made by Jack Winberg and seconded by Wende Cartwright and carried, it was *RESOLVED* that the meeting be adjourned at 11:29 a.m. local time to reconvene on October 24, 2019 after the meeting of the IREQ Committee scheduled on that date.
(Secretary’s note: the Board reconvened at 12:16pm on Thursday October 24, 2019 to continue discussions on agenda item 4 of the October 10, 2019 Board Meeting being the IREQ Committee Chair’s Report)

In attendance for the October 24, 2019 session were:

PRESENT:  
- Steve Diamond (Chair)
- Mazyar Mortazavi
- Jeanhy Shim
- Sevaun Palvetzian (by phone)
- Patrick Sheils
- Christopher Voutsinas
- Councillor Joe Cressy (by phone)
- Wende Winberg (by phone)
- Michael Galego

ABSENT:  
- Andrew MacLeod
- Kevin Sullivan
- Jack Winberg

IN ATTENDANCE  
WATERFRONT TORONTO  
- George Zegarac (Chief Executive Officer)
- David Kusturin (Chief Project Officer)
- Lisa Taylor (Chief Financial Officer)
- Chris Glaishek (Chief Planning and Design Officer)
- Meg Davis (Chief Development Officer)
- Julius Gombos (Senior Vice President, Project Delivery)
- Cameron MacKay (VP, Strategic Communications and Engagement)
- Kristina Verner (VP Innovation, Sustainability and Prosperity)
- Erik Cunnington (Director Development)
- Kathleen Niccols (Senior Vice President, Corporate Strategy)
- Catherine Murray (Senior Legal Counsel)
- Carol Webb (Senior Manager, Communications and Public Engagement)
- Andrew Tumilty (Media Relations and Issues Advisor)
- Ian Ness (Acting General Counsel)
- Ed Chalupka (Director, Government Relations)
- Aina Adeleye (Board Administrator and Legal Assistant)

Also in attendance for part or all of the meeting were:

- David Stonehouse, Director, Waterfront Secretariat, and Jayne Naiman, Project Manager Waterfront, City of Toronto City of Toronto.
- Nancy Faraday-Smith (by phone), Acting Director, and Shawn Tippins (by phone), Senior Analyst, from Investment, Partnership and Innovation Branch of Infrastructure Canada.
• Adam Reddish, Assistant Deputy Minister of Infrastructure, Wendy Ren, Director, Policy and Planning, Ontario Ministry of Infrastructure.
• Courtney Glenn, Deputy Chief of Staff, Office of the Mayor of Toronto
• Mark Conway, President, and Mathew Bennett, Partner, N. Barry Lyon Consultants Limited (NBLC)
• Bob Lopinski, Principal, and Alissa Von Bargen, Vice President, Public Relations and Campaigns of Counsel Public Affairs.
• Amanda Roth, Author and Reporter, The Logic.
• Members of the public including representatives from #Blocksidewalk, Acorn Canada and Good Jobs for All Coalition.

(Secretary’s note: Using the meeting guide outlined below, the Board resumed discussions on item 4 of the October 10, 2019 meeting being the IREQ Committee Chair’s Report)

Motion to go into Closed Session

ON MOTION made by Patrick Sheils, seconded by Chris Voutsinas and carried, the Board RESOLVED to go into Closed Session to continue discussions on the IREQ Committee Chair’s Report relying on the same exception to the Open Meeting Law relied on at the October 10, 2019 Board meeting (i.e. Section 6.1.1(l) of By-Law No. 2). The Chair requested that members of the public exit the meeting.

4. Investment, Real Estate and Quayside (IREQ) Committee Chair’s Report Closed Session

Motion to go into Open Session

ON MOTION made by Patrick Sheils, seconded by Chris Voutsinas and carried, the Board RESOLVED to go into Open Session.

The Chair requested that members of the public rejoin the meeting.

Resolutions Arising from the Closed Session

There were no resolutions passed in the Closed Session

Termination of the Meeting
There being no further business, **ON MOTION** made by Christopher Voutsinas and seconded by Mazyar Mortazavi and carried, it was **RESOLVED** that the meeting be adjourned at 1:24 p.m. local time.

________________________________________  __________________________________________
Board Chair                                                                                   Secretary
MINUTES of the Open Session Meeting of the Board of Directors of the Toronto Waterfront Revitalization Corporation
20 Bay Street, Suite 1310, Toronto, Ontario
Thursday, October 31, 2019 at 9:00 a.m. local time.

PRESENT:  Stephen Diamond (Chair)
           Mazyar Mortazavi
           Jeanhy Shim
           Councillor Joe Cressy
           Christopher Voutsinas
           Andrew MacLeod
           Michael Galego
           Wende Cartwright
           Jack Winberg
           Patrick Sheils
           Sevaun Palvetzian

ABSENT:  Kevin Sullivan

IN ATTENDANCE  WATERFRONT TORONTO
              George Zegarac (Chief Executive Officer)
              David Kusturin (Chief Project Officer)
              Lisa Taylor (Chief Financial Officer)
              Chris Glaisek (Chief Planning and Design Officer)
              Meg Davis (Chief Development Officer)
              Julius Gombos (Senior Vice President, Project Delivery)
              Cameron MacKay (VP, Strategic Communications and Engagement)
              Leslie Gash (Senior Vice President, Development)
              Kristina Verner (VP Innovation, Sustainability and Prosperity)
              Erik Cunnington (Director, Development)
              Kathleen Niccols (Senior Vice President, Corporate Strategy)
              Catherine Murray (Senior Legal Counsel)
              Ian Ness (Acting General Counsel)
              Ed Chalupka (Director, Government Relations)
              Aina Adeleye (Board Administrator and Legal Assistant)

Also in attendance for part or all of the meeting were:

•  David Stonehouse, Director, Waterfront Secretariat, Tracey Cook, Deputy City Manager, Infrastructure & Development Services and Jayne Naiman, Project Manager Waterfront, City of Toronto.
•  Chris Giannekos, Deputy Minister of Infrastructure, Adam Reddish, Assistant Deputy Minister of Infrastructure and Wendy Ren, Director, Policy and Planning, Ontario Ministry of Infrastructure.
Nancy Faraday-Smith (by phone), Acting Director, and Shawn Tippins (by phone), Senior Analyst, from Investment, Partnership and Innovation Branch of Infrastructure Canada.

Courtney Glenn, Deputy Chief of Staff, Office of the Mayor of Toronto

George Takach and Abraham Costin Partners, McCarthy Tetreault

Tim Banks, Legal Adviser, nNovation LLP.

Chantel Bernier, Counsel, Dentons LLP.

Mark Conway, President, and Mathew Bennett, Partner, N. Barry Lyon Consultants Limited (NBLC)

Bob Lopinski, Principal, and Alissa Von Bargen, Vice President, Public Relations and Campaigns of Counsel Public Affairs.

Members of the public and media including representatives from University of Toronto, Waterfront Action, The Logic, Global News and #Blocksidewalk.

The Chair, Stephen Diamond, took the chair and appointed Ian Ness to act as secretary of the meeting.

With notice of the meeting having been sent to all Directors in accordance with the Corporation’s By-laws and a quorum of Directors being present, the Chair called the meeting to order at 9:01 a.m. and declared that the meeting was duly constituted for the transaction of business.

1. Motion to Approve Agenda

   ON MOTION duly made by Sevaun Palvetzian, seconded by Jeanhy Shim and carried, it was RESOLVED that the Agenda for the October 31, 2019 meeting be approved, as presented.

2. Declaration of Conflicts of Interest

   There were no conflicts of interest declared.

3. Chair’s Opening Remarks.

   The Chair explained that the day’s meeting primarily focused on one item being a recommendation from Management and from the Investment, Real Estate and Quayside Committee to the Board dealing with the resolution of the Threshold Issues on the Master Innovation and Development Plan (MIDP). He explained that in order to further deliberate on the said recommendations, the Board would be proceeding to a Closed Session.

4. Motion to go into Closed Session

   In accordance with By-Law No. 2 of the Corporation and ON MOTION made by Andrew MacLeod, seconded by Patrick Sheils and carried, the Board RESOLVED to go
into Closed Session to discuss item 5. The exception to the Open Meeting Law relied on for the discussion of item 5 in Closed Session is Sections 6.1.1(l) of By-Law No. 2.

The Chair requested that members of the Board, designated staff and advisers to the Corporation move to a designated location to continue discussions in the Closed Session.

5. **Investment, Real Estate and Quayside Committee Chair’s Report.**

6. **Motion to go into Open Session**

   ON MOTION made by Michael Galego, seconded by Jack Winberg and carried, the Board RESOLVED to go into Open Session.

   Members of the Board, designated staff and advisers to the Corporation joined members of the public to continue discussions in Open Session.

7. **Chair’s Remarks**

   The Chair thanked members of the public for waiting patiently while the Board deliberated in Closed Session. He announced that a decision had been reached regarding the Threshold Issues on the MIDP and a vote would be cast on the matter. He confirmed that materials in relation to the Threshold Issues would be made available to the public at the end of the day’s meeting.

8. **Resolutions Arising from the Closed Session**

   ON MOTION duly made by Jack Winberg and seconded by Jeanhy Shim and unanimously carried, the Board of Directors (Board) RESOLVED that:

   a) The Board accepts resolution of the Threshold Issues in relation to the Master Innovation and Development Plan (MIDP) in the manner described at the meeting and as set out in the letter from Waterfront Toronto to Sidewalk Labs dated October 29, 2019; and

   b) Waterfront Toronto Staff be directed to undertake:

      i. further public consultation regarding the MIDP;
      ii. a formal evaluation of the MIDP; and
      iii. take such other steps as may be necessary to ensure that a fair and informed decision regarding the MIDP can be made by the Board by March 31, 2020

9. **Closing Remarks**

   The Chair thanked everyone for attending the meeting and wished everyone a safe trip to their respective destinations.
10. **Termination of the Meeting**

There being no further business, **ON MOTION** made by Christopher Voutsinas and seconded by Andrew MacLeod and carried, it was **RESOLVED** that the meeting be adjourned at 9:39 a.m. local time.

__________________________  __________________________
Board Chair                  Secretary
I am pleased to provide this, my second quarterly CEO Report. Since the last report, I have continued to be fully engaged with staff, governments and other stakeholders on key initiatives. I also have continued to advance the goal of enhanced engagement of management with the Board and with all three levels of government, PortsToronto and CreateTO through productive meetings.

I appreciate the support I’ve received from all Board members and my ongoing close working relationship with the Chair, without which the negotiation of the Master Innovation and Development Plan (MIDP) threshold issues with Sidewalk Labs, and the resultant October 31, 2019 unanimous Board decision, could not have proceeded. I also want to acknowledge the excellent work of the Quayside team who provided support throughout the negotiation. It was an excellent example of the progress that can be achieved when the Board, management and staff work together effectively.

This meeting is an opportunity for the Board to engage on a number of important strategic, financial and operational matters that have been moving ahead since the last quarterly meeting. As highlighted in this CEO Report, management has completed the update/roll-forward of the Rolling Five-Year Strategic Plan 2019/20 – 2023/24 (the Original Plan), prepared the Fundraising Action Plan, and has achieved significant milestones on the Port Lands Flood Protection (PLFP) and Quayside projects. Board approval is being requested for the Rolling Five-Year Strategic Plan 2020/21 – 2024/25 (Updated Plan) and a PLFP scope adjustment, as discussed in more detail below.

This CEO Report highlights our progress since the last Board meeting and is organized according to the three goals of the Original Plan: Priority Projects, Next Generation Sustainable Community and Signature Projects. These three goals are unchanged in the Updated Plan.

The Toronto Waterfront Revitalization Corporation Act, 2002, requires the Board to approve an Annual Business Plan for the fiscal year beginning on April 1 on or before December 31 of the preceding year, which is a full quarter before the plan’s April 1 effective date. Consequently, until April 1, 2020, the Corporation will continue to operate and report under the Original Plan. As you are aware, the corporation’s strategic plan is a shared document between the Board and management that establishes the priorities to guide the Board and management in using their time and allocating the Corporation’s financial and other resources.

In addition to highlighting progress towards the three goals of the Original Plan, this report also provides updates on Indigenous consultation, government oversight, and on key corporate and administrative matters, including operational capacity. A corporate dashboard attached to this CEO Report as Appendix 1 illustrates the November 28, 2019 status of corporate, project and administrative matters, compared to the corporate dashboard provided on October 4, 2019, and followed by an explanation of changes to dashboard items.
Overall, the Corporation is operating effectively and efficiently - and collaboration across the organization is excellent, especially the teamwork of the Development, Planning and Design, and Delivery business units on assessing the MIDP and supporting our discussions with Sidewalk Labs on the threshold issues, as well as the continued progress on PLFP project.

There are no significant financial or other enterprise risks impacting the overall performance of the Corporation as of the date of this CEO Report, other than the existential risks noted in the CEO Report of March 21, 2019. There continue to be many day-to-day financial and enterprise risks, which are being managed within the current unrestricted available cash resources of the Corporation. As discussed under Risk Management below, risks are managed proactively using an Enterprise Risk Management framework, which includes BTY Group, an independent capital project monitor that is accountable to the FARM Committee and the Board.

The information in this CEO Report is supplemented by reports from the Chairs of Board Committees on their work in the period since the October 10, 2019 Board meeting. These reports are included in materials for this meeting and form part of the agenda.

This CEO Report has the following eight sections:

1. Rolling Five-Year Strategic Plan 2020/21 – 2024/25
2. Port Lands Flood Protection Project and Priority Projects
3. PortsToronto Relationship
4. Quayside Project: Next Generation Sustainable Community
5. Indigenous Consultation
6. Signature Projects
7. Government Oversight
8. Report on Corporate and Administrative Matters
   ➢ including Operational Capacity and Human Resources

The main highlights of these sections are:

➢ For the first time, the Corporation has completed the one-year update/roll-forward of the Original Plan (the Updated Plan), for which approval is being requested.
➢ The PLFP program is proceeding within the approved budget and the substantial completion date of March 31, 2024 remains unchanged.
➢ Discussions with PortsToronto have resulted in an agreement to provide the Corporation with the licenses needed for the PLFP project.
➢ Work has begun on the next phase of the Quayside project, which is the formal evaluation of the MIDP (as modified by the alignment on the threshold issues) to support a Board decision regarding whether to approve it by March 31, 2020.
➢ The internal fundraising steering committee has prepared a Fundraising Action Plan, the FY 2020/21 costs and milestones of which are part of the Updated Plan,
Rolling Five-Year Strategic Plan 2020/21 – 2024/25

As stated, the Rolling Five-Year Strategic Plan 2020/21 – 2024/25 (Updated Plan) is the one-year update/roll-forward of the Original Plan. This is the first time the Corporation has prepared an Updated Plan. Previous Five-Year Strategic Plans were not rolling plans, rather they were issued every five years with one-year corporate plans prepared in the intervening years. The theme of the Updated Plan is Place – Partnership – Potential, building on the Corporation’s strengths of collaboration, public consultation and design excellence.

The $1.3B Updated Plan continues the investment by the corporation in the three strategic priorities established in the Original Plan - Priority Projects, Next Generation Sustainable Communities and Signature Projects - with the same funding sources: government; leases, land sales and other; and philanthropy and sponsorship. The Updated Plan also maintains the 6% ratio of corporate operating costs to capital costs.

New or changed items in the Updated Plan are two new scope items under Priority Projects (for which approval by the Board will be requested in FY 2020/21); an increase to contingency reserves from $37M to $60M; allocation of land sale revenues of $20M as
seed capital towards the Signature Projects; and, the incremental costs and milestones of the Fundraising Action Plan, described in more detail below.

The Updated Plan assumes certain land sale revenues for which timing is uncertain. If the Corporation is not able to realize these revenues within the timeframes currently assumed, management has a Mitigation Strategy involving deferral of certain costs or utilization of liquidity tools, such as the $40M credit facility. Management expects that the timing of certain land sale revenues will be further refined in fiscal 2020/21.

Governments provided feedback on a draft of the Updated Plan at the Intergovernmental Steering Committee (IGSC) meeting on November 25, 2019. The Updated Plan for which approval is being requested is provided in the appendix to the Board meeting materials. Approval of the Updated Plan at this meeting is being recommended by the FARM Committee.

### Port Lands Flood Protection Project and Priority Projects

The Priority Projects are fully funded and are the anchors of the Original Plan. Funding for the PLFP and other Priority Projects ($1.3B) will be financed from contribution agreements with three levels of government (and others); unrestricted available cash resources; sales proceeds from lands owned by Waterfront Toronto and a percentage of the increase in value of government lands following remediation, zoning and sale by the Corporation; and a $40M credit facility ($37M currently available), expiring on March 31, 2020 that is secured by a first charge against the Quayside lands. (The credit facility is discussed under Government Oversight below.)

The PLFP is one of the largest infrastructure projects currently underway in Ontario. The objective of the project is to provide flood protection infrastructure that will be integrated with the natural habitat and public open spaces and will enable development of the southeastern portion of downtown Toronto that otherwise would not be developable, resulting in significant expansion of developable lands. The PLFP is critical and will have a similar impact - though on a much larger scale - as the flood protection landform at Corktown Common, which enabled development of the West Don Lands and protected that area from flooding.

Waterfront Toronto recently produced and released a video explaining the scope of the PLFP project and the many benefits it will bring. The video stars Waterfront Toronto subject matter experts and is a fun, entertaining way for the Corporation to demonstrate the importance of such a monumental project. The video is available on our social media channels and it has been viewed over 11,500 times to date.

Management provided a quarterly update on the status of the PLFP project to the FARM Committee at its meeting on November 21, 2019. The PLFP program is proceeding within the approved budget and the substantial completion date remains March 31, 2024. The
60% Design Estimate Stage Gate process was completed on November 12 and the results of the process were reported to the FARM Committee on November 21 and are summarized in the materials for this Board meeting.

The Board previously provided its approval for the original PLFP project scope and approval now is being requested for a small scope adjustment following from the 60% Design Estimate Stage Gate process. The removal of the $3M bus rapid transitway scope of work (while still maintaining the right of way for an LRT) and the corresponding allocation of the $3M to the remaining project contingency is being requested upon the recommendation of the FARM Committee and with the approval of the PLFP Executive Steering Committee. This scope modification is not material and in no way affects the primary purpose of the PLFP project, which is flood protection.

Management's November 21 update to the FARM Committee was accompanied by a report from BTY Group, the Committee’s independent capital project monitor. The report contained results of its review of the 60% Stage Gate processes which concluded that, subject to review of the final document, the processes are robust and in line with best practices. The next PLFP report to FARM will be on February 26, 2020.

At the 20th annual Brownie Awards on November 26, 2019, the PLFP Soil Reuse Program Approval and the Cherry Street Lakefilling Project together were awarded Best Overall Project. Attached as Appendix 2 to this CEO Report is a photograph of the Waterfront Toronto team after accepting the award.

The Brownie Awards recognize innovation and excellence among professionals who rehabilitate undeveloped sites by remaking them into productive residential and commercial projects that contribute to the growth of healthy communities across Canada. The jury noted that these two Waterfront Toronto projects achieved innovation and excellence across all Brownie awards categories. This is the second year that Waterfront Toronto has won the Best Overall Project award, winning in 2017 for the PLFP Due Diligence.

The other Priority Projects are reported on in the meeting materials for the FARM and IREQ Committees and material aspects are included in the reports of these two Committees to the Board. In addition, a Priority Projects Construction Update is attached as Appendix 3 to this CEO Report. The Priority Projects Construction Update also is a standalone item in the Board meeting agenda to be presented by the Chief Project Officer. With this presentation we are reinstating a previous meeting practice of providing Board members with a quarterly update in pictures of progress being achieved.
PortsToronto Relationship

PortsToronto (formerly known as The Toronto Port Authority) is a federal agency and is a key stakeholder in the successful execution of the PLFP project because it controls water transit, water lots and any development that encroaches on the water surrounding the waterfront lands. In January 2019, Waterfront Toronto and PortsToronto executed a Memorandum of Understanding (MOU) that underlines the importance of our two organizations having open lines of communication and giving consideration to each other’s core service competencies when procuring services.

Since then the Corporation has been engaged in ongoing discussions with PortsToronto regarding transfers of land, licenses and property realignments. The licenses, in particular, are necessary to support progress on the PLFP project. The IREQ Committee and the Board have provided oversight regarding these discussions. At the IREQ Committee meeting on November 14, 2019, management reported that PortsToronto has agreed to provide the Corporation with the licenses to allow the PLFP project to proceed on schedule and unimpeded. The agreement, which will be effective January 1, 2020, is subject to approval of the PortsToronto Board. I would like to thank Geoffrey Wilson, CEO, and his team at PortsToronto, for working with Waterfront Toronto to reach an agreement on the licenses. Discussions regarding the transfers of land and property realignments have terminated for the time being but will be resumed when required by PLFP and other project timelines.

Quayside Project: Next Generation Sustainable Community

The strategic objective of the Quayside project is to pursue development of a next generation sustainable community. On June 17, 2019 the Corporation received the complete draft of the MIDP from Sidewalk Labs and released it to the public on June 24, 2019.

The effort to prepare and evaluate the MIDP is governed by the terms of the Plan Development Agreement (PDA). Consideration of threshold issues related to the proposals in the MIDP resulted in amendments to the PDA on July 31, 2019. The amendments required alignment on the threshold issues by October 31, 2019, which was achieved. The amendments also require approval of the MIDP by March 31, 2020 and execution of the Implementation Agreements by December 31, 2020, failing which, in each case, the PDA will terminate.

The Corporation received positive media coverage for its resolution of the threshold issues. The coverage focused on how the concerns of the public were reflected in the alignment achieved, the ability of Waterfront Toronto and Sidewalk Labs to successfully
work together to advance the project, and the perception that Waterfront Toronto will be in control of the project as it moves ahead.

With alignment on the threshold issues having been reached, the project has moved into the next phase, involving public consultation and formal evaluation of the MIDP, as amended by resolution of the threshold issues. Formal evaluation will be accomplished using the Evaluation Framework and the conclusions of this evaluation process will support a Board decision regarding whether to approve the MIDP by the March 31, 2020 deadline in the PDA.

The Evaluation Framework is based on the Goals and Objectives for the Quayside project and reflects best practices to support an objective and comprehensive evaluation that will include government consultation, public engagement and the input of expert panels and third-party advisors. A draft of the Evaluation Framework was presented to the Board on March 21, 2019 and revised versions were presented to the IREQ Committee on April 4, 2019 and May 9, 2019. A Quayside update that includes the Evaluation Framework is being presented for information at this Board meeting.

On November 15, 2019 Sidewalk Labs submitted a Digital Innovation Appendix (DIA) to the MIDP to clarify its original proposals and, where necessary, align them with the resolution of the threshold issues; the DIA also was released to the public. The Digital Strategy Advisory Panel will review the DIA and provide a report to management in February 2020.

Waterfront Toronto convened a public meeting on November 19, 2019 at which we continued our conversation with stakeholders by updating them on the resolution of the threshold issues, by providing information on what will be evaluated in light of how the threshold issues have been resolved, and by discussing the decision-making process going forward. This public update will be followed by public consultation to solicit the views of stakeholders.

On April 16, 2019, the Canadian Civil Liberties Association (CCLA) commenced proceedings against Waterfront Toronto and the three levels of government. The CCLA application is for a declaration (i) that the Framework Agreement of October 2017 and the Plan Development Agreement of July 2018 (PDA) were *ultra vires* the power of the Corporation and (ii) that the Framework Agreement and the PDA will lead to a violation of Canadians’ personal and collective privacy rights under privacy and constitutional legislation. Senior management is working with external counsel to respond to the proceedings.

The CCLA has proposed to bifurcate the two issues raised and deal first with the question of *ultra vires*. To date we have been unable to agree with the CCLA on the terms of bifurcation. Counsel for the parties will be attending a Chambers appointment with the administrative judge of the Divisional Court on December 5, 2019 to discuss this matter, but no hearing date for the application has yet been set by the Court.
Indigenous Consultation

Waterfront Toronto is engaged in ongoing consultations with the Mississaugas of the Credit First Nation (MCFN) in connection with the PLFP project. At a meeting earlier this fall, I confirmed the Corporation’s commitment to ongoing engagement and relationship development. Waterfront Toronto and the MCFN are working to finalize a draft MOU.

Waterfront Toronto and Sidewalk Labs remain committed to working together and continuing discussions with the MCFN regarding their involvement in the advancement of the Quayside project. Waterfront Toronto also has been clear that any implementation of the Quayside project must include meaningful engagement that extends beyond the formality of legislated requirements for Indigenous consultation. Waterfront Toronto will continue to work closely with the MCFN as it moves forward with the PLFP and Quayside projects.

Signature Projects

The four Signature Projects in the Original Plan are aspirational initiatives intended to elevate the quality of experience on the waterfront for residents and visitors alike and to help make Toronto’s waterfront an international destination to visit. The Signature Projects are: i) enhancement of the Jack Layton Ferry Terminal; ii) creation of a continuous three-kilometre Waterfront Walk; iii) creation of a regional Destination Playground as part of the larger Promontory Park; and iv) the identification and development of a landmark institution that will define the character of the waterfront.

The estimated cost to build the Signature Projects is $400M over ten years, plus the cost of fundraising. This amount is unfunded, except for $20M from land sale revenues that has been allocated as seed capital. The Updated Plan includes expenditures of $195M over five years for these projects, including $7.0M of fundraising expenses over five years. The remaining balance of the $400M plus the cost of future fundraising would be expended beyond FY 2023/24. Waterfront Toronto proposes to raise the funds to underwrite the research, development and completion of these projects from the private sector, non-profit organizations, private foundations and government grants, assisted by the qualified donee status obtained by the Corporation in 2017.

The fundraising steering committee (formerly the fundraising cabinet), an interdisciplinary internal working group that was established in May 2019 and is chaired by the Chief Planning and Design Officer, has prepared a Fundraising Action Plan. The Fundraising Action Plan sets out a proposed fundraising strategy and the actions to be taken to begin implementation of it over the period January 2020 to March 31, 2021. The Fundraising Action Plan is provided for information as an appendix to the Board meeting materials.
The fundraising strategy is to build fundraising capabilities to pursue major gifts for the Destination Playground as the first of the Signature Projects to be funded, and to appropriately advance design and planning of the Signature Projects. The FY 2020/21 incremental cost of this strategy is $2.5M ($1.0M to build capabilities and $1.5M to advance the projects). FY 2019/20 costs to develop the Fundraising Action Plan were estimated to be between $0.5 - $0.75M and are within this budgeted amount.

**Government Oversight**

Government oversight is accomplished through i) a network of internal secretariats that work directly with Waterfront Toronto on a regular basis and ii) the IGSC, which meets at least quarterly. In addition, I have frequent informal contact with all three levels of government to keep them apprised of progress and to discuss any issues that may arise.

At the IGSC meeting on September 23, 2019 Waterfront Toronto provided an update on its May 31, 2019 request for a three-year extension (to May 15, 2023) of the consent to borrow and encumber assets. A response to the requested extension is expected by early 2020. The consent is necessary to permit extension of the existing $40M credit facility ($37M currently available), which is expiring on March 31, 2020. The continued availability of the credit facility helps the Corporation mitigate liquidity risk and securing the extension of the credit facility was a key assumption in the Original Plan and this continues to be the case for the Updated Plan.

At the September 23, 2019 IGSC meeting, Waterfront Toronto also requested technical amendments to its consent to raise revenues, proposing that this request be considered in combination with the May 31, 2019 request for an extension of the borrowing consent. The consent to raise revenues was granted in 2007 and pre-dates the availability of qualified donee status, which the Corporation obtained in 2017. A recent legal review of the 2007 consent recommended that certain technical amendments be made to make it clear that Waterfront Toronto can legally raise revenues from fundraising, consistent with its qualified donee status and as contemplated in the Original Plan and the Updated Plan.

The Tri-government Working Group (TWG), which supports the IGSC, is engaged on two important matters pertaining to the Corporation. The first is to examine each of the December 5, 2018 recommendations of the Office of the Auditor General of Ontario (OAG). Waterfront Toronto has been working with the TWG to address these recommendations and significant progress has been made in the months since the report was released. The Corporation has fully implemented 12 of 17 (71%) of the action items applicable to it and expects to have substantially implemented 100% of the action items by March 31, 2020. Progress is underway on the following remaining action items:

- Enterprise Resource Planning implementation;
- File management, document retention policy; and
- Plan for financial self-sustainability.
On November 21, 2019, Management provided an update to the FARM Committee on its progress implementing the OAG recommendations, presented on the Enterprise Risk Management dashboard. The OAG is expected to review the implementation status of its 2018 recommendations, based on information to be provided by Waterfront Toronto to the OAG in early 2020, and include the results of this review in its year-end report.

Waterfront Toronto also has been responding to requests from Ontario internal audit with respect to the requirements of the Audit and Accountability Committee (AAC). The AAC is a new provincial cabinet committee created to oversee progress on past audits undertaken by the OAG. We have provided updates and evidence to support our progress in addressing the OAG recommendations. Another update will be provided in December 2019.

The second important matter under development by the TWG is the finalization of an MOU among the three governments and Waterfront Toronto (previously referred to as the tri-government accord/the Accord). The MOU, expected to be executed by the end of 2019, is intended to formalize the tri-government relationship and operational framework with Waterfront Toronto. The Corporation received a draft of the MOU for review on October 23, 2019 and is close to finalizing it with governments.

As you are aware, the Corporation faces two “existential risks”: the restructuring of its current funding model and its statutory termination and wind up, commencing any time after May 15, 2023. The Corporation has taken steps to begin to address these risks, which will require significant time and attention from the Board and ongoing engagement with governments. A related objective is the need for Waterfront Toronto and CreateTO to clarify and enhance the working relationship between our organizations, with the agreement and support of the City.

To move forward on these risks and objective requires a deep understanding of how the work of the Corporation can be better integrated with the priorities and efforts of government stakeholders and other agencies, with the intention of identifying how we all can efficiently work together in the public interest. This has informed my approach from the beginning, but increasingly I envision and have been working to develop a more structured, organization-wide strategy that will encompass the potential for the enhancement of our key relationships, as well as effective collaboration and information-sharing.

The CEOs of corporations and others engaged in the revitalization of Toronto’s waterfront have been invited to an introductory meeting with the City Manager on December 13, 2019. The Mayor also will attend the opening portion of the meeting, the purpose of which is to discuss opportunities for waterfront revitalization and how meeting participants can work collectively toward a common vision and leverage opportunities for partnership.
Report on Corporate and Administrative Matters

Operational Capacity and Human Resources

In discussions of late, Board members have raised the question of whether the Corporation has sufficient operational capacity to move forward with the Updated Plan, in light of the demands of proceeding with the evaluation of the MIDP, as amended by resolution of the threshold issues, and other additional work. In response, I have spoken to the Chair regarding measures to be taken and will update the Board on these during the in-camera session of the Board meeting. Going forward, I will undertake an assessment of our operational capacity and will update the Board on any further measures to be taken.

The Human Resources team continues to provide support to me and to staff. The Corporation recently launched its United Way Campaign to raise funds for the United Way of Toronto, in support of the Ontario Public Service campaign. The goals of the campaign are to raise $12,000 and to have 100% participation, achieved through payroll donations and a week-long series of fun events for staff.

Renovations to the Corporation’s offices (overnight and on weekends) are underway. The main objectives are to make improvements to the Boardroom, connect previously separate workspaces on the 13th floor and refresh paint and carpets. Budget for the project was approved in 2018/19.

Public Art

An important means of broadening public awareness and enhancing public perception of Toronto’s waterfront is our public art program. I have a keen interest in exploring ways to further expand the program and ideas for how to increase its impact.

As previously reported, Waterfront Toronto partnered with the Toronto Biennial of Art to provide property on the waterfront as one of the main exhibition spaces for the inaugural edition of the Biennial, which ends December 1, 2019. On October 22, 2019, the corporation hosted a reception at the Biennial exhibition space. The evening offered guests an opportunity to enjoy the exhibition of contemporary visual art on display and the premiere of our new video showcasing the PLFP project. We thank EllisDon for its support of the event.

Following the opening of Aitken Place Park in East Bayfront in early October 2019, a new permanent public artwork called LIGHT KEEPER, by Caitlind Brown, Wayne Garrett, and Studio North, was installed in early November in the south-west corner of the park. LIGHT KEEPER uses light as a sculptural material, projecting waves of rainbow light and a moon clock that responds to shifting winds and phases of the moon onto its surroundings.
Basketball Courts at Future Site of Rees Street Park

When I started as CEO in August 2019, I asked the Planning and Design team to design a project to commemorate the victory of the Toronto Raptors in the 2019 NBA Finals. Attached as Appendix 4 to this CEO Report is a rendering of this project, consisting of three basketball courts (two adult-sized and one junior court) decorated with street art by at-risk students from across the province. The proposed location of the basketball courts is the future site of Rees Street Park, the construction of which has been delayed. The basketball courts provide an interim use for the site and later they may be integrated into the future park as we evolve that design in consultation with the public. The project celebrates the Championship Toronto Raptors, provides a place for active recreation on the waterfront and engages at-risk youth in the creation of street art.

In September 2019, the Board Chair and I met with the Vice President of Community Affairs, Maple Leaf Sports & Entertainment Ltd. (MLSE) to discuss partnering with MLSE to deliver this project. MLSE already partners with the City of Toronto and consequently we were asked to integrate our basketball courts project with the priority projects of the City. On Friday November 29, 2019, the Planning and Design team and I are meeting with the City of Toronto General Manager of Parks, Forestry and Recreation to discuss the ongoing collaboration of our two teams and we intend to raise this. A decision on next steps regarding the basketball courts project is expected in March 2020.

Finance and Audit

The unaudited interim financial statements for the quarter ending September 30, 2019 were received by the FARM Committee for information on November 21, 2019 and are included in the appendix to the Board book for this meeting. There are no concerns with respect to liquidity/cash flow management. Financial activities for the six months to September 30, 2019 have increased significantly from the same period last year, primarily due to increased construction activity on the PLFP project. These increases are expected to continue, and management is exploring options to maximize interest income from the resultant higher cash balances, while maintaining security and liquidity.

MNP LLP, the Corporation’s internal auditor, has completed a human resources and wellness audit, the results of which will be reported to the FARM Committee at its February 2020 meeting. The audit assessed the current employee wellness program to consider its appropriateness for the Corporation’s business size and scope and its alignment to leading practices of comparable organizations. Also included was a review of communication and employee participation and of the processes in place to effectively monitor, manage and adjust the program.

Progress to implement remaining action items in the recommendations resulting from previous internal audits (September 2018 cyber security and May 2019 corporate
governance) was reported to the FARM Committee on November 21, 2019. Implementation of all remaining action items are on track for completion by June 2020.

The Ontario Treasury Board Secretariat’s internal audit team completed an audit of our financial planning and reporting processes related to the Ontario Ministry of Infrastructure’s consolidation of Waterfront Toronto’s forecasts. The results of this audit will be reported to the FARM Committee at its meeting in February 2020.

**Risk Management**

Waterfront Toronto manages risk proactively using an Enterprise Risk Management (ERM) framework that has been developed by management and provided to the Board. The ERM framework applies the widely used “three lines of defence” approach to risk management and control, assigning clear roles and responsibilities to: (i) risk owners (project and financial managers); (ii) risk committees (the internal ERM taskforce, program management office and technical advisory and peer review panels); and (iii) risk systems (internal audit function and independent capital project monitor). The first two lines of defence are accountable to senior management, and the third is accountable to the FARM Committee and the Board.

An ERM dashboard summarizing and reporting on risks to the Corporation is provided quarterly to the FARM Committee, most recently at the meeting on November 21, 2019. The ERM dashboard is addressed in the report of the FARM Committee included in the materials for this meeting. The Corporation has effective programs and policies in place to achieve, monitor and report on compliance with applicable laws, and this was affirmed to the FARM Committee at its November 21, 2019 meeting in the Regulatory and Operational Compliance Report.

**Enterprise Resource Planning System (ERP)**

The new Enterprise Resource Planning (ERP) system is a cloud-based system that integrates and automates many key organizational systems into one platform that provides real-time data reporting and business intelligence. The ERP represents a significant improvement to the Corporation’s project and financial management systems, contributing to our capacity to undertake and manage large projects such as PLFP and the Signature Projects.

Implementation of the ERP system has been delayed due to complex technical issues, which have now been resolved by the system provider. Since the last Board meeting, the decision was made to complete one last financial quarter (Q2 2019/20) using our legacy system. The project is currently in the data migration and user acceptance testing phase, with Go-live scheduled to take place on December 2, 2019. The costs to Waterfront Toronto arising from the ongoing delayed implementation have been reduced through negotiations with our implementation partner and with the system provider.
Implementation of this system, that impacts and integrates so many operational areas, has required sustained dedication and effort from all involved.

Additional information on several of the above topics is provided in the reports of the Chairs of the standing Committees on their work following the October 10, 2019 Board meeting. These reports are included in the materials for this Board meeting. The management team will be pleased to answer any of your questions at the meeting.

Sincerely,

George Zegarac
President and CEO

Appendix 1 – Corporate Dashboard and Summary of Dashboard Changes
Appendix 2 – Waterfront Toronto team after accepting a Brownie award for Best Overall Project on November 26, 2019
Appendix 3 – Waterfront Toronto Priority Projects Construction Update
Appendix 4 – Basketball Courts at Future Site of Rees Street Park
**Corporate Dashboard**

<table>
<thead>
<tr>
<th>Current 28/11/19</th>
<th>Project Matters</th>
<th>Administrative Matters</th>
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<tbody>
<tr>
<td>Corporate Matters</td>
<td>Project Matters</td>
<td>Administrative Matters</td>
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<tr>
<td>Board Appointments</td>
<td>Residential &amp; Commercial Projects</td>
<td>Port Lands Flood Protection</td>
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<tr>
<td>Communications &amp; Brand Reputation</td>
<td>Signature Projects</td>
<td>Sidewalk Labs/Quayside MIDP</td>
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<tr>
<td>System Upgrades ERP</td>
<td>Existential Risks - Funding Model and Wind Down of Corporation</td>
<td>Board Administration</td>
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<tr>
<td></td>
<td>Five Year Strategic Plan (Plan)</td>
<td>Financial (Cash Flows &amp; Liquidity)</td>
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<thead>
<tr>
<th>Previous 4/10/2019</th>
<th>Project Matters</th>
<th>Administrative Matters</th>
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</tr>
</tbody>
</table>

- **No concerns – on target**
- **Caution – emerging issues**
- **Concern – risk(s) identified**
## Updated Items

<table>
<thead>
<tr>
<th>Dashboard Item</th>
<th>04/10/19</th>
<th>28/11/2019</th>
<th>Status</th>
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<tr>
<td>Communications and Brand Reputation</td>
<td></td>
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<td>Recently the Quayside and PLFP projects have attracted positive media attention.</td>
</tr>
<tr>
<td>Sidewalk Labs/Quayside MIDP</td>
<td></td>
<td></td>
<td>Project uncertainty resolved by October 31, 2019 Board approval of alignment on threshold issues.</td>
</tr>
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</table>
Appendix 2 – Waterfront Toronto team after accepting a Brownie award for Best Overall Project on November 26, 2019
Aitken Place Park
Bayside Phase II
Cherry Street Stormwater Facility
Bonnycastle Public Realm
Waterfront ReConnect
Cherry Street Lakefilling
Cherry Street Lakefilling
Cherry Street Lakefilling
Port Lands Flood Protection: Site Preparation and River Excavation
Port Lands Flood Protection: Cherry Street Bridge
Basketball Courts at Future Site of Rees Street Park
The Finance, Audit & Risk Management (FARM) Committee met on November 21, 2019. All four Committee members were in attendance (one by phone) and quorum was achieved.

There are five items to report on, two items recommended by the Committee for approval to the Board and three items for information:

1. **Corporate and Project Reporting Dashboards**
   - Management presented a macro dashboard that was divided into three areas:
     - 2019/20 Corporate Plan Performance;
     - Finance & Administration; and
     - Capital Projects.
   - All areas reported on in the dashboard are consistent with that reported last quarter and are on track, except for the following two areas, and the Committee is satisfied that Management is handling these effectively:
     - Caution area in the 2019/20 Corporate Plan where some (<= 25%) key deliverables may not be met and may be deferred to 20/21. None of these deferrals places the Corporation at risk of non-compliance with key contracts nor poses an overall budget risk; and
     - Concern area continues in the Enterprise Resource Planning (ERP) implementation which continues to be delayed a further two months to allow full testing of the system subsequent to the resolution of the Microsoft technical issues. Go-live is currently targeted for Dec 2, 2019. Management continues to use the legacy financial system and has completed budget mitigation measures with key service providers.
   - The Committee received the September 30, 2019 unaudited, interim financial statements and directed that the Board receive them. Consistent with past practice, Board approval of these unaudited financial statements is not requested.

2. **Request for Capital Approval – Preliminary Design and Engineering (Queens Quay East Revitalization)**

3. **Port Lands Flood Protection (PLFP):**
   a. 60% Stage Gate Budget for the PLFP project (item for approval); and

4. **Fundraising Action Plan – reported in camera** and

5. **Five Year Strategic Plan (item for approval) – reported in camera.**

Note that Items 4 and 5 above are reported under Items 9 and 10 of the Board agenda (in the Closed Session).
There are no current critical enterprise risks impacting operations and significant progress has been made implementing recent audit report recommendations:

- 69% achieved - Sept 2018 Cybersecurity Internal Audit (MNP LLP) (100% expected by March 31, 2020);
- 71% achieved - Dec 2018 Ontario Auditor General Value-for-Money Audit (100% expected to be achieved by March 31, 2020).
- 8% achieved – May 2019 Corporate Governance audit.

Management advised that two additional audits had been completed in the quarter and these would be reviewed by the Committee at the next meeting in February 2020:

- Human Resources Wellness review by MNP LLP (the Corporation’s internal auditors); and
- Ontario Treasury Board Secretariat completed an internal audit of Waterfront Toronto’s financial planning and reporting processes related to the Ontario Ministry of Infrastructure’s (MOI) consolidation of Waterfront Toronto’s forecasts.

Management has workplans underway to implement recommendations resulting from both audits.

With respect to Cash Flow and Liquidity, the Corporation has a positive cash balance of > $50M with no current requirement to borrow.

2. Request for Capital Approval – Preliminary Design and Engineering (Queens Quay East Revitalization)

- The Corporation’s Delegations of Authority require Board approval for all capital project expenditures over $5 million.
- Management requested capital project approval of $14 million to undertake preliminary design and engineering of the Queens Quay East revitalization, that includes the streetscape, LRT transit right of way and sub-surface works (utilities) from Bay St to new Cherry St.
- This work is to be funded from existing funding sources of $10 million (City of Toronto funding of $6 million and Waterfront Toronto revenues of $4 million) together with new funding of $4 million from the City of Toronto.
- The FARM Committee decided to defer approval, pending a broader discussion on transit that would include the impact of the Ontario Line on the local transit solution, such as an LRT, along Queens Quay.
- The FARM Committee also requested that management review the description of this scope of work in the draft Rolling Five Year Strategic Plan to reflect the Committee’s recommended consideration of the broader vision for transit.
3. Port Lands Flood Protection (PLFP)

a. 60% Stage Gate Budget for the PLFP project

- The 60% design stage gate for the project is now complete.
- Management is forecasting that the likelihood of delivering the Port Lands Flood Protection Program on budget is between 64% (conservative scenario) to 78% (optimistic scenario). Best practice is to use a 75% likelihood.
- The budget for the PLFP project remains unchanged at $1.185 billion.
- The project completion date (schedule) remains unchanged at March 31, 2024.
- Management reported that an additional $57.1 million of contingency has been allocated since the 30% design stage gate report, largely as a result of the 60% stage gate hard cost items, including an increase in escalation from 2.5% to 4% ($21.5 million).
  - As a result, the balance of contingency remaining is $67.4 million.
  - Management reported that best practice would dictate a contingency balance of $75 million remaining at this stage of the project.
  - Management noted that it is working to identify design optimizations to increase the contingency balance to $75 million.
  - Management has identified a minor scope adjustment of $3 million that does not impact the scope or functionality of the project and will increase the contingency balance to $70.4 million.
  - This minor scope adjustment relates to the removal of the Bus Rapid Transit right of way scope of work while still maintaining the right of way for a future LRT.
  - The FARM Committee discussed this and ON MOTION duly made, seconded and carried, the FARM Committee recommends for approval by the Board of Directors, the removal of the Bus Rapid Transit scope of work from the Port Lands Flood Protection project and the reallocation of the $3 million estimated cost to complete this scope of work to the remaining project contingency.

b. Independent Capital Monitor Report

- BTY Consulting LLP (BTY) presented their fifth report as Independent Capital Monitor for the PLFP project and noted no issues that would have a substantial impact and/or risk to the PLFP project. Specifically, BTY reported that:
  - Budget remains at $1.185 billion;
  - Schedule remains at March 31, 2024 project completion date; and
  - No scope changes have been made to the project.
- BTY noted that it would be continuing to verify some areas of the 60% design stage gate before the next quarterly report.
The HRGSC Committee met on November 13, 2019. Three members of the Committee were in attendance (2 in person, 1 by phone) and quorum was achieved.

I wish to report on two items set out below which were discussed in the Open Session at the November 13, 2019 Committee meeting:

1. **Update on Implementation of Recommendations on Governance Related Matters**

   The Committee was provided with a report containing an update on implementation of the recommendations from the December 5, 2018 report of the Office of the Auditor General and MNP LLP’s recommendation on corporate governance issued in May 2019.

2. **Quayside Communications Update**

   Management provided information on the public engagement plan proposed for the Quayside Project.
The Investment, Real Estate and Quayside (IREQ) Committee met on October 4th, 24th & 31st (continuation of the 24th meeting) and November 14th, 2019. The meetings held in October were closed and exclusively covered the MIDP Threshold Issues with the vote on the Threshold Issues and a subsequent recommendation to the Board taking place on October 31st. The November 14th meeting included regular agenda items as well as Quayside items.

Quorum was achieved at all Committee meetings. Other Board members, not on the Committee, were also in attendance.

We wish to report on 4 of the 5 items set out below from the November 14th meeting. Item 5 is being reported as item 9 (e) of the Board Agenda.

All items are for information only:

1. Update on Public Engagement and Communications on the Quayside Project
2. Next Steps on the Quayside Project
3. Land Rights for Port Lands Flood Protection Project Update
4. Development Projects Dashboard – Bayside
5. Divestiture – District Energy Assets (West Don Lands) (Closed Session)

Update on Public Engagement and Communications on the Quayside Project:

- The process overview was presented to the Committee including past consultations on the MIDP draft in July and August and the upcoming consultations in November 2019 (since held) and January 2020.
- The update on the November 19th public engagement is covered in a separate report (see Item 12).

Next Steps on the Quayside Project:

- Management presented the Quayside Work Plan for the period of October 31st, 2019 to March 31st, 2020 including technical reviews, built form evaluation, key commercial terms, public engagement, input from DSAP and DRP, a draft timeline and decision points for IREQ and Board approvals.
- The Committee requested a refresher presentation on the MIDP Evaluation Criteria for the Board meeting (see Item 12).

Land Rights for Port Lands Flood Protection Project Update:

- Management provided a verbal update. Ports Toronto has agreed to provide WT with the access licenses to allow the PLFP project to proceed on schedule and unimpeded.

Development Projects Dashboard – Bayside:

- At the request of the Committee Chair, and in order to show the Committee the other major projects that WT is working on, staff gave a presentation on the Bayside development using a risk/liability lens.
## Purpose

For Board Approval

## Areas of note/Key issues

The Port Lands Flood Protection (PLFP) 60% Design Stage Gate is a key component of the Corporation’s project risk management and governance framework. The purpose of the attached presentation (please see Appendix A to the Board Book) is to provide a status update on the budget and schedule for the PLFP Project as at the 60% Design Stage Gate.

Waterfront Toronto is currently forecasting that the likelihood of delivering the PLFP project on budget is between 64% (conservative scenario) and 78% (optimistic scenario).

The budget for the PLFP project remains unchanged at $1.185B.

The forecast completion of the PLFP project remains unchanged at December 2023.

Contingency remaining to be allocated at the 60% Design Stage Gate equals $67.4M.

The PLFP Executive Steering Committee (ESC) approved the removal of the Bus Rapid Transitway (BRT) from the scope of the PLFP project. The Finance, Audit and Risk Management Committee, at its meeting on November 21, 2019 also approved, for recommendation to the Board of Directors (Board) for approval, the removal.

The future Light Rapid Transit right of way will be protected on Cherry Street and Commissioners Street for future implementation once funding for the Eastern Waterfront Transit plans has been obtained.

The Stage Gate process allows Waterfront Toronto to complete the design process, while ensuring that the likelihood of achieving the program budget remains high as projects move into construction.

## Resolution

The Board will be requested to pass the following resolution:

**ON MOTION** duly made, seconded, and carried, be it **RESOLVED** that the Board of Directors approves the removal of Bus Rapid Transit scope of work from the Port Lands Flood Protection project and the reallocation of the $3 Million estimated cost to complete this work to the remaining project contingency.
<table>
<thead>
<tr>
<th>Purpose</th>
<th>For Information</th>
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<tbody>
<tr>
<td><strong>Areas of note/ Key issues</strong></td>
<td>The attached Slides consists of pictures which illustrate the progress made on the Port Lands Flood Protection (PLFP) project as well as other construction projects undertaken by Waterfront Toronto (WT):</td>
</tr>
<tr>
<td>• Aitken Place Park – Construction complete</td>
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<tr>
<td>• Bayside Phase II – Construction substantially complete</td>
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<tr>
<td>• Cherry Street Stormwater Facility – Construction &gt;50% complete</td>
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<tr>
<td>• Bonnycastle Public Realm – Construction &lt;25% complete</td>
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<tr>
<td>• Waterfront Reconnect – Construction complete</td>
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<tr>
<td>• Cherry Street Lakefilling – Construction substantially complete</td>
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<tr>
<td>• PLFP: Site Preparation &amp; River Excavation – Construction &lt;25% complete</td>
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<tr>
<td>• PLFP: Cherry Street Bridge – Construction &lt; 25% complete</td>
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<td><strong>Next Steps</strong></td>
<td>Management will continue to provide updates on WT Priority Projects at subsequent Board meetings.</td>
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A. ON MOTION duly made by [●] and seconded by [●] and carried, it was RESOLVED that the Minutes of the Closed Session of the Board of Directors meetings held on October 10 & 24, 2019 be approved, as tabled.

B. ON MOTION duly made by [●] and seconded by [●] and carried, it was RESOLVED that the Minutes of the Closed Session of the Board of Directors meetings held on October 31, 2019 be approved, as tabled.

C. WHEREAS the Rolling Five-Year Strategic Plan (2020/21-2024/25) (Updated Plan) is the one-year update/roll-forward of the Five-Year Strategic Plan (2019/20 – 2023/24) that was approved by the Board in December 2018 (Original Plan); and the TWRC Act requires the Board to approve an Annual Business Plan for the fiscal year beginning April 1, 2020 on/or before December 31, 2019 and such Board approval is to be upon the recommendation of the FARM Committee; and

WHEREAS the Updated Plan of $1.3 billion is consistent with the Original Plan with respect to investments in three strategic priorities, namely:

- Priority Projects ($1.0 billion) largely Port Lands Flood Protection (funded);
- Next Generation Sustainable Communities ($102 million) including Quayside (funded); and
- New Potential (Signature) Projects ($195 million) - aspirational projects dependent on the success of the fundraising strategy set out in the Fundraising Action Plan (unfunded).

WHEREAS the Corporate Plan for fiscal year 2020/2021 is a subset of the Updated Plan, is outlined in Appendix 1 and includes capital spending of $393 million (inclusive of corporate operating costs of $19.7 million before amortization) and funding of $330.2 million; and

WHEREAS the following items are new/different in the Updated Plan:

- Increase in contingency reserves from $37 million to $60 million;
- Allocation of $20 million in land sale revenues ($5 million realized) as seed capital towards the four New Potential (Signature) Projects;
- Spending of $3.4 million for the Fundraising Action Plan in 2020/21 ($1.0M to build organizational fundraising capabilities, $1.5M to advance design and planning of the New Potential (Signature) Projects and $0.9M for existing staff resources), fully funded by realized land sale revenues; and
- The implementation of the Quayside project is limited to soft costs associated with the initial implementation of the MIDP; and

WHEREAS on November 21, 2019 the FARM Committee approved the Updated Plan and recommends approval of it by the Board

ON MOTION duly made, seconded and carried, it was RESOLVED that the Board of Directors approves the Rolling Five-Year Strategic Plan (2020/21-2024/25), as presented.