

MINUTES of the public portion of the 49th meeting of the Board of Directors of the Toronto Waterfront Revitalization Corporation held at the Novotel Toronto Centre, 45 The Esplanade, Toronto, Ontario, on Thursday, March 9, 2006, at 8:00 a.m., local time.

PRESENT: Robert Fung, Chairman
 Bill Charnetski
 Murray Chusid
 Vivien Dzau
 Kevin Garland
 Ross McGregor
 John Ronson
 Peter Smith
 Mark Wilson

ABSENT: Mayor David Miller

In addition to the general public, the following additional persons were in attendance, unless otherwise noted, throughout the meeting or only for particular business items as noted in these minutes: John Campbell, President and Chief Executive Officer; Edward Dato, Chief Financial Officer; Victor Wong, V.P. Legal; Christopher Glaisek, V.P. Planning and Design; Kristin Jenkins, V.P. Public Affairs; Marisa Piattelli, V.P. Government Relations and Special Project Management; David Matheson, McMillan Binch Mendelsohn LLP; Allan Leibel, Goodmans LLP; Bruce Boddin, Karen Pitre and Steve Willis, Toronto Waterfront Joint Venture; and Todd Brown, Monteith Brown.

The Chairman, Robert Fung, continued in the chair, and Ann Marie Landry continued to act as secretary of the meeting.

1. Approval of Minutes

The minutes of the public portion of the 48th meeting of the Board held on February 2, 2006 were tabled, and **ON MOTION** duly made, seconded and carried, it was **RESOLVED** that the minutes of the 48th meeting of the Board held on February 2, 2006 were approved.

2. Chairman's Remarks

The Chairman reminded the Board of the public expectation to see things happening on the waterfront. He encouraged the Corporation to move forward as quickly as possible and keep the public interested and supportive.

The Chairman reported that a letter was written to the Minister of Energy regarding the Portlands Energy Centre, advising her of the Corporation's position. He reported that he also had a meeting with the Minister on this subject and reminded her of the

Corporation's position and to keep the issue of sustainability in mind. He further reported that the Minister thanked the Corporation for their comments.

3. CEO's Report

John Campbell tabled reports and information on various matters, which included the following subjects and information and on which the following Board and Management comments were made:

- *Intergovernmental Steering Committee* – The Corporation is attempting to develop a template for indemnities from third party contractors as this issue is becoming quite urgent. This issue is symptomatic of a larger issue which is how to ensure that the current funding model supports the Corporation's governance model and operational objectives more effectively rather than, in the case of indemnities, add complications not justifiable in the market and which affect the Corporation's ability to deliver the work. Some contracts have been executed without indemnities in place which is not in compliance with related Contribution Agreements.
- *Board Comments on the Intergovernmental Steering Committee and by Management* – It was suggested and agreed by the Board that the Finance and Risk Management Committee should deal with indemnities and attempt to find a systematic solution on a "one off" basis to this issue. Management was encouraged by the Board to go on record with the Governments on those contracts which have been executed without indemnities. Management advised the Board that the Corporation is on the record with the three Governments on the fact that the Corporation has had to proceed without the resolution of the indemnity issue and that the Governments have concurred with the Corporation proceeding at its own risk, pending resolution of the matter, save and except the possibility in respect of the Toronto Hydro matter. The work being done to resolve these matters will be brought forward at the next Audit Committee meeting.
- *West Don Lands ("WDL")* – The official kick-off, high profile media event will take place on March 27, 2006. The Communications Update (tabled) will provide further details on the event. Hoarding is well underway and 40 acres have been completed to date. The CN Bridge work has been awarded. Signage has been designed and will be erected along with the hoarding.
- *East Bayfront ("EBF")* – A Task Force has been established with key members from the Corporation, City of Toronto, TEDCO and the Program Management staff to oversee the development of EBF. Schedules focus on a target of a September meeting for Council approval of the zoning by-law. Management is attempting to accelerate the work but still remain credible.
- *Board's Comments on EBF* – The Chairman strongly encouraged Management to get something out into the marketplace before the fall. John Campbell indicated that Management is being dynamic and nimble on this

with good credibility and reiterated steps being taken overall on “branding” the Corporation.

- *Central Waterfront Public Realm* - The Request for Qualifications (“RFQ”) for the Central Waterfront Signature Design Competition was issued resulting in quite a bit of international interest. The responses to the RFQ are due today, March 9, 2006, with a short list to be quickly established. A design will be selected by the end of May, 2006. The Selection Jury has been mostly selected and a Stakeholder group has been formed, chaired by Vicki Barron, Executive Director of the Waterfront Regeneration Trust. The Stakeholder group includes more than 25 civic organizations with an interest in the waterfront. The group will be given the opportunity to brief the Jury at the beginning of the process, and will deliver a report to them at the end with their views on the different design proposals. A working group has also been formed with key representatives from the City to ensure full coordination with the regulatory agencies, and to provide City input into the process at critical milestones along the way. The first task of this working group will be to assist in drafting the Competition Brief, which will serve as the “rulebook” used by the designers in preparing their designs.

The Chairman suggested that architectural models of West Don Lands and East Bayfront be constructed and displayed in a public area, perhaps in the entrance of City Hall.

- *Branding Request for Proposals (“RFP”)* - The Branding RFP has been issued and bidders received a briefing on March 7, 2006.
- *Expo 2015* – There are 12 consultant companies exploring locations for Expo 2015. Recommendations will go to Council on May 16, 2006. John Campbell met with the Bid Team on March 8, 2006 and advised that the Precinct Plan will accommodate their plans where two plans overlap.
- *Western Beaches Breakwall* – The Corporation has been asked to complete repairs on the Western Beaches breakwall. Management agrees that the Corporation should take care of the necessary repairs and has had discussions with the Governments regarding funding (letter to Governments tabled). The cost of the repairs is approximately \$1 million. \$750,000 may be reallocated from the Port Lands project and the Western Beaches Watercourse project is \$250,000 under budget. AECON is already on site and mobilized and is willing to carry out the repair work through the placement of core and armour stone as a change order to their contract at the unit prices quoted in their bid. The Corporation is awaiting approval from the Governments.

A brief discussion ensued and **ON MOTION** duly made, seconded and carried, it was **RESOLVED** that the Corporation, notwithstanding the approvals have not been received as yet, must proceed because of time being of the essence and that Management direct AECON to immediately carry out the repair work to the breakwall through the placement of core and armour

stone as a change order to their contract at the unit prices quoted in their bid; and if the funding approvals are not forthcoming, then the Corporation source the funds therefor from somewhere else.

- *New Premises* – The plan is to move in June or July and the new location has a Boardroom large enough to accommodate future Board meetings as well as some public meetings.
- *Program Manager’s Report* – The Program Manager’s Report was tabled.
- *Board Comments on Program Manager’s Report* – The Board noted that projects are starting to come in on time and under budget.
- *General Discussion and Question Period Related to the CEO’s Report* – Discussion ensued on the Corporation’s budget and the trend of being on or under budget. Mr. Dato noted the rolling plan for such budget and that a revised one year and ten year plan is being presented to the Finance and Risk Management Committee and that such plans shall be presented to the Board at its next scheduled meeting.

4. Chief Financial Officer’s Report

Edward Dato tabled the draft minutes of the Audit Committee Meeting held on January 24, 2006.

The Chair of the Audit Committee, Vivien Dzau, reported that the Committee met with both the external and internal Auditors. She reported that the external Auditors, Deloitte & Touche LLP (“Deloitte”), advised that while in the past Deloitte has taken more of a substantive approach to the audit of the Corporation, this year they will take a controls reliance approach largely due to the fact that the Corporation now has more stable control processes and is no longer a new organization. She reported that the internal Auditors, PricewaterhouseCoopers (“PWC”), advised that their audit report found two high priority items, four medium priority items and a number of low priority items which needed to be addressed. She reported that most of the items have already been addressed and that the Audit Committee was very pleased with the reports from the external and internal Auditors.

Edward Dato reported that the Contribution Agreement (“CA”) for Corporate Costs has not yet been executed. He reported that the target date is the end of April. He further reported that funding for overhead costs has not been flowing from the Federal Government but they are committed to providing project funding. He further reported that excess funding from the Province and the City has been allocated to overhead costs and that written permission has been obtained from the three levels of Government to proceed in this manner. The Chairman commented on efforts to get greater co-operation from the three levels of Government on such matters. Mr. Dato indicated that significant progress is being made in this regard.

5. Marine Use Strategy

Christopher Glaisek advised that the Corporation commissioned the Marine Use Strategy (“Strategy”) to ensure that integrated and visionary planning is a hallmark of the Corporation’s revitalization efforts and that successful integration will require a continued partnership approach among stakeholders who coexist as marine users on the waterfront. He reported that a Steering Committee for the Strategy includes representatives from the Toronto Port Authority, the Toronto and Region Conservation Authority, the City, the Toronto Economic Development Corporation and the Harbourfront Centre.

He reported that the Strategy is a statement of core values, principles and recommendations intended to ensure waterfront revitalization integrates land and marine uses and activities, provide a foundation for action for future projects/initiatives related to the marine realm, and inform planning and decision making that affect marine uses.

He then provided the Board with a detailed outline of the Strategy highlighting the following principles of the vision being:

- 1) Recognizing and expanding an exceptional resource;
- 2) Embracing integrated and sustainable planning on the Waterfront;
- 3) Promoting an active, diverse and accessible Waterfront;
- 4) Planning marine districts through revitalization being the Inner Harbour, the Port Lands, the Outer Harbour and the Lake and Beaches; and
- 5) Implementing the Strategy through steady investment.

Board Comments/Questions and Management Responses on the Marine Use Strategy: The involvement of the Stakeholders and the level of “buy-in” was questioned. Mr. Glaisek advised that the Corporation has held various workshops which included the participation of recreational boaters and industrial users and there have also been two public meetings held over the course of the last few months. He advised that there was a great deal of “buy-in” and very little opposition.

A question on long term leases within the inner harbour was raised. Mr. Glaisek advised that the Lake Ontario Park master plan is addressing this issue. He advised that the Corporation has asked the City of Toronto not to issue long term leases until the Lake Ontario Park master plan is complete. He further advised that the study has allowed the Corporation to free up a large amount of space to allow for long term leases.

It was noted by the Board that the Strategy did not address “winter uses” and there was not a lot of integration with the City’s wet weather flow plan. Mr. Glaisek advised that winter uses will be looked at over the long term and that the City of Toronto has representation on the Steering Committee which will help to facilitate integration of their plans with the Corporation’s plans.

A question arose about the aquatic habitat within the inner harbour and Mr. Glaisek advised that the Toronto Region and Conservation Authority has advised the Corporation that predator fish are coming back into the harbour.

Mr. Glaisek advised that the intent of the Corporation is to continue to harmonize the Marine Use Strategy with the Central Waterfront Design Competition which will ensure that the principles of the Strategy are realized.

6. Don River Park Design Contract

Edward Dato tabled a Contract for Services #170 for the design of the Don River Park. He advised the Board that the contract amount is \$1,895,154 which exceeds the amount available to the Corporation through the applicable Contribution Agreement and as such, the work was split into two phases. He reported that the cost for Phase 1 is \$751,159 which brings it to within the amount available under the applicable Contribution Agreement and the cost for Phase 2 is \$1,143,995. He advised that the Corporation anticipates a subsequent Contribution Agreement which will provide for Phase 2 and for the construction of the park.

Mr. Dato reported that the contract includes a provision which prohibits the Contractor from undertaking work for Phase 2 without prior written notice from the Corporation's Chief Financial Officer. Mr. Dato advised that this provision ensures that the Corporation does not incur costs with respect to which it has not yet secured funding through a CA.

Mr. Dato advised that under the current "Policies and Procedures for Procurement" as amended by the Board effective June 26, 2005, all contracts valued at \$1,000,000 or more must be presented to the Board for approval and as the combined cost to the Corporation of Phase 1 and 2 exceeds \$1,000,000, the contract is being tabled for approval. Discussion ensued and **ON MOTION** duly made, seconded and carried, it was **RESOLVED** that the Contract for Services #170 be and is hereby approved.

7. Martin Goodman Trail Work

Edward Dato reported that the Corporation has prepared an invitation to tender for the construction of the Martin Goodman Trail through Marilyn Bell Park and Exhibition Place with work scheduled to commence on April 3, 2006 and substantial performance to be achieved by July 15, 2006. He reported that the substantial performance date is significant in that it allows the Park to be available during the 2006 World Dragon Boat Championships in August.

Mr. Dato reported that a number of contractors will be active in the Park area concurrently before the Championships. He reported that AECON has been performing work on the Western Beaches Watercourse facility and will complete the work and vacate Marilyn Bell Park proper by March 31, 2006 but will be continuing remaining work offshore. He reported that Toronto and Region Conservation Authority has gone to tender for work on the Jamieson Sewer Outfall for possible award this month and that work will be conducted in the Park proper. He further reported that AECON will be bidding on this work and may win but other work may also occur concurrently.

Mr. Dato advised that there is an economical advantage to having as few contractors as possible at a single construction site and as a result, there may be some benefit were AECON to be the contractor for the construction of the Trail, as it would then be the contractor for at least two projects in the immediate vicinity of one another. He further advised that it is not known whether or not AECON would be the successful bidder and that it will depend on price.

Mr. Dato advised that a list was established of five contractors pursuant to a City of Toronto pre-qualification exercise for landscape contractors for Albion Garden Parks, Massey Grove Park and Gihon Springs Park and that this list could be used to identify the invited tenderers in lieu of a list developed pursuant to the Corporation extending a Request for Qualifications. He further advised that AECON is not on this list but in light of the benefits to a potential win by AECON, and because this would constitute an invitation-only rather than an open procurement, Management is requesting approval from the Board to utilize the City's list of invited tenders and to add AECON to the list. A brief discussion took place and **ON MOTION** duly made, seconded and carried, it was **RESOLVED** that the request to proceed with the City of Toronto's list of pre-qualified tenderers and to add AECON to the list be and is hereby approved.

8. Intelligent Community Initiative

Mark Wilson indicated that he may have a potential conflict in respect of the Intelligent Community initiative and indicated that he would not participate in the discussion on this matter, and, if necessary, would leave the meeting during the discussion.

Marisa Piattelli provided the Board with an update on the Intelligent Community ("IC") initiative highlighting the following:

- There were two elements of the Corporation's early IC strategy being:
 - the establishment of a blue-ribbon Advisory Council composed of senior representatives of the stakeholder communities to advise and assist the Corporation to achieve global standing as an intelligent community including through the funding of IC projects on the waterfront; and
 - the design and integration of an intelligent broadband communications infrastructure throughout the waterfront.
- The Advisory Council is now established and two meetings of the group have been held. The Corporation is very pleased with the seniority, including on the research side, of representation as well as the wide, cross-sectoral composition of the group.
- A Request for Information ("RFI") on the creation of a broadband communications infrastructure for the Waterfront was issued on February 22, 2006. The RFI makes clear that its objective is to begin a process that will contribute towards achieving the Corporation's goal of being "globally competitive" with respect to attracting commercial, institutional and research

investments to the Waterfront. The RFI is best viewed as a front end process to assist in investment decisions rather than procurement in the traditional sense. As such, the RFI specifies that the Corporation does not intend to control business models or usage of the Waterfront broadband infrastructure; market forces will make that determination but the Corporation does believe that the use of open systems and open standards will provide the greatest flexibility for the future. The communications infrastructure will have to continually meet or exceed the performance and flexibility of other global community broadband infrastructure initiatives to meet the Corporation's objectives of assuring a globally competitive broadband infrastructure on the Waterfront.

- The RFI emphasizes the importance of getting this key piece of infrastructure “right” and its importance to the Corporation’s long-term objectives. The Waterfront’s broadband communications infrastructure will be the foundation for supporting the changing ways individuals connect and manage information and the way businesses drive productivity. It must deliver abundant intelligent bandwidth with flexibility for growth to enable future services and attract global business and research initiatives to the Waterfront.
- The RFI closes at the end of March which allows the right timing to ensure the recommended business model can be appropriately integrated into larger infrastructure services design and procurement activities.
- The next steps are as follows:
 - At its meeting in January 2006, the members of the Waterfront Advisory Council expressed support for a not for profit consortium tentatively called the Intelligent Community Institute. They also identified priority focus themes.
 - The purpose of the Institute would be to assist the Corporation in driving the design and implementation of the world’s leading Intelligent Community. It will be financed by members of the consortium with the Corporation being one member. Two other organizations have committed to invest time and resources, pro-bono, to assist the process - The Knowledge Management Design Institute of the University of Toronto (“Institute”) and the Habitat New Media Lab of the Canadian Film Centre.
 - It is believed that a next important tranche of work is required to advance the work and interest of the Advisory Council including the related deliverables – of which the Intelligent Community Institute is one:
 - Confirm the six focus themes and related initiatives of the Institute in the areas of e-health, e-learning, e-entertainment, e-community, e-commerce and the intelligent broadband communications infrastructure;

- Identify and facilitate working groups to flesh out the concepts and early activities for the six focus themes, how they will function, external organizations involved and a vision of their initial outputs in the first three years;
- Develop a consensus around the goals, success criteria and governance for the Institute;
- Identify funding sources for the Institute and for its six focus areas;
- Obtain commitments for the funding, sufficient to bring it into existence and support its operations for its first three years.

Ross McGregor advised that he attended one of the meetings of the Advisory Council and was very impressed but was also concerned that the initiative may be overly broadband driven and not more balanced; and that an appropriate efficient and balanced approach should be made in dealing with the Institute. John Campbell acknowledged his concerns and at the same time emphasized the relative importance of a “broadband” community.

9. TWRC Governance

The Chairman reported that at the present time there are two federal Board member seats and one City seat open. The Chairman tabled draft mandates for the Governance, Finance & Risk Management and Audit Committees and advised that they were for information purposes only and are still works in progress and will be presented to the Board at its next meeting for approval, after the Finance and Risk Management and Audit Committees respectively do their final review thereon.

10. Environmental Insurance Options

Victor Wong reminded the Board that as was reported in January, research suggested that blanket insurance, which provided coverage of all of the public agencies and orders of government against all environmental claims, was not an effective means of addressing environmental issues because it would provide broader coverage than is necessary and unduly restrict joint policyholders from accessing proceeds of insurance. He further reminded the Board that at the time, Management recommended that other insurance products be considered as part of a strategy to manage environmental risks on a project by project basis.

He reported that Management proposes that the Corporation create an “Environmental Insurance Fund” as a form of partial self insurance combined with third party excess coverage and tabled a memorandum outlining the specific details of this proposal.

It was suggested and agreed by the Board that the self-insurance model should be considered by the Finance and Risk Management Committee prior to tabling it at the Intergovernmental Steering Committee meeting.

11. “Value for Money” Audit

Vivien Dzau, Chair of the Audit Committee (“the Committee”), reminded the Board of the decision made at the previous Board meeting to obtain a service provider to conduct a Value for Money (“VFM”) Audit and that this service provider would not be procured through a formal Request for Proposals (“RFP”) process. Ms. Dzau advised that the three levels of

Governments were consulted and there was a strong preference among them to conduct a formal RFP. She further advised that a draft RFP document was sent to the three levels of Government who are in the process of reviewing said document and an update will be provided at the next meeting of the Board.

12. Termination of the Meeting

There being no further business, **ON MOTION** duly made, seconded and carried, it was **RESOLVED** that the meeting be terminated.

Chairman

Secretary of the Meeting