Board of Directors Meeting

Agenda and Meeting Book

THURSDAY, JUNE 27, 2019 FROM 8:30 AM TO 12:30 PM

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
8:45 a.m. 3. Consent Agenda Approval All

(a) DRAFT Minutes of Open Session of the March 21, 2019 Board Meeting - Page 4

(b) DRAFT Minutes of Open Session of the June 14, 2019 Board Meeting - Page 11

(c) CEO Report - Page 14

(d) Coversheet and FARM Chairs Report - Page 26 Approval & Information

The March 31, 2019 Financial Statement is attached as Appendix A to the Board Book

(e) - Coversheet and HRGSC Committee Chair's Report - Page 30 Information

8:45 a.m. 4. Chair's Opening Remarks Information S. Diamond
9:00 a.m. 5. 2018/19 Annual Report Approval L. Taylor & C. MacKay

Coversheet - Page 33

The 2018/19 Annual Report is attached as Appendix B to the Board Book

9:15 a.m. 6. Motion to go into Closed Session Approval All

Closed Session Agenda
The Board will discuss items 7 and 8 being the Land Rights for Port Lands Flood Protection and Consent Agenda ((a) Draft Minutes of the Closed Session March 21, 2019; and (b) June 14, 2019, meetings, (c) Investment, Real Estate and Quayside Committee Chairs’ Report and (d) HRGSR Committee Chair’s Report – Closed Session, respectively, in a Closed Session as permitted by By-Law No.2 of the Corporation. The exception relied for the discussion of items 7 in Closed Session is Section 6.1(1)(c), for item 8 (a) and (b) are provided in item 3(a) of this agenda, for item 8 (c) is Sections 6.1.1(l) and item 8 (d) is Sections 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 resolutions pertaining to the Closed Session.

9:35 a.m. 9. Motion to go into Open Session Approval All

Public Session Agenda

9:40 a.m. 10. Resolutions Arising from the Closed Session Approval All
<table>
<thead>
<tr>
<th>Time</th>
<th>Item</th>
<th>Type</th>
<th>Approver</th>
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<tbody>
<tr>
<td>9:50 a.m.</td>
<td>11. Chair’s Closing Remarks</td>
<td>Information</td>
<td>S. Diamond</td>
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<td>10:00 a.m.</td>
<td>12. Motion to go into Closed Session</td>
<td>Approval</td>
<td>All</td>
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Closed Session Agenda
The Committee will discuss items 13 being Board Closed Session Discussion, in a Closed Session as permitted by By-Law No.2 of the Corporation. The exception relied for the discussion of item 13 in Closed Session is Section 6.1.1(b) of By-Law No. 2. The Committee will continue in Open Session at the end of the Closed Session to discuss and vote on any resolutions pertaining to the Closed Session.

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<tr>
<th>Time</th>
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<tr>
<td>10:15 a.m.</td>
<td>14. Motion to go into Open Session</td>
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Public Session Agenda

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<tr>
<td>10:10 a.m.</td>
<td>15. Resolution(s) Arising from the Closed Session</td>
<td>Approval</td>
<td>All</td>
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<td>10:15 a.m.</td>
<td>16. Motion to Terminate the Meeting</td>
<td>Approval</td>
<td>All</td>
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<td>10:30 a.m.</td>
<td>Port Lands and Quayside Site Tour</td>
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<td>Board Members</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, March 21, 2019 at 8:30 a.m. local time.

PRESENT: Steve Diamond (Acting Chair)
Janet Rieksts-Alderman
Jeanhy Shim
Mohamed Dhanani
Sevaun Palvetzian
Councillor Joe Cressy
Christopher Voutsinas
Andrew MacLeod
Patrick Sheils

ABSENT: Mazyar Mortazavi
Susan Henderson
Kevin Sullivan

IN ATTENDANCE WATERFRONT TORONTO
Michael Nobrega (Interim CEO)
Lisa Taylor (Chief Financial Officer)
David Kusturin (Chief Project Officer)
Marisa Piattelli (Chief Strategy Officer)
Chris Glaisek (Chief Planning and Design Officer)
Meg Davis (Chief Development Officer)
Julius Gombokos (Senior Vice President, Project Delivery)
Cameron MacKay (Vice President Communications)
Rose Desrochers (Director, Human Resources and Administration)
Leslie Gash (Senior Vice President, Development)
Emil Zelic (Executive Director, Program Management)
Ian Beverley (General Counsel)
Catherine Murray (Senior Legal Counsel)
Kathleen Niccols (Governance Consultant, Waterfront Toronto) (by phone)
Aina Adeleye (Board Administrator and Legal Assistant)

Also, in attendance for part or all of the meeting, were Adam Reddish, Assistant Deputy Minister, Andrew Roberts, Senior Policy Advisor, Chris Giannekos, Associate Deputy Minister, Ministry of Infrastructure, Erin Coffin, Senior Analyst, Infrastructure Canada (by phone), Glenn Campbell, Assistant Deputy Minister, Senior Analyst, Investment, Partnership and Innovation Branch of Infrastructure Canada (by phone), David Stonehouse, Director, Waterfront Secretariat, City of Toronto, Courtney Glenn, Deputy Chief of Staff, Office of the Mayor, Tom Davidson, Office of Councillor Cressy, Sandra Aurelio, Diamond Corporation, Cynthia Wilkey, Co-Chair, West Don Lands Committee, Donavan Vincent, The Toronto Star, Josh O’Kane, Reporter, The Globe and Mail Canada, Thorben Wieditz, The Toronto Star, Bianca Wylie and Rosemary Frey, members of the public.
ON MOTION duly made by Janet Rieksts-Alderman, seconded by Sevaun Palvetzian and carried, it was RESOLVED that Stephen Diamond be appointed as Chair to preside over the day’s meeting.

The Acting Chair, Stephen Diamond, took the chair and appointed Ian Beverley 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 Acting Chair called the meeting to order at 8:32 a.m. and declared that the meeting was duly constituted for the transaction of business.

1. Motion to Approve Agenda

Stephen Diamond explained that there were changes to the Agenda initially circulated to the Board of Directors (“Board”). Item 13, being the Board Closed Session Discussion, will be considered as the last item on agenda before the motion to adjourn the day’s meeting.

ON MOTION duly made by Joe Cressy, seconded by Sevaun Palvetzian and carried, it was RESOLVED that the Agenda for the March 21, 2019 meeting be approved, as amended.

2. Declaration of Conflicts of Interest

There were no conflicts of interest declared.

3. Consent Agenda

ON MOTION duly made by Jeanhy Shim, seconded by Janet Rieksts-Alderman and carried, it was RESOLVED that the Minutes of the December 3, 2018, December 6, 2018 and December 7, 2018 meetings of the Board of Directors be approved as presented.

4. Chair’s Remarks

Stephen Diamond welcomed everyone to the meeting and confirmed his impending appointment as Chair of the Board by the three levels of government.

He thanked Janet Rieksts-Alderman for her commitment and support as the spokesperson
and acting chair of the Board. He also thanked Michael Nobrega for his continued support and leadership as the Interim CEO of the Corporation. He welcomed Andrew MacLeod, Patrick Sheils, Chris Voutsinas and Councillor Joe Cressy to their first Board meeting and noted that Kevin Sullivan could not attend the meeting due to prior scheduled commitment.

The Board acknowledged that, considering Mohamed Dhanani (and Susie Henderson’s) term as directors expires on March 31, 2019, this was likely the last Board meeting Mr. Dhanani will be attending as a director. He thanked Mr. Dhanani and Susie Henderson for their commitment and support on the Board throughout their tenure.

Stephen Diamond provided an overview of the key projects being undertaken by the Corporation particularly the Quayside and the Port Lands Flood Protection projects. He highlighted the key items for discussion at the day’s meeting.

5. **CEO Report**

Michael Nobrega presented the CEO Report which was taken as read. The CEO Report was received by the Board for information. The Board noted that the CEO Report was comprehensive and provided an overview of the Five-Year Strategic Plan, the Report of the Office of the Auditor General, and the work of the Corporation, including updates on key corporate and administrative matters. Management responded to questions from the Board regarding the Signature Projects in the Five-Year Strategic Plan. Management provided a Priority Projects Construction Update presentation, featuring photographs of some of the Corporation’s active construction projects.

6. **CEO Search Committee Chair’s Report**

The CEO Search Committee Chair’s report regarding the meeting held on December 13, 2018 was taken as read and received by the Board for information.

7. **Chairs Committee Chair’s Report**

The Chairs Committee Chair’s report regarding the Committee’s meeting held on March 7, 2019 presented by Janet Rieksts-Alderman was taken as read by the Board. The Board received the report for information and for approval of recommendations regarding the restructuring and staffing of Board Committees and the delegation of certain responsibilities to the Chair of the Board as set out in the report.

Ms. Rieksts-Alderman presented the highlights of the report regarding the March 7, 2019 Committee meeting. In particular, Ms. Rieksts-Alderman and Ian Beverley described the recommendations of the Committee that the Board dissolve the Chairs and Stakeholder Relations Committees and establish a new committee with a combined mandate to consider Human Resources, Governance and Strategic Corporate Communications as well as the staffing of Board Committees, and the delegation of certain responsibilities, previously included in the mandate of the Chairs Committee, to the Chair of the Board.
ON MOTION duly made by Christopher Voutsinas, seconded by Joe Cressy and carried, it was RESOLVED that the Board of Directors of the Toronto Waterfront Revitalization Corporation:

1. hereby revokes the Mandates of and terminates the Stakeholder Relations Committee and the Chairs Committee that were established by the Board on March 29, 2018.

2. hereby establishes a new committee to be known as the Human Resources, Governance and Stakeholder Relations Committee with the powers and duties set out in the Interim Mandate presented at the meeting and in the Board Committee Directive approved by the Board on March 29, 2018.

AND for certainty, there shall be three standing committees of the Board (Finance, Audit and Risk Management; Investment, Real Estate and Quayside; Human Resources, Governance and Stakeholder Relations and one ad hoc committee of the Board.

3. the committees of the Board shall consist of the following persons:

   a) Finance Audit and Risk Management Committee
      i. Janet Rieksts-Alderman (Committee Chair)
      ii. Jeanhy Shim
      iii. Patrick Sheils
      iv. Kevin Sullivan
      v. Susie Henderson

   b) Investment Real Estate and Quayside Committee
      i. Mazyar Mortazavi (Committee Co-Chair)
      ii. Susie Henderson (Committee Co-Chair)
      iii. Stephen Diamond
      iv. Andrew MacLeod
      v. Christopher Voutsinas

   c) Human Resources, Governance and Stakeholder Relations Committee
      i. Sevaun Palvetzian (Committee Chair)
      ii. Andrew McLeod
      iii. Joe Cressy

   d) CEO Search Committee
      i. Janet Rieksts-Alderman (Committee Chair)
      ii. Stephen Diamond
      iii. Patrick Sheils
      iv. Joe Cressy
the following powers and duties, formerly included in the Mandate of the Chairs Committee, are delegated to the Chair of the Board:

A. Review and recommend contents and structure of the agenda for all Board meetings;

B. Review and recommend to the Board a structure of Board Committees appropriate for the Corporation, and recommend members for the Committees; and

C. Develop, and periodically review, the mandates of Board Committees and make recommendations to the Board.

8. Finance, Audit and Risk Management (FARM) Committee Chair’s Report

The FARM Committee Chair’s report regarding the Committee’s meeting held on February 28, 2019 presented by Ms. Rieksts-Alderman was taken as read by the Board. The Board received the report for information.

Further discussion on the FARM Chair’s report was taken in the Closed Session

9. Motion to go into Closed Session

In accordance with By-Law No. 2 of the Corporation and ON MOTION made by Janet Rieksts-Alderman, seconded by Christopher Voutsinas and carried, the Board RESOLVED to go into Closed Session to discuss items 10, 11 and 12. The exception to the Open Meeting Law relied on for the discussion of item 10 in Closed Session is Sections 6.1.1(l) & (j) of By-Law No. 2, for item 11 is Section 6.1.1(l) of By-Law No. 2, and for item 12 is provided in the minutes of the open session of the December 3, 6 and 7, 2019 Board meetings. The Chair requested that members of the public exit the meeting.

10. FARM Committee Chair’s Report (continued)

11. Investment, Real Estate and Quayside (IREQ) Committee Chairs’ Report

12. Consent Agenda

Draft Minutes of the Closed Sessions of:
   a) December 3, 2018 Meeting
   b) December 6, 2018 Meeting
   c) December 7, 2018 Meeting

13. Motion to go into Open Session
ON MOTION made by Janet Rieksts-Alderman, seconded by Sevaun Palvetzian and carried, the Board RESOLVED to go into Open Session.

14. Resolutions Arising from the Closed Session

ON MOTION duly made by Janet Rieksts-Alderman and seconded by Jeanhy Shim and carried, the Board RESOLVED that the Minutes of the Closed Sessions of the Board of Directors meetings held on December 3, 2018, December 6, 2018 and December 7, 2018 be approved, as tabled.

ON MOTION duly made by Christopher Voutsinas and seconded by Joe Cressy and carried, the Board RESOLVED that the Risk Appetite Statement be approved, as tabled.

ON MOTION duly made by Jeanhy Shim and seconded by Andrew MacLeod and carried, the Board RESOLVED that the External Audit Fee Proposal and extension of the term of the External Audit Contract with BDO Canada LLP for two more years to March 31, 2021, be approved, as tabled.

15. Chair’s Closing Remarks

Stephen Diamond announced the resignation of Marisa Piattelli, Chief Strategy Officer. Michael Nobrega described Ms. Piattelli’s contribution to the Corporation over her 16 years of employment and, together with members of the Board, he thanked her for her unwavering support.

16. Motion to go into Closed Session

In accordance with By-Law No. 2 of the Corporation and ON MOTION made by Janet Rieksts-Alderman, seconded by Patrick Sheils and carried, the Board RESOLVED to go into Closed Session to discuss item 17. The exception to the Open Meeting Law relied on for the discussion of item 17 in Closed Session is Section 6.1.1(b) of By-Law No. 2 of the Corporation.

The Chair requested that members of the public, management and other staff exit the meeting.

17. Board Closed Session Discussion

18. Motion to go into Open Session

ON MOTION made by Janet Rieksts-Alderman, seconded by Patrick Sheils and carried, the Board RESOLVED to go into Open Session.

The Chair requested that members of the public, management and other staff rejoin the meeting.
19. **Resolutions Arising from the Closed Session**

There were no resolutions arising from the Closed Session discussion.

20. **Adjournment of the Meeting**

There being no further business, **ON MOTION** made by Andrew MacLeod and seconded by Sevaun Palvetzian and carried, it was **RESOLVED** that the meeting be adjourned at 12:11 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
Friday, June 14, 2019 at 10:30 a.m. local time.

PRESENT: Steve Diamond (Chair)
           Susan Henderson
           Mazyar Mortazavi
           Janet Ricksts-Alderman
           Jeanhy Shim
           Sevaun Palvetzian
           Councillor Joe Cressy
           Christopher Voutsinas
           Kevin Sullivan
           Patrick Sheils

ABSENT: Mohamed Dhanani
        Andrew MacLeod

IN ATTENDANCE WATERFRONT TORONTO
Michael Nobrega (Interim CEO)
David Kusturin (Chief Project Officer)
Chris Glaisek (Chief Planning and Design Officer)
Meg Davis (Chief Development Officer)
Julius Gombos (Senior Vice President, Project Delivery)
Cameron MacKay (Vice President Communications)
Rose Desrochers (Director, 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)
Emil Zelic (Executive Director, Program Management)
Ian Beverley (General Counsel)
Catherine Murray (Senior Legal Counsel)
Ian Ness (Legal Counsel)
Ed Chalupka (Director, Government Relations)
Aina Adeleye (Board Administrator and Legal Assistant)

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

- Adam Reddish, Assistant Deputy Minister, and Chris Giannekos, Associate Deputy Minister, Ministry of Infrastructure,
- David Stonehouse, Director, Waterfront Secretariat, Tracey Cook, Deputy City Manager, Infrastructure & Development Services, 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
• Wendy Ren, Director, Policy and Planning, Adrian Lue (by phone), Junior Policy Analyst and Wan Adela (by phone), Ontario Ministry of Infrastructure
• Gord F. Wilcocks and Julie K. Parla, Partner, McCarthy Tetrault
• Nicole Swerhun, Principal, Swerhun Facilitation.

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 10:08 a.m. and declared that the meeting was duly constituted for the transaction of business.

1. **Motion to Approve Agenda**

   Stephen Diamond explained that there were changes to the Agenda initially circulated to the Board of Directors (“Board”). A new item 5, being the CEO Search Committee Chair’s Report, will be inserted in the agenda; the agenda was renumbered accordingly.

   **ON MOTION** duly made by Janet Rieksts-Alderman, seconded by Christopher Voutsinas and carried, it was **RESOLVED** that the Agenda for the June 14, 2019 meeting be approved, as amended.

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 Susie Henderson, seconded by Sevaun Palvetzian and carried, the Board **RESOLVED** to go into Closed Session to discuss items 4, and 5. The exception to the Open Meeting Law relied on for the discussion of item 4 in Closed Session is Sections 6.1.1(l) of By-Law No. 2 and for item 5 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 Chairs’ Report**

5. **CEO Search Committee Chair’s Report**

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

   **ON MOTION** made by Mazyar Mortazavi, seconded by Sevaun Palvetzian and carried, the Board **RESOLVED** to go into Open Session.

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

   2
ON MOTION duly made by Susie Henderson and seconded by Janet Rieksts-Alderman and carried, the Board RESOLVED that the:

a) the Board approves the recommendations of the IREQ Committee relating to the Communications Strategy for the release of the Master Innovation Development Plan to the public;

b) the Board delegates and authorizes the Board Chair and the IREQ Committee Chair(s) to work with Management to finalize the materials to be released to the public; and

c) the Board designates the Board Chair (and anyone he may delegate) to represent and communicate on behalf of the Board and the Corporation in respect of these matters.

ON MOTION duly made by Mazyar Mortazavi and seconded by Joe Cressy and carried, the Board RESOLVED that the recommendation of the CEO Search Committee is approved.

8. Adjournment of the Meeting

There being no further business, ON MOTION made by Janet Rieksts-Alderman and seconded by Susie Henderson and carried, it was RESOLVED that the meeting be adjourned at 11:42 a.m. local time.
On behalf of the management team I welcome the three new directors recently appointed by the City of Toronto, bringing Board membership to its full complement of 13 directors. I thank former City appointees Susan Henderson and Mohamed Dhanani for their dedication and commitment to the work of the Corporation during their term as directors. The appointment by the City of Wende Cartwright, Michael Galego and Jack Winberg continues the process of Board renewal begun earlier this year and which will culminate in new or renewed Board appointments by the federal government in late fall.

Important work to be accomplished at this meeting includes approval by the Board of certain transactions with the Toronto Port Authority, the Corporation’s 2018/19 Annual Report and year-end financial statements dated March 31, 2019, Committee appointments for the three new directors appointed by the City, and any other recommendations from the three standing Committees of the Board.

This Board meeting is the first following the April 1, 2019 start date of the Rolling Five Year Strategic Plan (the Plan). The Plan, a shared document between the Board and Management, establishes the priorities to guide the Board and management in using their time and allocating Corporation’s financial and other resources. I summarized the Plan in the CEO Report for the March 21, 2019 Board meeting, available here (pages 14-43 of the Board book).

In this CEO Report, I outline progress since the last Board meeting, organized according to the three goals of the Plan (Priority Projects, Next Generation Smart Community and Signature Projects) and provide updates on key corporate and administrative matters. A corporate dashboard attached to this CEO Report as Appendix 1 illustrates the status of project, corporate and administrative matters.

Overall, the Corporation is running smoothly - and collaboration across the organization is excellent, especially the teamwork of the Development, Planning and Design, and Delivery business units on assessing Sidewalk Labs’ proposed smart city initiatives for the Quayside Lands and the continued progress on the Port Lands Flood Protection (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 are, of course, many day-to-day financial and enterprise risks, but these are being professionally and fiscally managed within the current envelope of the unrestricted available cash resources.

The information in this CEO Report is supplemented by reports from the Chairs (or Co-Chairs) of Board Committees on their work in the period since the March 21, 2019 Board meeting. These reports are included in materials for this meeting and form part of the agenda.
The report has the following 5 sections:

1. Port Lands Flood Protection Project and Priority Projects
2. Ports Toronto Transactions
3. Quayside Project: Next Generation Smart Community
4. Signature Projects and Government Oversight
5. Report on Corporate and Administrative Matters

The main highlights of these sections are:

- All 23 projects in the PLFP program are within approved budgets.
- Two Letters of Intent have been signed with Ports Toronto – to be approved at this Board meeting.
- There is agreement in principle for the release of the MIDP, with qualifiers by Waterfront Toronto.
- The MIDP will be subject to broad public consultation and government engagement prior to full evaluation by Waterfront Toronto.
- An internal cabinet committee has been established to prepare a fundraising action plan for executing on the unfunded Signature Projects in the Five Year Strategic Plan.
- Significant progress has been made by governments and Waterfront Toronto in responding to the recommendations in the OAG Report of December 5, 2019.
- The work of the CEO Search Committee has culminated in the appointment by the Board of a new permanent CEO.
- A clean opinion has been provided by BDO LLP, the Corporation’s external auditor, on the financial statements for the fiscal year ended March 31, 2019.
- Many financial and enterprise risks exist but they are being managed in a prudent and professional manner.
- Management teams are working collaboratively across the four business units.
- The two existential risks remain that will require serious time and attention of the Board over the next 18 months: WT’s funding model and the statutory wind down of the Corporation.

**Port Lands Flood Protection Project and Priority Projects**

The Priority Projects are the key “live” development components of the Plan - representing over 85% (or $1.3 billion) of the expenditures of the $1.5 billion projected to be spent over the five-year period of the Plan. The remaining $200 million expenditures are projected to be spent on Signature Projects embedded in the Plan. See “Signature Projects” below.
Chief among the existing funded pipeline of projects, which are the anchor of the Plan, is the Port Lands Flood Protection Project (PLFP) which, when completed, will result in significant expansion of developable lands. The other 55 complete communities and public realm projects, and more than 20 near-term developments and public realm 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.

The PLFP is one of the largest infrastructure projects currently underway in Ontario. The objective of the project is to provide a 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 – including parts of the Port Lands, South Riverdale, Leslieville and the First Gulf/Unilever development site – that otherwise would not be developable.

Management provided an update on the status of the project to the FARM Committee at its meeting on May 23, 2019. As communicated in that update, all projects in the PLFP program (23 in total) are proceeding within the approved budgets and an overall program budget. Further, the substantial completion date remains March 31, 2024. The update was supported by a dashboard illustrating that the project is unfolding as planned, but identified several risks to both budget and schedule related to utilities relocations. Necessary co-ordination and integration of Toronto Hydro and Enbridge Gas infrastructure has not progressed sufficiently since March 31, 2019, and consequently the risks to budget and schedule are now being realized. Workable solutions are being sought by the project team, including escalation of the issue to senior City staff. The next PLFP report to FARM will be on September 19, 2019, accompanied by a report from BTY, the Committee’s independent Capital Monitor.

Funding for the PLFP and other Priority Projects (approximately $1.3 billion) 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 economic uptick on government lands following remediation, zoning and sale by the Corporation; and a $40 million credit facility ($37 million available), expiring on March 31, 2020 that is secured by a first charge against the Quayside lands.

Ports Toronto Transactions

Ports Toronto (formerly known as The Toronto Port Authority) is a federal agency and is a key stakeholder in the successful execution of the PLFP because it controls water transit and any development that encroaches on the water surrounding the waterfront lands. Building on the January 2019 MOU that underlines the importance of Waterfront Toronto and Ports Toronto having open lines of communication and giving consideration to each
other’s core service competencies when procuring services, two Letters of Intent (LOI) were executed on April 24, 2019.

The first LOI (Cherry Street Lakefilling Project) calls for a Definitive Agreement that on closing would transfer 8.5 acres of land, licenses and small title corrections to Waterfront Toronto. In a show of good faith, Ports Toronto granted (on the signing of the LOI) a time-sensitive license that was urgently needed to continue the development of the PLFP project.

The second LOI (Parliament Slip) calls for another Definitive Agreement that would cause Ports Toronto to transfer land to Waterfront Toronto that will be needed to complete an extension of Queen’s Quay East across the Parliament Slip.

The Letters of Intent were approved by the IREQ Committee on May 30, 2019 and the Committee is recommending approval of them by the Board at this meeting. (The transactions also will be reported on for information at the FARM Committee on September 19, 2019.) Board approval of the two Letters of Intent supports the continued progress of PLFP, facilitates future development along Queen’s Quay, and further advances Waterfront Toronto’s ongoing working relationship with Ports Toronto.

**Quayside Project: Next Generation Smart Community**

The strategic objective of the Quayside project is to evaluate and engage the public on the conceptual development of a next generation smart community. On June 17, the Corporation received the complete draft of the Master Innovation and Development Plan (MIDP) from Sidewalk Labs. The MIDP is a proposal for a smart city initiative on 12 acres of waterfront lands (Quayside lands) owned on a fee simple basis by Waterfront Toronto. The MIDP has the potential to combine innovative technology models and funding mechanisms to create sustainability, affordability and economic growth that might not otherwise be possible to the same degree, or within the same time frame.

This effort is governed by the terms of the Plan Development Agreement (PDA). I summarized the risks and opportunity in the PDA in the CEO Report for the March 21, 2019 Board meeting, available here (pages 14-43 of the Board book). Implementation of the MIDP is a separate phase of the project and, once the MIDP is finalized and approved, its implementation will be subject to many regulatory approvals, and the consent of third-party land owners.

Since execution of the PDA in July 2018, the Corporation’s efforts have had a dual focus: first, to review and comment on draft proposals from Sidewalk Labs on matters to be covered in the three volumes of the MIDP (Volume 1 – Development Plans, Volume 2 – Pillar Innovations, and Volume 3 – Business and Commercial Terms), and second, the
design and development of an Evaluation Framework to enable evaluation of the complete MIDP to be received from Sidewalk Labs.

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 third-party advisors, including the Corporation’s two advisory panels: the Digital Strategy Advisory Panel (DSAP) and the Design Review Panel (DRP). An amount of Cdn$10 million has been budgeted in the fiscal 2019/20 Plan to cover the internal and external costs incurred by Waterfront Toronto for stakeholder and government engagement as well as the evaluation of the MIDP.

The financial risk to the Corporation associated with the Quayside project has been structured to be low, given the Corporation’s present funding model. The public profile of the project, however, has attracted significant media attention, which has been a lightning rod for concerns about data governance as well as project scope. Managing and responding appropriately to these concerns has been a focus for management, with the knowledge and support of the IREQ Committee. The Committee continues to be fully informed on the Quayside project and MIDP developments with many meetings in late 2018 and early 2019, and more recently, meetings on April 4, May 9, May 30, and June 14.

Citing concerns about data governance, on April 16, 2019 the Canadian Civil Liberties Association (CCLA) commenced proceedings against Waterfront Toronto and the three levels of government. The CCLA application for judicial review alleges that the relationship between Sidewalk Labs and Waterfront Toronto is contrary to administrative and constitutional law. The Corporation has retained external counsel and an internal team is working with counsel to respond.

Now that the complete draft of the MIDP, which is a proposal and not a binding legal agreement, has been received, the Corporation must ensure that there is government engagement and public consultation on the proposals. This requires the Corporation to err on the side of full transparency, but also ensure that the release of the MIDP is not perceived to be an endorsement of it by Waterfront Toronto. As recommended by the IREQ Committee and approved by the Board at meetings on June 14, 2019, major points of contention between SWL and the Corporation on the MIDP proposals will be made known to the public by Waterfront Toronto via the simultaneous release of a letter from the Chair and a Note to Reader to accompany the draft MIDP.
Signature Projects and Government Oversight

**Signature Projects**

The Signature Projects in the Plan are innovative initiatives intended to elevate the quality of experience on the waterfront and raise its international profile to be consistent with top-tier urban waterfronts worldwide. The Plan includes four Signature Projects: i) replacement of the Jack Layton Ferry Terminal; ii) creation of a continuous three-kilometre Waterfront Walk; iii) creation of a regional Destination Play park as part of the larger Promontory Park; and iv) the identification and development of an iconic building that will define the character of the waterfront.

**The estimated expenditures for the four Signature Projects is $400 million, $200 million of which is included in the Plan (14.25% of the $1.5 billion projected expenditures) with the balance to be expended beyond fiscal 2023/2024 (the last fiscal year of the Plan).**

The Signature Projects are unfunded and consequently Waterfront Toronto must raise the $400 million to underwrite the research, development and completion of these projects from the private sector, non-profit organizations, private foundations and government agencies, assisted by its qualified donee status obtained in 2017.

Management is preparing a fundraising action plan to secure funds for the development for the Signature Projects. First contact with investors/donors is projected to take place in early 2020 with the intention of securing the first donor later that year. The cost to develop the action plan and to identify the first donor is estimated to be $500,000 - $750,000. This amount has been accounted for in fiscal years 2019/2020 and 2020/2021 (as part of the Plan) and will be funded from unrestricted available cash resources and/or from the Credit Facility.

**Government Oversight**

Consistent the approach taken for the March 21, 2019 Board meeting, this and future CEO Reports will have a section devoted to government oversight. Oversight is accomplished through i) a network of internal secretariats that work directly with Waterfront Toronto on a daily basis and ii) the Intergovernmental Steering Committee (the IGSC), which meets at least quarterly and is chaired on an annual rotating basis by the Deputy Minister of Infrastructure at the federal and provincial levels, and the City Manager of the City of Toronto.

At the IGSC meeting on May 31, Waterfront Toronto formally requested a three-year extension of its consent to borrow and encumber assets to May 15, 2023. A response to
this request is expected by early Q4 2019/20. The extension of the consent is necessary to permit extension of the existing $40 million credit facility ($37 million available), which is expiring on March 31, 2020. The continued availability of the credit facility is important for the Corporation to mitigate its liquidity risk and securing the extension of the existing facility was a key assumption in the Five Year Strategic 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 TWG to address these recommendations and significant progress has been made in the months since the report was released. The Corporation has fully implemented almost two thirds (65%) of the action items applicable to it, and expects to have implemented 100% of the action items by the end of the fiscal year (March 31, 2020). Progress is underway on the following remaining action items:

- ERP implementation;
- file management, document retention policy; and
- plan for financial self-sustainability.

Management provides quarterly updates to the FARM Committee on this matter via the Enterprise Risk Management dashboard.

Waterfront Toronto also has been cooperating with 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.

The second important matter under development by the TWG is the finalization of a Memorandum of Understanding (MOU) among the three governments and Waterfront Toronto (previously referred to as the tri-government accord/the Accord). The MOU, expected to be executed in the fall, is intended to be the document that formalizes the tri-government relationship and operational framework with Waterfront Toronto. The MOU will supplement the provisions of the Toronto Waterfront Revitalization Corporation Act, 2002, and is expected to address the roles and responsibilities among the parties, governance, as well as operational and administrative procedures. The MOU also may address some of Auditor General’s recommendations pertaining to governance accountability and transparency.

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. The Corporation has identified the following desired outcomes of this effort (some of which may be able to be achieved via the MOU):

1. “Refresh” and clarify the intentions of the three levels of government and Waterfront Toronto;

2. Update the roles and responsibilities of the three levels of government and Waterfront Toronto;

3. Assess and decide on Waterfront Toronto’s requests for changes to its governance framework, including borrowing powers and the establishment of subsidiaries;

4. Define future funding arrangements between Waterfront Toronto and the three governments; and

5. Consider an extension of the Corporation’s statutory mandate, currently set not to extend past 2028.

A related objective is the need for Waterfront Toronto to respond to the emergence of CreateTO and consider how a productive working relationship between it and CreateTO can be fostered.

**Report on Corporate and Administrative Matters**

**Board Governance**

The composition of the Board continues to experience a period of significant change with three new directors appointed by the City of Toronto on June 18, 2019, and the possibility of new appointments by the federal government later this year. Following the restructuring of standing Committees by the Board at the meeting on March 21, 2019, and the delegation of certain Board Committee responsibilities to the Chair, a project is underway to develop revised Committee mandates and an updated position description for the Board Chair, and to review and propose amendments to By-laws.

The recruitment efforts of the ad hoc CEO Search Committee, supported by Boyden Toronto, have culminated in the appointment by the Board of a new permanent CEO on June 14, 2019. The mandate of the CEO Search Committee terminated upon the appointment by the Board of the CEO.
**Human Resources**

The mandates of the Chairs Committee and the Stakeholder Relations Committee were combined in the recent restructuring of Committees, reducing the number of standing Committees from four to three. Consequently, human resources matters now are reported to the new Human Resources, Governance and Stakeholder Relations (HRGSR) Committee. The mandate of the HRGSR Committee will be reviewed and revised as part of the above-mentioned governance project.

The HRGSR Committee met on June 12, 2019 to receive updates on human resources practices and policies, the compensation review process, performance ratings, variable compensation amounts and salary changes for the period April 1, 2019 to March 31, 2020. The updates provided were consistent with Waterfront Toronto’s goals and objectives of fairness and accountability, and were in compliance with the mandate of the HRGSR and best practices. In particular, the variable compensation amounts for 2018/19 are within the 2018/2019 Corporate Human Resources and Payroll budget, which was approved by the Board in December 2017. The salary merit adjustments for 2019/20 are consistent with comparative information obtained and summarized for the Committee, and are within the 2019/20 Corporate Human Resources and Payroll budget of $14.7 million, approved by the Board on December 6, 2018.

Subsequent to the June 12, 2019 Committee meeting the Director, Human Resources and Administration, was promoted to Vice President, Human Resources and Administration.

**Finance and Audit**

The FARM Committee is recommending approval by the Board of the 2018/19 Annual Report and the year-end financial statements dated March 31, 2019. BDO Canada LLP, the Corporation’s external auditor, has audited and provided a clean audit opinion on the financial statements.

MNP LLP, the Corporation’s internal auditor, conducted a review of corporate governance to confirm the alignment of governance structures with strategic direction, and to assess whether existing roles and responsibilities, frameworks, and policies are consistent with best practices of comparable organizations and support effective governance. The results of this review, including management responses, were presented to the FARM Committee on May 23, 2019, and were provided to the HRGSR Committee for information on June 12, 2019.

Among the matters reviewed were the Corporation’s governance frameworks, policies and practices, including the Delegations of Authority and the Capital Approval Policy. MNP noted areas of strength and recent improvements that have been made to
governance processes and practices. The MNP report also contained six recommendations, none of which pertain to high risk. Management is in the process of implementing these recommendations, some of which will be reflected in the revised Committee mandates and updated position description for the Board Chair, discussed above under Board Governance.

**Risk Management**

Waterfront Toronto manages risk proactively using an Enterprise Risk Management (ERM) framework which has been developed by management and approved by 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 May 23, 2019. The Risk Appetite Statement, approved by the Board on March 21, 2019, makes an important contribution to enterprise risk management by establishing and articulating the Corporation’s appetite for risk and risk tolerance. The ERM dashboard, which incorporates the Risk Appetite Statement, 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 May 23, 2019 meeting via the Regulatory and Operational Compliance Report. Also related to compliance, Legal and Human Resources continue to work together on the implementation of an internal privacy framework to govern the collection, use and disclosure of personal information.

**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 upgrade of the Corporation’s project and financial management systems, contributing to our capacity to undertake and manage large projects such as the PLFP and the Signature Projects.
Implementation of the ERP system was delayed due to a Microsoft software issue, but following data migration and final testing, the project is expected to go-live this summer. The successful implementation of such a system, that impacts and integrates so many operational areas, is a tremendous accomplishment that would not have been possible without dedication, teamwork and sustained effort from all involved.

The management team will be pleased to answer any of your questions at the meeting.

Sincerely,

Michael Nobrega
Interim CEO

Appendix 1 – Corporate Dashboard
### Corporate Dashboard

<table>
<thead>
<tr>
<th>Corporate Matters</th>
<th>Project Matters</th>
<th>Administrative Matters</th>
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<tbody>
<tr>
<td>CEO Search</td>
<td>PLFP Project</td>
<td>Financial (Cash Flows &amp; Liquidity)</td>
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<tr>
<td>Board Renewal</td>
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<td>Board Administration</td>
</tr>
<tr>
<td>Communications, Brand &amp; Reputation</td>
<td>Residential &amp; Commercial Projects</td>
<td>Legal &amp; Corporate Compliance (Contractual Obligations &amp; Liabilities)</td>
</tr>
<tr>
<td>System Upgrades ERP</td>
<td></td>
<td>Sidewalk Labs/Quayside MIDP</td>
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<tr>
<td>Five Year Strategic Plan (Plan)</td>
<td></td>
<td>Status of Accord</td>
</tr>
<tr>
<td><strong>Existential Risks - Funding Model &amp; Wind down of corporation</strong></td>
<td>PLFP Project - Major issues with utilities</td>
<td>HR Matters - Compensation &amp; related issues</td>
</tr>
<tr>
<td>Strategic Initiatives in the Plan</td>
<td>Bentway Phase II</td>
<td>OAG Report Recommendations</td>
</tr>
</tbody>
</table>

- **Green**: No concerns – on target
- **Yellow**: Caution – emerging issues
- **Red**: Concern – risk(s) identified
<table>
<thead>
<tr>
<th>Agenda Item</th>
<th>Item 3d, Finance, Audit &amp; Risk Management Committee Chair’s Report</th>
</tr>
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<tbody>
<tr>
<td>Purpose</td>
<td>For approval and information</td>
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<tr>
<td>Key Message</td>
<td>The attached report covers:</td>
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<tr>
<td></td>
<td>• Year End Financial Statements - March 31, 2019 <em>(for approval)</em> attached as Appendix A to the board book;</td>
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<td></td>
<td>• Corporate and Project Reporting Dashboards;</td>
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<td>• Regulatory &amp; Operational Compliance Report;</td>
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<td></td>
<td>• Internal Audit Report – Corporate Governance; and</td>
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| Areas of note/Key issues | • Annual Financial Statements for March 31, 2019 were approved by the FARM committee. External auditors, BDO LLP will be issuing an unqualified audit opinion subsequent to Board approval. |
|                         | • Corporate and Project Reporting Dashboards covering 2018/19 Corporate Plan Performance, Finance & Administration and Capital Projects and shows that, except for two concern areas, all areas reported in the dashboard are on track. The FARM Committee is satisfied that management is taking the appropriate mitigation steps to manage the concern areas highlighted in the dashboard. |
|                         | • There were no high-risk findings in the Corporate Governance internal audit review undertaken by MNP LLP (MNP). |
|                         | • Key findings from the review by BTY Consulting LLP (BTY), the Independent Capital Monitor for the PLFP project are: |
|                         |   o Processes and reporting adopted by Waterfront Toronto Program Management Office are consistent with industry standards. |
|                         |   o Need for further review and clarification of the processes adopted in relation to the management and tracking of scope changes. |

| Expected Outcome | The Board will be updated regarding the May 23, 2019 meeting of the FARM Committee and make the following resolution: |
|                 | **ON MOTION** duly made, seconded and carried that the Board of Directors approve the attached audited financial statements for the year ended March 31, 2019. |

| Key Takeaways/Next Steps | • Final audited March 31, 2019 Financial Statements to be issued by June 30, 2019; and |
|                          | • Results of the HR Wellness internal audit review (MNP) and the next report of the Independent Capital Monitor for PLFP project (BTY) will be shared at the October 10, 2019 Board meeting. |
The Finance, Audit & Risk Management (FARM) Committee met on May 23, 2019. Quorum was achieved with all five members attending the meeting, three in person, two via conference call.

This report covers the following six items of which, items 1 and 2 for approval and items 3-6 for information:

1. **Year End Financial Statements – March 31, 2019 (for approval)** attached as Appendix A to the board book;
2. 2018/19 Annual Report **(for approval under Item 5)** attached as Appendix B to the board book;
3. Corporate and Project Reporting Dashboards;
4. Regulatory & Operational Compliance Report;
5. Internal Audit Report – Corporate Governance;

1. **Year-End Financial Statements – March 31, 2019 (for approval)**
   - On May 23, 2019 the Corporation’s financial statements for the year ended March 31, 2019 were reviewed by the FARM Committee with management and the Corporation’s external auditors from BDO LLP (BDO).
   - The Corporation’s financial activities for the year ended March 31, 2019 have increased significantly (100%+) from the same period last year, largely due to the Port Lands Flood Protection project.
   - The external auditors from BDO noted that they would be issuing an unqualified audit opinion and there were no deficiencies in internal controls over financial reporting identified during their audit.
   - Based on the review by the FARM Committee, I move on the recommendation that the attached audited financial statements for the year ended March 31, 2019, be approved by the Board of Directors.

2. **2018/19 Annual Report**
   - FARM Committee approval of the Annual Report was deferred until today’s Board meeting to allow for the report to be fully completed.
   - This item is presented separately under Item 5 for approval.

3. **Corporate & Project Reporting Dashboards**
   - Management presented a macro dashboard that was divided into three areas:
     - 2018/19 Corporate Plan Performance;
     - Finance & Administration; and
     - Capital Projects.
   - All areas reported on in the dashboards are on track, except for the following two concern areas, and the Committee is satisfied that Management is handling these effectively:
     - Achieved under 70% of its Corporate Plan this year, but none of these deferrals place the Corporation at risk of non-compliance with key contracts nor pose an overall budget risk; and
b) Enterprise Resource Planning (ERP) implementation continues to be delayed due to a Microsoft technical issue. Issue has been escalated and is anticipated to be resolved imminently.

- Other items of note:
  - There are no current critical enterprise risks impacting operations. Significant progress has been made implementing recent audit report recommendations:
    a) 50% achieved - Sept 2018 Cybersecurity Audit (MNP LLP);
    b) 65% achieved - Dec 2018 Ontario Auditor General Audit;
    c) 75% achieved - Feb 2018 Enterprise Risk Management Peer Review (MNP LLP).
  - 100% of recommendations are expected to have been implemented by March 31, 2020.
  - With respect to Cash Flow and Liquidity, the Corporation has a positive cash balance > $50M with no current requirement to borrow.

4. Regulatory & Operational Compliance Report

- As of March 31, 2019, Waterfront Toronto has met all key regulatory and operational compliance obligations (non-compliance of which could in potential exposures to Directors) such as Canada Revenue Agency filings, Workplace Safety & Insurance Board (WSIB) remittances, Employment Standards Act requirements and Toronto Waterfront Revitalization Corporation Act requirements.

5. Internal Audit Report – Corporate Governance

- MNP LLP (MNP) has completed its internal audit review of Corporate Governance (May 2019) in accordance with the internal audit plan.
- In addition to several areas of strength, MNP noted five medium risk findings (Board Role and Responsibilities; Documentation of Roles and Responsibilities; Board Member Terms and Knowledge Transfer; Reporting on Key Performance Indicators; and Capital Approval Process Policy) and one low risk finding (Evaluation of Board Performance).
- Management intends to implement the recommendations over the next 3 to 12 months, by March 31, 2020.
- The next internal audit will be on Human Resource Wellness and an update will be provided at the next FARM Committee meeting on September 19, 2019.


- BTY Consulting LLP (BTY) presented their third report as Independent Capital Monitor for the PLFP project and noted that:
  - The processes adopted and reporting by Waterfront Toronto Project Management Office (PMO) are consistent with industry standard; and
  - There is a need for further review and clarification of the processes adopted in relation to the management and tracking of scope changes.
• BTY indicated that next quarter they will review Waterfront Toronto’s PMO practices to track scope changes through the design, value engineering and risk processes.

• The FARM Committee requested the following action items of BTY:
  o Ensure their scope includes validating budget, scope and schedule timelines as reported by management; and
  o Review their report template with management and the Corporation’s internal auditors with a view to making it more focused and concise (dashboard format) to the key objectives of the independent capital monitor role.
<table>
<thead>
<tr>
<th>Agenda Item</th>
<th>Items 3 (e) &amp; 8 (d), HRGSR Committee Chair’s Reports</th>
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<tbody>
<tr>
<td>Purpose</td>
<td>For information</td>
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<tr>
<td>Key Message</td>
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<tr>
<td></td>
<td>1) Corporate Governance Audit (by MNP LLP)</td>
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<td>2) Human Resource Update;</td>
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<td>3) Compensation Review Process governance;</td>
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<td>4) Staff Salary Adjustments for 2018/19;</td>
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<td>5) Quayside Communications Strategy; and</td>
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<td>6) Performance ratings and variable compensation for executives for the period April 1, 2018 to March 31, 2019.</td>
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<tr>
<td>Items (1) to (4) are dealt with in item 3 (e) of the agenda which is in the Open Session</td>
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<tr>
<td>Items (5) and (6) are dealt with in item 8 (d) which is in the Closed Session</td>
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<tr>
<td>Areas of note/Key issues</td>
<td>• The Staff Salary Adjustments for 2018/19 is <strong>2.5%</strong> for Manager, Professional and Support Staff level and <strong>2.25%</strong> for the Executive (except the CEO) and Director level (which remain the same from last year).</td>
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<td>These adjustments are within the Board-approved 2019/20 Corporate Human Resources and Payroll budget of $14.7 million in December 2018.</td>
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<td>• The Board will be provided with the performance rating and variable compensation for executives for the period April 1, 2018 to March 31, 2019.</td>
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<tr>
<td>Expected Outcome</td>
<td>The Board will be updated regarding the June 12, 2019 meeting of the HRGSR Committee.</td>
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<tr>
<td>Key Takeaways/Next Steps</td>
<td>No Board action is required at this time.</td>
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The HRGSC Committee met on June 12, 2019. All three Committee members were in attendance (2 in person, 1 by phone) and quorum was achieved. Steve Diamond also attended the meeting.

I wish to report on the items set out below which were discussed at the June 12, 2019 Committee meeting:

1. Corporate Governance Audit (by MNP LLP)
2. Human Resource Update;
3. Compensation Review Process governance;
4. Staff Salary Adjustments for 2018/19;
5. Quayside Communications Strategy; and

1. **Corporate Governance Audit**
   The Committee was provided with a copy of the Audit Report issued by MNP LLP to the Finance, Audit and Risk Management Committee as part of the Corporation’s internal audit plan. The Committee noted MNP’s recommendations, Management’s plan for implementing the recommendations and requested that Management provide progress reports to the Committee.

2. **Human Resources Update**
   The Committee received a report containing an overview of the Human Resources (HR) practices at Waterfront Toronto. The report did not raise any area of concern. The full report can be found [here](#).

3. **Compensation Review Process Governance Matters**
   The Committee received a memorandum on governance issues relating to the compensation review process undertaken by the Corporation;

   The memo reviewed historical practices of the Corporation, the current mandate of this Committee and other relevant mandates and delegations and “best practices”. The memo also provided recommendations concerning the compensation review process, the information to be provided to the Committee and the Board and the approval process. The recommendations can be found [here](#).
4. **Staff Salary Adjustments for 2018/19**

The Committee received an updated historical summary of salary comparatives collected over the past five years that reflects Waterfront Toronto’s mid-level salary merit adjustment in comparison to the three government stakeholders, other public sector agencies and third-party sources.

The Interim CEO presented the following compensation recommendations to recognize the extraordinary efforts for the 2018/19 fiscal year:

a) For the Manager, Professional and Support Staff level, the CEO has proposed a mid-level salary merit adjustment of 2.5%, which remains unchanged from last year.

b) For the Executive (except the CEO) and Director level, the CEO has proposed a mid-level salary merit adjustment of 2.25%, which also remains unchanged from last year.

c) Combined, the above adjustments result in a total adjustment cost of $239,560 increase of the total base payroll of $8,087,256 (of the 61 staff eligible for salary treatment at March 31, 2019).

d) These mid-level salary merit adjustments are in-line with one of our three stakeholders, other public sector agencies and third-party sources and are within the Board-approved 2019/20 Corporate Human Resources and Payroll budget of $14.7 million in December 2018.

For this 2018/19 fiscal year, the interim CEO will be awarding a total of $22,000 to reward non-executive staff for extraordinary performance.

*Items 5 and 6 of this report will be dealt with in item 8 (d) which is the Closed Session*
**Board of Directors Meeting – June 27, 2019**  
**Item 5 – 2018/19 Annual Report**  
Lisa Taylor & Cameron MacKay

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<tr>
<th>Agenda Item</th>
<th>Item 5, 2018/19 Annual Report</th>
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| Purpose | For Board approval.  
The **2018/19 Annual Report** is a key component of the Corporation’s Financial Planning and Reporting Framework.  
The purpose of the Annual Report is to provide a formal report back on the achievement of the previous year’s Corporate Plan (approved by the Board in December 2017).  
The Corporation’s Annual Report is a companion document to the year-end financial statements, and both must be approved by the Board on/before June 30, 2018. |

| Key Message | • A key theme of the **2018/19 Annual Report** is the recognition and celebration of the 20th Anniversary of the 1999 Waterfront Taskforce created by the three orders of government and led by Robert Fung (“20 Voices” quotes throughout the document).  
• It integrates reporting about our strategy, governance, financial and non-financial performance, and conveys a strong sense of who we are (outlook for the future) in a narrative style of reporting that seeks to give a broader view of our story, one that goes beyond the numbers.  
• Pages 8 to 11 highlight the key milestones and founding stories of the Corporation over the last 20 years – 1999 to 2019.  
• While we invested just under half of our Capital Investment Plan for the year, due to a variety of factors, much outside of our control ($154 million vs. plan of $324.6 million), we invested 103% more than last year (pages 38-39).  
• We have formally reported on **performance measures** tied to our legislative objectives (pages 44-45), which was a key recommendation in the Dec 2018 Ontario Auditor General report. |

| Areas of note/Key issues | The **2018/19 Annual Report** is structured into three main sections:  
1. Waterfront Toronto, Past, Present, Future (pages 6-17);  
2. Our Projects (pages 18-35); and  
The appendices provide further details on specific deliverables (Appendix 1) as well as a reconciliation of our financial results to our audited financial statements (Appendix 2).  
Waterfront Toronto recognizes the need for transparency by stakeholders, including our shareholders and the general public but also, importantly, by potential donors and partners, who are seeking more and more information in order to make informed decisions about who they will support and work with. |

| Expected Outcome | ON MOTION duly made, seconded and carried that the Board of Directors approve the attached **2018/19 Annual Report**. |

| Key Takeaways/Next Step | The **2018/19 Annual Report** will be finalized and shared publicly via our website and other means upon Board approval |
ON MOTION duly made by [●] and seconded by [●] and carried, it was RESOLVED that:

1. Board of Directors (Board) ratifies the Letter of Intent dated April 24, 2019 signed by Ports Toronto and Waterfront Toronto in relation to the Cherry Street Lakefilling Project. The Board approves Management proceeding with Agreement of Purchase and Sale to be signed by June 30, 2019 and closed by December 31, 2019 (or as may be extended by the parties), SUBJECT TO due diligence and waiver of conditions.

2. The Board approves Waterfront Toronto signing a Letter of Intent dated April 24, 2019 with Ports Toronto in relation to the Parliament Slip and entering into an Agreement of Purchase and Sale to be signed by June 30, 2019 and closed by December 31, 2019 (or as may be extended by the parties), SUBJECT TO due diligence and waiver of conditions.

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 March 21, 2019 and June 14, 2019 be approved, as tabled.