

Minutes of a Public meeting of the Finance, Audit and Risk Management Committee of the Toronto Waterfront Revitalization Corporation held at the offices of Toronto Waterfront Revitalization Corporation, 20 Bay Street, Suite 1310, Toronto, Ontario on Wednesday, November 30, 2016 at 9:00 a.m., local time.

PRESENT: David Johnson
Susie Henderson
Mohamed Dhanani

ABSENT: Denzil Minnan-Wong
Mark Wilson

The following additional persons were in attendance, unless otherwise noted, throughout the meeting or only for particular items as noted in these notes: William Fleissig, President and Chief Executive Officer; Lisa Taylor, Interim Chief Financial Officer; David Kusturin, Chief Operating Officer; Sampada Chandane, Corporate Controller, Andrew Hilton, Director of Communications; Kevin Newson, Director Procurement; Ian Beverley, General Counsel; and Sonya Pead, Associate Legal Counsel.

The Chair, David Johnson, took the chair and with the consent of the Committee members present, appointed Ann Landry to act as secretary of the meeting.

The Chair declared that a quorum of the Committee Members was present and that notice of the meeting having been duly sent to all Committee Members in accordance with the Corporation's By-laws, the meeting was duly called and regularly constituted for the transaction of business.

1. Motion to Approve Agenda

ON MOTION duly made by David Johnson, seconded by Susie Henderson and carried, it was **RESOLVED** that the Meeting Agenda was approved.

2. Declaration of Conflicts of Interest

There were no conflicts declared.

3. Minutes – August 24, 2016

ON MOTION duly made by Mohamed Dhanani, seconded by Susie Henderson and carried, it was **RESOLVED** that the Minutes of the August 24, 2016 meeting of the Finance, Audit and Risk Management Committee were approved.

4. September 30, 2016 Interim Financial Statements

Sampada Chandane tabled the interim Financial Statements for the period ended September 30, 2016, highlighting total investments for the period including capitalized projects and projects that were not capitalized. She provided a brief overview of the statement of financial position (including receivables), and the statement of financial activities (including revenues and excess of expenses over revenues before other items).

David Kusturin responded to a query regarding the construction deposits provided to Ontario Hydro. He advised that the deposits were provided to guarantee satisfactory performance, completion of work and related obligations required for the construction of municipal and hydro infrastructure by the Corporation. One of the obligations required that consumption of power begin within a 5-year period which did not happen and should have resulted in Waterfront Toronto forfeiting the security deposits. However, Waterfront Toronto continues to make applications to Ontario Hydro for rebates, and to date, has recovered a portion of the monies paid.

He further advised that offers to connect are now based on smaller areas where Waterfront Toronto can ensure the 5 year period can be met.

Ms. Chandane responded to additional queries from the Committee and **ON MOTION** duly made by David Johnson, seconded by Susie Henderson and carried, it was **RESOLVED** that the FARM Committee approves the unaudited financial statements for the period ended September 30, 2016 for recommendation to the Board of Directors.

5. 2016/17 Corporate Plan Progress Report

Lisa Taylor advised that Management is now tracking the Corporation's investments quarterly against the Corporate Plan and new draft reports have been created to do so. She tabled Variance Reports on Key Deliverables and Budget and provided an overview of each report. She advised that a Variance Report on Revenues will be developed and tabled at the next meeting.

The Committee posed questions and the following suggestions were noted:

- Create a list of assumptions that feed into the Plan;
- Create a legend that describes the colours in the status column on the Key Deliverables Variance Report; and
- An explanation is required to explain the positive/negative variance which is unclear as presented.

Ms. Taylor advised that Management is in the process of developing a new reporting system, but until this system is in place, the Variance Reports are for internal use and were tabled for information only.

6. 2017/18 Corporate Plan

Lisa Taylor advised that the 2017/18 Corporate Plan has evolved from previous years to make it more accessible to broader audiences. She advised that from a transparency and accountability perspective, considerable effort was made to present Waterfront Toronto's strategy and goals in a more visually appealing and easy-to-read format. She further advised that the annual Corporate Plan must be approved by the Board 90 days prior to the start of the Corporation's fiscal year (by December 31st for April 1st fiscal year beginning) but is not intended to be a static document - Management intends to revisit this plan at the beginning of the fiscal year in the Spring of 2017.

Ms. Taylor tabled the 2017/18 Corporate Plan which reflects the Corporation's refreshed vision, mandate, challenges, opportunities and strategic priorities, developed through an in-depth visioning process undertaken by the Corporation in 2016.

Ms. Taylor then provided an in-depth overview of the plan including the following:

- Key messages from the Corporation's CEO, Will Fleissig, and Chair of the Board, Mark Wilson, together with the composition of the Corporation's Board of Directors.
- Who we are, our evolving challenges and opportunities (the environmental scan) together with our five strategic objectives – the Waterfront Toronto Plus.
- Three transformational projects that are key priorities for Waterfront Toronto moving forward – Jack Layton Ferry Terminal; Quayside; and Port Lands Flood Protection.
- Specific Key Deliverables for 2017/18 – 10 key projects are profiled together with their respective spend for the year, accounting for 87% of the total Capital Investment Plan for 2017/18.
- Capital Investment Plan for 2017/18 of \$135 million focused primarily in:
 - East Bayfront \$60 million - local public streets and public realm for Bayside Phases 1 and 2; construction of the storm water quality management facility and securing lands related to the Queens Quay Parliament Street realignment;
 - Port Lands \$43 million – largely construction of Essroc Quay lakefilling project;
 - The Bentway \$13 million – substantial construction of this project
 - West Don Lands \$12 million – largely construction of the storm water quality management facility.
- Staff and corporate resources plan of \$12.1 million, representing an overall reduction from the prior year's budget of 2.4% (\$0.3 million).
- This plan has been developed based on an analysis of the HR resources and skill sets required to deliver the 2017/18 strategic objectives, while at the same time identifying opportunities to streamline staff functions and operations.

- Accordingly, the 2017/18 HR budget in this plan is \$9.6 million, which is approximately 4% lower than the approved HR budget for 2016/17 of \$10 million.
- The plan reflects an increased investment in IT costs both in the revised forecast for 2016/17 and the 2017/18 budget. This increase is directly related to the replacement of end-of-life equipment required to ensure a secure, reliable and high performance IT infrastructure. Significant investments include replacement of:
 - The Corporation's servers, switches and related application (2016/17);
 - Replacement of the Corporation's financial system with an off-the-shelf, cloud based Enterprise Resource Planning/Project Management Information System (2017/18);
 All investments are scalable to sustain and meet the growing needs of the Corporation for the next five years.
- Funding Plan which highlights greater reliance on non-government revenues, together with borrowing up to \$25 million in 2017/18, planned to be fully repaid in 2019/20.
- Cash Flow Management and Risk Management processes.
- Next Steps.

Ms. Taylor responded to questions from the Committee and the following suggestions and clarifications were noted:

- The image on the front page of the document is unremarkable – it should represent Waterfront Toronto, who we are and what we do. It should be more energetic, inspirational and lively. There is no water in the picture and the TD Logo is fairly prominent on the page.
- The vision statement is flat and could be more exciting/interesting.
- Key Deliverables No. 2 (Queens Quay Revitalization) - the wording regarding the Toronto Hydro needs to be revised.
- Key Deliverables No. 3 (Jack Layton Ferry Terminal) – a note is needed clarifying that this deliverable is a first phase only and a step in the overall project, and that Waterfront Toronto is working with the City to develop and explore new partnerships and funding opportunities to complete the project.
- Key Deliverables No. 4 (Bayside Phase 1) – add a completion date to this deliverable.
- Include the rationale for the Port Lands work – why is Waterfront Toronto undertaking this work – investing in the future, unlocking the land, etc.
- Under Corporate Key Deliverables (Government Relations) – “continue to work with governments” sets a pretty low bar and should be revised to set the bar higher.
- Under Corporate Key Deliverables (Philanthropy) – the Corporation should be cautious when using the wording “secure resources” – what does this mean? - we should clarify.

In response to queries regarding the funding for Bayside Phase 1 and 2, Ms. Taylor advised that the Corporation plans to borrow \$25 million in 2017/18 to fund the project. She further advised that the \$25 million will be paid back in full in 2018/19 and 2019/20 with revenues received from the Bayside and Quayside projects.

Ms. Taylor then tabled confidential attachments for discussion in a closed session.

7. Motion to go into Closed Session

ON MOTION duly made by David Johnson, seconded by Mohamed Dhanani and carried, the Committee **RESOLVED** to go into a closed session in accordance with Section 190.2(b) of the City of Toronto Act (“COTA”) and Section 6.1.1(b) of By-Law No. 2 of the Corporation (*Personal matters about an identifiable individual, including employees of the Corporation*).

The Chair indicated to members of the public present that it was in order for them to depart the meeting. Members of the public left the meeting at 10:15 a.m.

Closed Session 10:20 a.m

8. 2017/18 Corporate Plan

The CEO spoke to the confidential attachments regarding the Corporation’s organizational structure and staffing compliment and discussion ensued.

A motion will be tabled in the open session of the meeting.

9. Motion to go into Open Session

In accordance with Section 190 of COTA and By-Law No. 2 of the Corporation, and the closed session discussion having been completed, **ON MOTION** duly made by Susie Henderson, seconded by Mohamed Dhanani and carried, the Committee **RESOLVED** to go into Open Session. The Chair indicated that it was now in order for members of the public to return to the meeting. Members of the public returned to the meeting at 10:30 a.m.

Open Session 10:30 a.m.

10. Quarterly Cash Flow Reporting

Sampada Chandane tabled a Cash Flow Forecast from November 2016 to October 2017 advising that as of November 30, 2016 the Corporation has not drawn on the facility and the full \$40,000,000 remains available. Ms. Chandane advised that for presentation purposes, bank indebtedness is presented net of restricted cash (i.e. comprises cash and unrestricted investments).

Ms. Chandane advised that Waterfront Toronto has updated its cash flow forecast to reflect the 2017/18 Long Term Plan which includes a potential land acquisition, assuming the offer is accepted. She advised that the transaction is anticipated to close within fiscal 2018. The next forecasted borrowing requirement is projected in August 2017 totaling approximately \$4M and is anticipated to be repaid in September 2017. Additional borrowing of \$5.5M will be required in October 2017.

She responded to questions from the Committee and advised that the Cash Flow Forecast was tabled for information purposes only.

11. Quarterly FARM Reporting – June 30, 2016

David Kusturin tabled the Quarterly Financial Variance Report and Work Package Risk/Status Report, as at the close of September 30, 2016. He advised that the reports summarize the budget, commitment, current costs, forecast costs, budget variance and risk status of each active project at the close of each fiscal quarter. He noted that a column has been added which will show the capital approval amount.

He advised that all active projects are proceeding within acceptable risk parameters and project risks are being managed. However, as reported at the September 8, 2015 FARM meeting, tender prices for the construction of the Cherry Street Stormwater Treatment Facility (“CS SWF”) substantially exceeded the remaining available budget. He advised that it is anticipated that an additional Capital Approval Request and Budget increase will be submitted for FARM Committee review and Board of Directors approval at a future date once the financial implications of the deferral have been fully re-assessed and an alternative funding solution has been identified. He advised that in the interim, the design of the CS SWF is being modified to reduce the anticipated construction cost and to coordinate with the Gardiner Expressway & Lake Shore Boulevard Reconfiguration Environmental Assessment and Urban Design Study and Metrolinx Regional Express Rail projects which have impacted on the location of the facility.

Mr. Kusturin provided detailed reports on Bayside External Services, Port Lands Flood Protection and Enabling Infrastructure and The Bentway, Segment 1, and responded to questions from the Committee.

He further advised that the report was for information and discussion purposes only.

12. Capital Approval – Bayside Phase II

David Kusturin advised that Management is currently seeking capital approval for the municipal services, roads and public realm in Bayside amounting to \$42.03 million in order to provide the necessary infrastructure to serve Bayside Phase II, the next phase of the Bayside development. He advised that the \$42.03 million is in addition to the \$2.67 million capital approval obtained in April 2016 for Bayside Phase II early works dockwall reinforcing associated with the above municipal services.

He advised that these works are to be delivered by Waterfront Toronto by September, 2017 in part, and by September 2018 in full, as part of the Project Agreement between Hines and Waterfront Toronto, and involve the following:

- Dockwall Reinforcement & balance of Water's Edge Promenade (to Parliament)
- Internal Municipal Services & Public Realm (Public and Private Streets)
- Hydro Connections

Mr. Kusturin provided an overview of the project including the following:

- Scope of work for each work package;
- Risks and mitigation strategies;
- Contracting strategy;
- Design and construction schedule;
- Capital budget estimate;
- Funding for the project; and
- Management's recommendation.

Mr. Kusturin responded to questions from the Committee and **ON MOTION** duly made, seconded, and carried, be it **RESOLVED** that the Finance, Audit and Risk Management Committee hereby approves, for recommendation to the Board of Directors, a capital expenditure of \$42.03 million to complete the municipal services, roads and public realm necessary to service Bayside Phase II, the next phase of the Bayside Development.

13. Quarterly Procurement Report

Kevin Newson tabled the Quarterly Procurement Exception Report provided for information purposes only.

14. Resolutions Arising during the Closed Session

As a result of the both the open and closed session discussions, the following resolution was proposed and voted on in the open session:

ON MOTION, duly made, seconded and carried, be it **RESOLVED** that the Finance, Audit and Risk Management Committee hereby approve, for recommendation to the Board of Directors, the 2017/18 Corporate Plan.

15. Termination of the Meeting

There being no further business, **ON MOTION**, duly made, seconded and carried, it was **RESOLVED** that the meeting was terminated at 11:00 a.m. local time.

Chair

Secretary of the Meeting

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