



Finance, Audit & Risk Management Committee Meeting

Agenda and Meeting Book

MONDAY, MAY 29, 2023 FROM 9:00 AM TO 12:00 PM

MICROSOFT TEAMS MEETING



Meeting Book - Finance, Audit & Risk Management Committee Meeting

Agenda - Monday, May 29, 2023

Public Session Agenda

| | | | |
|-----------|---|-------------|---------------------------------|
| 9:00 a.m. | 1. Land Acknowledgement | Information | K. Sullivan |
| 9:05 a.m. | 2. Motion to Approve Meeting Agenda | Approval | K. Sullivan |
| 9:05 a.m. | 3. Declaration of Conflicts of Interest | Declaration | K. Sullivan |
| 9:10 a.m. | 4. Consent Agenda | | |
| | a) Highlights of Key Messages - 5 | Information | All |
| | b) DRAFT Minutes of the Open Session FARM February 23, 2023 Meeting - 7 | Approval | All |
| | c) Q4 2022/23 Macro Dashboard (Corporate & Project Reporting): | Information | L. Taylor |
| | Coversheet - 13 | | |
| | Dashboard - 14 | | |
| | i. Finance & Administration Dashboards: | | |
| | a) Enterprise Risk Management | Information | L. Taylor/M. Santos |
| | ERM Dashboard - 15 | | |
| | b) Audit Dashboard - 16 | Information | L. Taylor / M. Santos |
| | c) Liquidity and Cash Flow Forecast - 18 | Information | L. Taylor/ M. Santos |
| | ii. Capital Project: | | |
| | Port Lands Flood Protection (PLFP) Dashboard | Information | D. Kusturin |
| | Coversheet - 19 | | |
| | PLFP Dashboard - 21 | | |
| | d) Quarterly Procurement Report - 32 | Information | M. Boboc |
| | e) Regulatory and Operational Compliance Report - 33 | Information | L. Taylor/ D. Kusturin/ I. Ness |
| | f) Fundraising Dashboard - 38 | Information | C. Glaisek |

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|------------|---|-------------|---------------------------|
| | g) Environmental Social Governance (ESG) Update - 39 | Information | L. Taylor |
| 9:40 a.m. | 5. Year-End Financial Statements March 31, 2023 | Approval | L. Taylor/ S. Chandane |
| | Coversheet - 41 | | |
| | Financial Statements March 31, 2023 - 42 | | |
| 9:50 a.m. | 6. 2022/23 External Audit Results Report | Information | BDO Canada LLP |
| | Coversheet - 60 | | |
| | Report - 61 | | |
| 10:00 a.m. | 7. Internal Audit Update | Information | V. Bila/ MNP LLP |
| | Coversheet - 79 | | |
| | a) Internal Audit Plan Status Update - 80 | | |
| | b) ERP Procurement Process Review - 84 | | |
| | c) Cyber Security Audit - 95 | | |
| 10:10 a.m. | 8. Project Related Approvals | | |
| | a) Port Lands Flood Protection Request for Supplementary Capital Approval | Approval | D. Kusturin |
| | Coversheet - 105 | | |
| | Presentation - 106 | | |
| | b) Queens Quay East Extension Lakefill Capital Approval | Approval | P. Mallozzi |
| | Coversheet - 122 | | |
| | Presentation - 124 | | |
| 10:20 a.m. | 9. Port Lands Flood Protection (PLFP) Update | | |
| | a) PLFP Program Update - 143 | Information | D. Kusturin |
| | b) Q1/2023 Construction Cost Forecast and Risk Update and Quantification | Information | D. Kusturin |
| | Coversheet - 160 | | |
| | Presentation - 161 | | |
| | c) Report of the Independent Capital Monitor | Information | BTY Consulting Group Inc. |
| | Coversheet - 180 | | |
| | CPMAS Report #19 - 182 | | |
| 10:35 a.m. | 10. Annual Insurance Program Review | Information | L. Taylor/ I. Ness |
| | Report - 205 | | |
| 10:40 a.m. | 11. Motion to go into Closed Session | Approval | All |

Closed Session Agenda

The Committee will discuss items 12, 13, 14 through 17 being the Annual Insurance Program Review (continuation), the draft minutes of the Closed Session of the February 23, 2023 FARM meeting, Quayside Financial Summary, Lake Shore Boulevard East, 2022/23 Integrated Annual Report (IAR), and Third-party Cybersecurity Penetration Testing Results, respectively, in a Closed Session as permitted by By-Law No.2 of the Corporation. The exception relied upon for the discussion for item 12 is Section 6.1.1(a), for item 13 is provided in the minutes of the Open Session February 23, 2023 FARM Committee meeting under item 4(b) of this agenda, for item 14 is Section 6.1.1(k), for item 15 is Section 6.1.1(k), for item 16 is Section 6.1.1(k) & for item 17 is Section 6.1.1(a) of By-Law No. 2. The Committee will continue in Open Session at the end of the Closed Session to vote on any resolutions pertaining to the Closed Session.

Closed Session - 208

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|------------|------------------------------------|----------|-----|
| 11:25 a.m. | 18. Motion to go into Open Session | Approval | All |
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Public Session Agenda

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| 11:25 a.m. | 19. Resolution(s) Arising from the Closed Session | Approval | All |
|------------|---|----------|-----|

Form - 209

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|------------|-------------------------------------|----------|-----|
| 11:30 a.m. | 20. Motion to Terminate the Meeting | Approval | All |
|------------|-------------------------------------|----------|-----|

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| FYI | Next Meeting: Thursday, September 21, 2023 | Information | All |
|-----|--|-------------|-----|

Upcoming Board & Committee Meeting Schedule - 210

Finance, Audit and Risk Management Committee – May 29, 2023
Item 4 (a) Meeting Materials - Highlights of Key Messages

| Agenda Item | Key Message |
|---|---|
| 4 c Macro Dashboard (FI) | Macro dashboard provides the Q4 2022/23 status summary of three core areas of FARM Committee mandate, namely Corporate Plan Performance, Finance and Administration (including enterprise risk, audit and liquidity) and capital projects, all of which are supported by individual dashboards under Items 4 c) i-ii, 5 and 15a. |
| 4 c i a) Enterprise Risk Management (ERM) (FI) | Three high residual risks in risk portfolio (ERP system, Project Delivery: Non-Port Lands projects, Financial Sustainability/new this quarter). Prior high residual risk for Port Lands Flood Protection (PLFP) Project Delivery is now reduced to medium as budget risk substantially mitigated through incremental funding (some approvals pending). The remaining enterprise risk portfolio is stable with top risk areas under management being cyber security, climate, and PLFP project delivery. |
| 4 c i b) Audit Environment (FI) | PLFP contribution agreement compliance audit by Infrastructure Canada completed and final report is pending; Ontario Auditor General follow up audit regarding WTs two (of 22) remaining action items initiated (WT submitted as fully implemented). WT Internal Audit Plan status outlined in Item 7. |
| 4 c i c) Liquidity / Cash Flow Forecast (FI) | Positive cash and short-term investment balance > \$50M with no requirement to drawdown line of credit forecast until mid 2025. |
| 4 c ii) Capital Projects (FI) | All projects are proceeding in accordance with the Board Approved Rolling Five Year Strategic Plan (2022/23– 2026/27). The PLFP project is progressing in accordance with the updated budget and schedule (refer Item 9). |
| 4 d) Quarterly Procurement Report (FI) | Two exceptions to the Procurement Policy for single source goods and services contracts over \$25,000. |
| 4 e) Regulatory Compliance Obligations (FI) | All required actions by the Corporation for regulatory compliance obligations have been performed as of March 31, 2023. |
| 4 f) Fundraising Action Plan Update (FI) | Implementation of the Fundraising Action Plan is proceeding in accordance with the approved Rolling Five-Year Strategic Plan 2022/23-2026/27 and the revised Fundraising Action Plan (Dec 2021) focused on the Destination Playground. |
| 4 g) ESG Update (FI) | Quarterly report on Environmental, Social & Governance (ESG) and Waterfront Toronto's current initiatives in these areas. |
| 5) Year End Audited Financial Statements For Approval | The Corporation's financial activities for the year ended March 31, 2023 increased compared to last year, namely investment levels increased 10% (\$312M vs. \$283M last year), largely due to the PLFP project, and revenues increased 12% (\$359M vs. \$321M last year), largely due to increased land sale revenues. |
| 6) External Audit Report (FI) | BDO LLP anticipates a clean audit opinion on the annual financial statements. No material matters of concern to report regarding internal controls. |
| 7) Internal Audit Plan Update (FI) | MNP LLP will provide an update on the status of the Corporation's Internal Audit Plan, the results of the recent ERP system Procurement Process Review, and the planning memo for the upcoming Cyber Security audit. |
| 8a) Capital Approval – PLFP project For Approval | Management is seeking supplementary capital approval totaling approximately \$169 million for the PLFP project, in line with the revised estimated cost at completion and incremental funding (pending some approvals). |
| 8b) Capital Approval – Queens Quay Right of Way Lakefill project For Approval | Management is seeking capital approval totaling approximately \$34.4 million for construction of the Queens Quay East Extension Lakefill project, required as part of the Quayside development project. |
| 9a) PLFP Update (FI) | Visual Progress Report from Chief Project Officer regarding the PLFP project. |



Finance, Audit and Risk Management Committee – May 29, 2023
Item 4 (a) Meeting Materials - Highlights of Key Messages

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|---|--|
| 9b) PLFP Construction Cost Forecast & Risk Update (FI) | Six Monthly Report from management regarding cost and risk for the PLFP project. The forecast probability of delivering on budget (EAC of \$1.354B) is approximately 94%. |
| 9c) PLFP Independent Capital Monitor Report (FI) | Report #19 of the Independent Capital Monitor (BTY) notes: 1) that the current Budget of \$1.185 billion will not suffice to complete the current scope of works, and that a process to secure additional funding is in place; 2) a revised schedule baseline was issued by EllisDon in February 2023 with a follow-up update in March 2023 with a substantial completion date on December 31, 2024 and project completion on June 30, 2025; 3) the PLFP project has no material scope changes on this report, and no Project Charter revisions were executed. |
| 10) & 12) Insurance Program (FI) | Overview of WTs Corporate Insurance Program and outcome of 2023 renewals, including Directors & Officers insurance coverage. |
| 14) Quayside Financials Summary (FI) | An overview of the Quayside transaction including allocation of revenues to strategic priorities and related cash flows. |
| 15) Lake Shore Blvd East Bridge & Public Realm For Approval | Overall project dashboard (for information) as well as supplementary project capital approval totaling approximately \$29.5 million for the Lake Shore Boulevard East Bridge and Public Realm project. |
| 16) 2022/23 Integrated Annual Report For Approval | The Corporation's fourth Integrated Annual Report, combining WTs environmental, social and financial results in one integrated report. The theme of this year's report is <i>Landscape and Legacy</i> which reports back on the 2022-2023 Corporate Plan theme: Leading With Landscape (as part of the Dec 2021 Board-approved Rolling Five Year Strategic Plan). |
| 17) Third-party Cybersecurity Testing (FI) | An update will be provided regarding recent testing undertaken by WTs third-party security reviewer. |

**MINUTES of the Open Session of the
Finance Audit and Risk Management Committee Meeting of the
Toronto Waterfront Revitalization Corporation
Via Microsoft Teams Teleconference
Thursday, February 23, 2023 at 9:00 a.m.**

PRESENT: Kevin Sullivan (Chair)
Drew Fagan
Laurie Payne
Jeanhy Shim

REGRETS:

ATTENDANCE: WATERFRONT TORONTO
George Zegarac (Chief Executive Officer)
Ian Ness (General Counsel)
Chris Glaisek (Chief Planning and Design Officer)
Lisa Taylor (Chief Financial Officer)
Julius Gombos (SVP, Project Delivery)
Pina Mallozzi (SVP, Design)
Kristina Verner (SVP, Strategic Policy & Innovation)
Rose Desrochers (VP, Human Resources and Administration)
Iain McMullan (Executive Director, Philanthropy)
Don Forbes (Project Director, Soil Remediation and Earthworks)
Marciana Boboc (Director, Procurement)
Ed Chalupka (Director, Government Relations)
Sampada Chandane (Director, Financial Management)
Alma Pjetra (Director, Program & Cost Management)
Jeff Ross (Director, Strategic Development)
Mary Anne Santos (Director, Financial Planning)
Chris Shiers (Director, Information Technology)
Mira Shenker (Director, Communications & Public Engagement Manager)
Liv Bautista (Legal Counsel)
Parmit Chhasiya (Program Reporting Analyst)
Charmaine Miller (Executive Assistant to the CEO & Board Admin)

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

- Kathryn McCauley, Vania Georgieva, Iswariya Tirunagaru, Sarah Khan, Jasmine Haghighi, Infrastructure Canada
- Bill Raymond, Cory MacDonald, Jonathon Vita, John-James Stranz, Ontario Ministry of Infrastructure
- Jay Paleja, Project Manager, Waterfront Secretariat, City of Toronto
- Louis Castillo, BTY Consulting
- Veronica Bila, Partner, Enterprise Risk Services, MNP LLP
- Rob Clause, Jeff Barratt, Anthony Chiarelli, BDO Canada LLP

Ian Ness acted as secretary of the meeting. The Chair welcomed everyone to the meeting of the Finance Audit and Risk Management (FARM) Committee (the “Committee”) of the Toronto Waterfront Revitalization Corporation (“Waterfront Toronto” or the “Corporation”).

With notice of the meeting having been sent to all members of the Committee in accordance with the Corporation’s By-laws and a quorum being present, the Chair called the meeting to order at 9:02 a.m. and declared the meeting was duly constituted for the transaction of business.

1. Land Acknowledgement

Kevin Sullivan acknowledged Indigenous Peoples’ presence and connections to lands under revitalization by Waterfront Toronto.

2. Meeting Agenda

ON MOTION duly made by Laurie Payne, seconded by Jeanhy Shim, and carried, it was **RESOLVED** that the Meeting Agenda be approved as presented.

3. Declaration of Conflicts of Interest

There were no conflicts declared.

4. Consent Agenda:

- a) Highlights of the Key Messages were taken as read.
- b) 2023 FARM Committee Workplan and Annual Mandate Review

Lisa Taylor, Chief Financial Officer outlined that the FARM Committee 2023 Workplan has been prepared based on the FARM Committee mandate with the objective to ensure and demonstrate how and when the Committee will fulfill its core responsibilities. The FARM Committee reviewed and approved the 2023 Workplan. The Committee also reviewed the FARM Committee mandate and proposed no changes at this time.

ON MOTION duly made by Drew Fagan, seconded by Laurie Payne, and carried, it was **RESOLVED** that the Finance, Audit and Risk Management Committee approves the 2023 FARM Committee Workplan.

- c) Draft Minutes of Open Session November 24, 2022 FARM Committee Meeting

ON MOTION duly made by Jeanhy Shim, seconded by Laurie Payne, and carried, it was **RESOLVED** that the Minutes of the November 24, 2022 FARM Committee meeting be approved as presented.

Items 4(d, e, g, h & i): Q3 2022/23 Macro Dashboard (Corporate & Project Reporting), Quarterly Procurement Report, Regulatory and Operational Compliance Report, Fundraising Dashboard and ESG Update

The Committee received a number of dashboards and reports from management covering key areas such as 2022/23 corporate plan performance, enterprise risk (three red/high risk areas related to PLFP and non-PLFP project delivery and ERP system), audit, liquidity, procurement, regulatory compliance, fundraising, environmental social governance (ESG) as well as the Corporation's December 31, 2022 interim financial statements. It was noted that the financial impact of closing on phase 1 of the Quayside development would be reflected in the Corporation's year end, March 31, 2023 financial statements presented to the FARM Committee at its next meeting.

f) Procurement Policy Update

Management provided an overview of the recent changes made to the Corporation's procurement policy, most notably to include new sections related to conflict of interest and social and sustainable procurement.

5. 2022/23 External Audit Plan

Representatives from WT's external auditor, BDO LLP presented their Planning Report for the audit of the Corporation's March 31, 2023 financial statements. Audit planning materiality is set at \$4.5 million (\$4.0 million last year), approx. 2% of expenditures, in line with CPA Canada auditing standards.

The FARM Committee approved the 2022/23 External Audit Plan.

ON MOTION duly made by Jeanhy Shim, seconded by Drew Fagan, and carried, it was **RESOLVED** that the Finance, Audit and Risk Management Committee approves the 2022/2023 External Audit Plan.

The FARM Committee will review the results of the external audit at its next meeting on May 29, 2023 and the audited financial statements will be presented to the Board for approval at the June 12, 2023 Board meeting.

6. March 31, 2023 Financial Statements – Change in Accounting Policy

Management proposed a change in accounting policy to take effect in the March 31, 2023 financial statements. The change relates to the disposal of capitalized development costs to ensure the expense is more in line with the recognition of the related development revenues.

The change in accounting policy is also supported by the Corporation's external auditors and was approved by the FARM Committee.

ON MOTION duly made by Laurie Payne, seconded by Jeanhy Shim, and carried, it was **RESOLVED** that the Finance, Audit and Risk Management Committee approves the proposed change in accounting policy effective fiscal year ending March 31, 2023, with retroactive restatement.

Formal board approval for the change will be requested as part of the approval of the year-end financial statements on June 12, 2023.

7. PLFP Project Update

Julius Gombos, SVP, Project Delivery provided a visual progress report for the PLFP project, including the latest drone video.

8. Broadview Eastern Flood Protection Update – Construction Procurement Options & Recommendation

Management provided an update of the project, the construction procurement options, together with the recommendation to tender the project using the Construction Manager method, with an option to negotiate Guaranteed Maximum Price. The FARM Committee supported and recommended this item for Board approval at the next Board meeting on March 27, 2023.

ON MOTION duly made by Drew Fagan, seconded by Laurie Payne and carried, it was **RESOLVED** that the Finance, Audit and Risk Management Committee hereby approves, for recommendation to the Board of Directors, Management's recommendation that the Project be tendered using the Construction Manager method with an option to negotiate Guaranteed Maximum Price to enable early contractor involvement and design flexibility, better management of schedule constraints and transparency.

9. Internal Audit Update

Veronica Bila, Assurance Partner, MNP LLP provided an update on the status of the Corporation's internal audit plan as well as an overview of the scope of work for the Procurement Process Review, currently underway with results to be reported at the next FARM Committee meeting.

10. Motion to go into Closed Session

In accordance with By-Law No. 2 of the Corporation and **ON MOTION** duly made by Laurie Payne, seconded by Jeanhy Shim and carried, the Committee **RESOLVED** to go into Closed Session to discuss items 11(a), (b), (c), & (d), and 12 through 17 of the agenda. The exception relied upon for the discussion for item 11(a) is provided in the minutes of the Open Session November 24, 2022 FARM Committee meeting under item 4(c) of this agenda, for item 11(b) & 12 is Section 6.1.1(a), for items 11(c), 14 & 15 is Section 6.1.1(l), for items 11 (d), 13 & 16 is Section 6.1.1(k), and for item 17 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 vote on any resolutions pertaining to the Closed Session.

The meeting continued in closed session.

11. Consent Agenda

- a) Draft Minutes of the Closed Session – November 24, 2022 FARM Committee Meeting**
- b) Annual Review – Risk Appetite Statement**
- c) Capital Projects:**
 - i) Lake Shore Blvd East (LSBE) Dashboard**
 - ii) Port Lands Flood Protection (PLFP) Dashboard**
- d) Interim Strategy Update**

12. Cybersecurity Risk Profile

13. Fundraising Strategy Review

14. PLFP Scope Revisions & Incremental Funding

15. Report of the Capital Monitor

16. Amendments to the Rolling Five Year Strategic Plan

17. Directors Only Discussion

18. Motion to go into Open Session

ON MOTION duly made by Drew Fagan, seconded by Laurie Payne and carried, the committee **RESOLVED** to go into Open Session.

The meeting continued in Open Session.

19. Resolution(s) Arising from the Closed Session

Item 11(a) Draft Minutes of the Closed Session – November 24, 2022 FARM Committee Meeting

ON MOTION duly made by Jeanhy Shim, seconded by Laurie Payne and carried, it was **RESOLVED** that the Minutes of the Closed Session of the Finance, Audit and Risk Management Committee held on November 24, 2022 be approved as tabled.

Item 16 Amendments to the Rolling Five Year Strategic Plan

ON MOTION duly made by Drew Fagan and seconded by Laurie Payne and carried, it was **RESOLVED** that the Finance, Audit and Risk Management Committee approves, for recommendation to the Board of Directors for approval the amendments to Waterfront Toronto's Rolling Five Year Strategic Plan (2022/23 – 2027/28) and related project funding reallocations, all as set out in the materials presented to the Committee.

20. Termination of the Meeting

There being no further business, **ON MOTION** duly made by Drew Fagan, seconded by Jeanhy Shim and carried, it was **RESOLVED** that the meeting be terminated at 11:35 a.m. local time.

Committee Chair

Secretary

| | |
|--------------------------------------|---|
| Purpose | For Committee Information. |
| Areas of note/ Key issues | <p>The following three areas are reported on in the attached Macro dashboard which is supported by several attached streamlined reports:</p> <ol style="list-style-type: none"> 1. <u>2022/23 Corporate Plan Performance</u> (one caution area noted for key deliverables largely driven by changes in schedule into FY 2023/24 due to external factors and project funding revisions/concerns) 2. <u>Finance & Administration</u>: <ul style="list-style-type: none"> ○ <i>Enterprise Risk Management</i>: caution due to continued three high residual risks in WT's risk portfolio (i.e. ERP system, Project Delivery: Non-Port Lands projects, and Financial Sustainability which is new this quarter). Prior high residual risk for Port Lands Project Delivery is now reduced to medium (refer Section 3 below). ○ <i>Internal audit</i> (no significant concerns; Procurement Process Review completed, refer agenda item 7b for May 2023 FARM report). ○ <i>Liquidity/ Cash Flow Management</i> (no concerns, decreased internal borrowing requirement from unspent project funds; increase in WT line of credit facility (to \$90M and May 2028) formally secured (subject to conditions precedent with security). ○ <i>Financial reporting compliance</i> (no concerns, in line with plan) 3. <u>Capital Projects</u> (caution areas noted primarily for PLFP related to budget and schedule. Government approvals proceeding for increased funding to address budget pressures. Refer agenda items 4c(ii)(b) and 9 for further details. Individual project dashboards attached. |
| Resolution or Next Steps | The next macro level dashboard will be provided at the next FARM Committee meeting in September 2023. |

2022/23 Corporate Plan Performance



As of Q4 2022/23 achieved the following for 2022/23:

- 76% (Q3: 84%) of annual capital investment plan (\$309M of \$408M)
- 77% (Q3: 72%) of annual revenues (\$356M of \$465M)
- 54% (Q3: 50%) of key deliverables (20 out of 37)
- 75% (Q3: 79%) of performance measure KPI targets (15 out of 20)

Caution area relates to 17 of WT's 37 planned key deliverables, which were not met this fiscal year: 12 due to external imperatives beyond our control, such as supply chain challenges delaying work and schedule resequencing to accommodate partners. The remaining five deliverables were deferred subject to funding or due to Corporate Plan reprioritization.

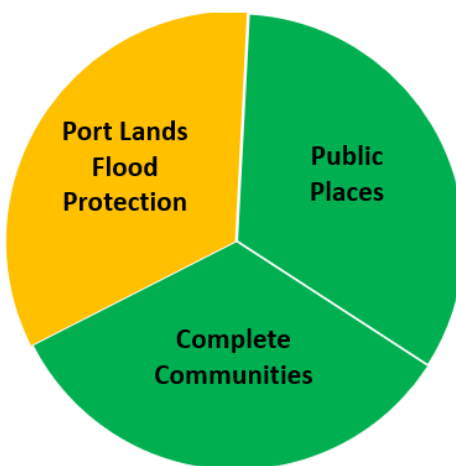
None of these deferrals place the Corporation at risk of non-compliance with key contracts.

Finance & Administration



- Positive cash & ST investment balance > \$50M; Amended line of credit facility agreement for \$90M executed November 2022.
- ERM: **Caution** due to three high residual risks in risk portfolio (ERP system, Project Delivery: Non-Port Lands projects, Financial Sustainability/new this quarter). Prior high residual risk for Port Lands Project Delivery is now reduced to medium (refer Capital Projects below).
- Internal Audit: No concerns. One action item due/implemented this quarter (Q3: N/A). Procurement Process Review completed, refer Item 7b.
- Government Audit: 100% implementation of remaining two action items from the 2018 Ontario Auditor General value for money audit (subject to OAGO review). Recently completed PLFP compliance audit report pending release from Infrastructure Canada.

Capital Projects



Currently tracking to deliver all projects in the capital portfolio in accordance with contractual budget/ schedule obligations except **caution** for the Port Lands Flood Protection project due to realized budget and schedule risks (including utility approvals and installations) that are beyond WT's control, which have deferred substantial completion of project from March 2024 to Dec 2024 and placed budget pressures of 13-15% beyond available contingency. Government approvals proceeding for increased funding (in addition to \$10M committed from WT) to address budget pressures. Refer Items 4c(ii) and 9 for further details.

Refer to the Program Portfolio Dashboards.

Legend: ● No concerns: greater than or equal to 70% of plan ● Caution: some areas of plan may not be met (between 50% and 69% of plan) ● Concern: some aspects (<50%) of plan will not be met.

Enterprise Risk Management Dashboard – Q4 2022/23

Three areas in the **red** (high) residual risk zone this quarter:

- **Enterprise Resource Planning (ERP) System Risk** – partial progress made; one key issue remains pending solution.
- **Project Delivery: Non-Port Lands Projects** (includes Quayside municipal infrastructure) – due to global macro economic conditions including unprecedented levels of escalation; and
- **Financial Self-Sustainability (new this quarter)** – due to material portion of unfunded projects per Strategic Plan.

Improvement in inherent/ residual risk for two risk areas (now yellow/medium):

- **Port Lands Project Delivery** – additional funding to address increased costs of \$159M in approvals phase.
- **Recruitment & Retention of Employees** – due to improvement in HR environment (e.g. lower staff turnover).

Management's specific mitigation strategies to address these risks are outlined in the attached Enterprise Risk Register (Appendix 1 – Confidential Attachment). Confidential attachment on heat map (Appendix 2).

| | | Q4 2022/23 (Current) | | Q3 2022/23 (Previous) | |
|-----------|---|-------------------------|------------------------|--------------------------|------------------------|
| Risk Area | | Inherent Risk Score | Residual Risk Score | Inherent Risk Score | Residual Risk Score |
| 1. | Enterprise Resource Planning System Risk | 16 | 16 | 16 | 16 |
| 2. | Financial Self-Sustainability | 16 | 16 | 16 | 12 |
| 3. | Project Delivery: Non-Port Lands Projects | 15 | 15 | 15 | 15 |
| 4. | Port Lands Project Delivery | 20 | 12 | 20 | 20 |
| 5. | Cyber Security | 16 | 12 | 16 | 12 |
| 6. | Climate Risk | 16 | 12 | 16 | 12 |
| 7. | Government Risk | 12 | 12 | 12 | 12 |
| 8. | Procurement Process Risk | 12 | 12 | 12 | 12 |
| 9. | Recruitment & Retention of Employees | 12 | 9 | 16 | 9 |
| 10. | Strategic Plan Performance Risk | 12 | 9 | 12 | 9 |

Note: Refer to attached Appendix 1 on the Detailed Risk Register (Confidential Attachment).

| Total Risk Score (Impact x Likelihood) | |
|---|--------------------|
| | Low (1 - 6) |
| | Medium (>6 - 14.9) |
| | High (15 - 25) |

| Impact | Likelihood |
|------------------|---|
| 1 - Immaterial | 1 - Extremely remote chance of occurring (<10%) |
| 2 - Low | 2 - Remote chance of occurring (10%-19%) |
| 3 - Medium | 3 - Possible (20%-49%) |
| 4 - Critical | 4 - Likely to happen (50%-99%) |
| 5 - Catastrophic | 5 - Will occur (100%) |

Overall Audit Dashboard– Q4 2022/23

| Audit | 2021/22 (Previous Year) | 2022/23 (Current Year) | 2023/24 (Next Year) |
|--------------------------------|---|---|---|
| Internal Audits – Refer Item 7 | HR Resource & Succession Planning <i>(Completed Q4)</i> | ERP System Implementation Lessons Learned Review <i>(Completed Q3)</i> | Cyber Security Audit <i>(Upcoming Q1-Q2)</i> |
| | | Procurement Workflow <i>(Completed Q1 23/24)</i> | Accessibility |
| | | | Robotic Process Automation <i>(Deferred from FY 22/23)</i> |
| | Independent Capital Monitor (Port Lands), <i>Quarterly</i> | Independent Capital Monitor (Port Lands), <i>Quarterly</i> | Independent Capital Monitor (Port Lands), <i>Quarterly</i> |
| External Audits – Refer Item 6 | March 31 2022 Financial Statements <i>(Completed)</i> | March 31 2023 Financial Statements <i>(Completed – Refer Item 6)</i> | March 31 2024 Financial Statements |
| Government Audits | Contribution Agreement Compliance - Port Lands Flood Protection (PLFP) <i>(Initiated)</i> | Contribution Agreement Compliance - PLFP <i>(Completed Q3 – report pending)</i> | PLFP Outcomes and/or Reconciliation/ Financial audit <i>(to be confirmed)</i> |
| | Federal Toronto Waterfront Revitalization Initiative (TWRI) Program Evaluation | Federal TWRI Program Evaluation <i>(Completed Q1 – no recommendations)</i> | |
| | OAGO Value-for-Money Follow-Up <i>(Complete – report issued Dec 2021)</i> | OAGO Value-for-Money and Standing Committee on Public Accounts Follow-Up Audits <i>(Completed Q3)</i> | OAGO Value-for-Money Follow-Up <i>(Underway)</i> |
| Total | 6 audits | 8 audits | 5 audits |

Recent updates in **blue**.

Status of Open Government Audit Action Items March 31, 2023:

Overall:

- 100% (Q3 91%) of 2018 Provincial Value-for-Money Audit implemented (two of 22 action items subject to review/ confirmation by OAGO, refer attached Appendix).

The number of audits from 2003 to March 31, 2023 totals 81 (31 internal; 21 external and 29 government), average of 4 p.a.

Appendix: Recommendation Status of 2018 OAGO Value for Money Follow-Up Audit



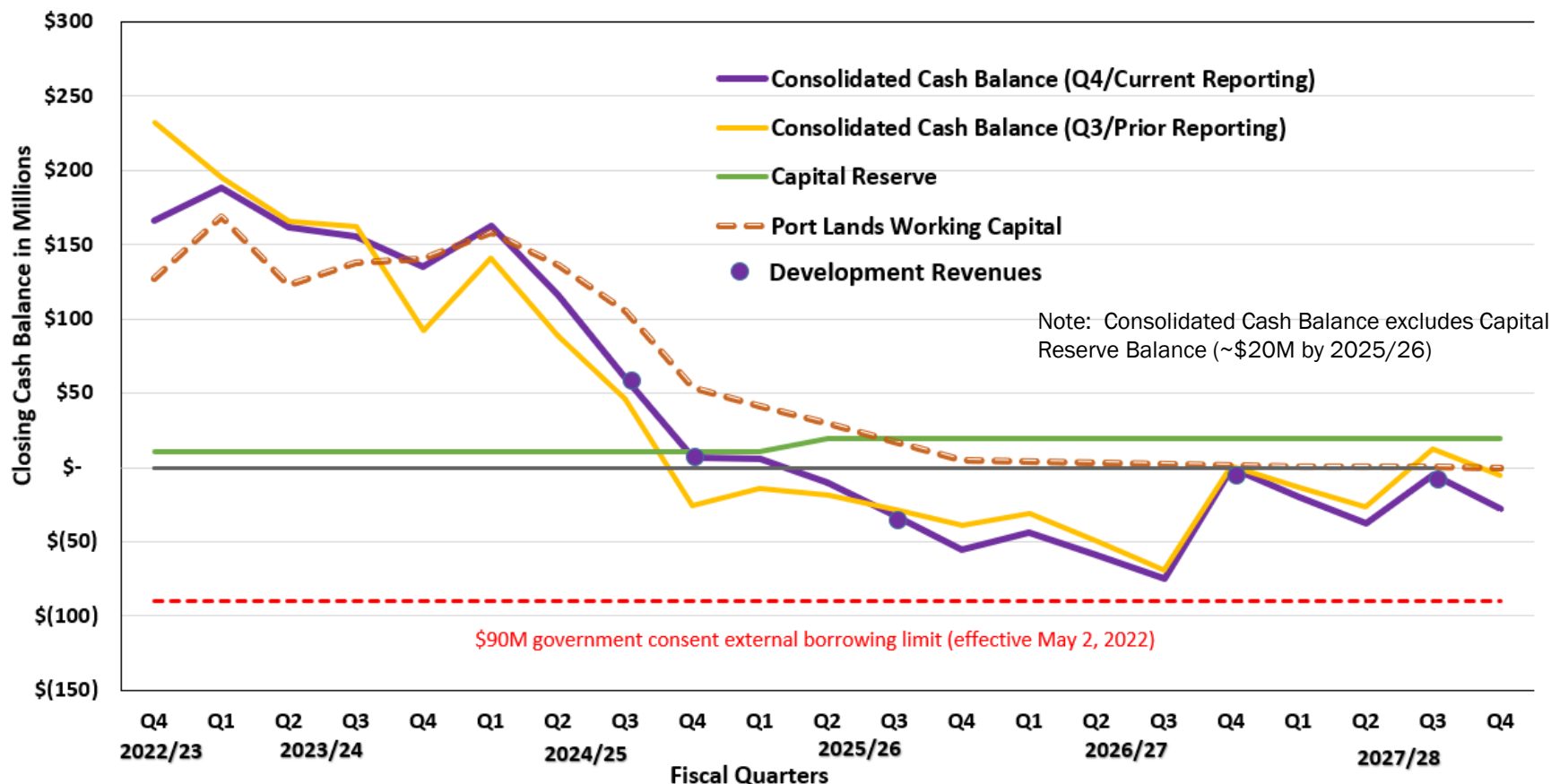
The following six recommendations (containing 22 action items) were directed towards **Waterfront Toronto (WT)**, of which **all 22 action items** have been **fully implemented** resulting in **100% implementation rate (per WT)**.

| Rec. # | Recommendation Area | # of Actions Recommended | Fully Implemented | In the Process of Being Implemented | WT Notes |
|--------------|---|--------------------------|-------------------|-------------------------------------|--|
| 2 | Project budget, schedule and scope management | 3 | 3 | - | |
| 3 | Project information systems, procedures and reporting | 7 | 7 | - | |
| 4 | Oversight of organizations receiving funding from WT | 7 | 7 | - | |
| 5 | Development and implementation of a financial sustainability plan | 1 | 1* | - | WT developed a fundraising action plan in Dec 2019 and has implemented key elements as of Mar. 2023 resulting in securing a \$25M gift for the Lassonde art trail on Villiers Island. |
| 7 | Best practices and lessons learned | 1 | 1 | - | |
| 9 | Port Lands Flood Protection Project budget management | 3 | 3* | - | WT has reduced the impact of construction risks and the ultimate project cost by at least \$234M in value engineering, cost optimizations and cost avoidance/mitigation undertaken throughout the five-year life of the project to date, as presented to WT Board and IGSC in Dec. 2022. |
| Total | | 22 | 22 | 0 | |
| % | | 100% | 100% | - | |

*Subject to review and confirmation by OAGO covering two recently implemented action item under Recommendation No. 5 and No. 9.

Liquidity / Cash Flow Forecast (Mar 2023)

Cash Flow Forecast April 2023 to March 2028



External Borrowing is anticipated to be required in Q2 2025/26 (deferred versus last quarter Q4 2024/25, due to re-scheduling of Port Lands flood protection spending) and is forecast for up to 5 years mainly for Quayside municipal infrastructure related works (peak forecast borrowing in Q3 2026/27 of ~\$75M, average of \$30M), anticipated to be repaid with land sale and other revenues. WTs Corporate Capital Reserve is planned to increase to \$20M by 2025/26 (net of \$5M to be spent in 2022/23 for In-water Pipe project per Jun/22 Board supplementary capital approval).

Finance, Audit & Risk Management Committee – May 29, 2023
Item 04)c)ii)a) – Port Lands Flood Protection (PLFP)
Dashboard Executive Summary
David Kusturin

| | |
|--------------------------------------|---|
| Purpose | <p>For Committee Information</p> <p>The Port Lands Flood Protection (PLFP) Dashboard report is a key component of the Corporation's project planning and reporting framework. The purpose of this report is to monitor on a monthly basis the progress and achievement of project budgets and schedules against the corporation's Long-Term Plan and Capital Project Budgets approved by the Board of Directors.</p> |
| Areas of note/ Key issues | <p>Waterfront Toronto is tracking the progress of the Port Lands Flood Protection (PLFP) Program and is forecasting substantial completion in December 2024 (with minor park finishes to be completed Spring 2025) due to the realization of numerous risks that were beyond the control of and could not be mitigated by the project team. Flood Protection is projected to be completed by December 2024. \$1.6M in contingency remains unallocated (March 2023), and the approved project budget of \$1.185B currently remains unchanged.</p> <p>Due to the schedule extension, global macro-economic supply chain issues, the COVID- 19 pandemic and extreme escalation and inflationary pressures, the project is forecast to exceed the original budget by 14.3% (\$169M). Schedule and budget continue to be closely monitored. The Estimate at Completion (EAC) in the Financial Summary is based on the September 2022 EAC, aligned with the request for additional funding.</p> <p>The following represents the financial status of the projects as of Q4 2022/23:</p> <ul style="list-style-type: none"> • The approved funding remains unchanged at \$1.185 billion however project costs based on P90 are anticipated to be higher, at approximately \$1.345 billion. • Current commitments are equal to \$1.121 billion, an increase of \$7.64 million from the last quarterly report. • Costs incurred to date equal \$849.36 million. • \$1.6 million of the project contingency is unallocated and is available for future risks and unknowns. <p>The key accomplishments for Q4 include:</p> <ul style="list-style-type: none"> • Funding of \$169M to complete full PLFP scope at a probability of greater than P90 is being considered by all levels of government subject to Council/Treasury Board/Ministerial approvals as follows: <ul style="list-style-type: none"> • \$81.1M under the Canada Infrastructure Program (ICIP) • \$87.9 M as an amendment to the tri-government PLFP Contribution Agreement • Completed traffic signal installation for opening Cherry / Lake Shore Intersection in final configuration to Cherry north (April 10,2023). Cherry south to be opened with Cherry Street end of Q3 2023) • Completed construction of wet and dry utilities on Cherry Street, north of Commissioners to Keating • Completed construction of wet utilities on Munitions, Saulters and future Polson Streets |

| | |
|---------------------------------|---|
| | <ul style="list-style-type: none"> • Completed all micro-tunneling activities • Progressed with localized maintenance dredging at the SWTF outfall North Plug revetment, and Lake Shore Bridge • Approximately 25% of the west plug excavation has been completed and temporary dewatering sumps installed • Completed construction of the islands in Canoe Cove • Released Indigenous design elements Request for Proposals • Progressed water, storm, and sanitary services in River Park North, west of Firehall Plaza • Began placement of cap standard fill in River Park North • Started wet utility installation in River Park South |
| Resolution or Next Steps | The next Port Lands Flood Protection & Enabling Infrastructure Program Dashboard for Q1 2023/2024 will be presented at the next FARM committee meeting. |

PLFP Monthly Program Dashboard - as of March 2023

Issued: May 1, 2023

PROGRAM SUMMARY

Waterfront Toronto is tracking the progress of the Port Lands Flood Protection (PLFP) Program and is now forecasting substantial completion in December 2024 (with minor park finishes to be completed Spring 2025) due to the realization of numerous risks (including utility approvals and installations) that were beyond the control of and could not be mitigated by the project team. Flood Protection is projected to be completed by December 2024. Additionally, while \$1.6M in contingency remains unallocated (at March 2023, based on the initial project budget), due to the schedule extension, global macro-economic supply chain issues, the COVID-19 pandemic and extreme escalation and inflationary pressures,

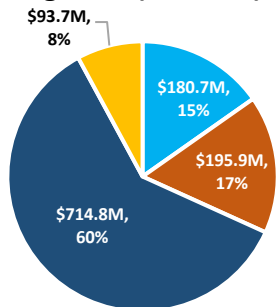
STATUS SUMMARY



the project may come in over budget by 14.3% (\$169M). Schedule and budget continue to be closely monitored. The overall program budget of \$1.185B remains unchanged at this time. The Estimate at Completion (EAC) in the Financial Summary is based on the September 2022 EAC, aligned with the request for additional funding. The project team will proceed to procure all remaining project tender packages and will complete the Semi-Annual Cost Risk Forecast & Risk Update and Quantification for Q4 2022/2023.

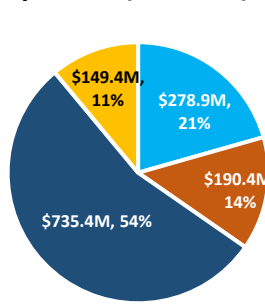
PROGRAM BUDGET ALLOCATION (Based on 30% Approved Budget)

Program Budget by Segment (\$1.185B)



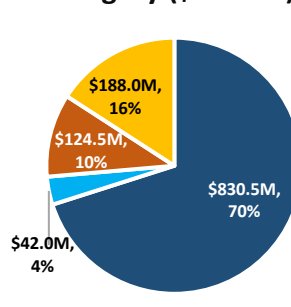
- Roads and Services
- Bridges and Structures
- Flood Protection Features
- Parks and Public Realm

Current Estimate at Completion (\$1.354B)



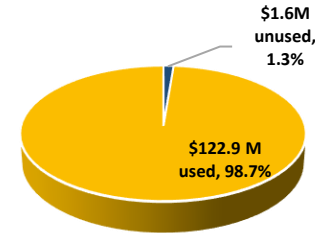
- Roads and Services
- Bridges and Structures
- Flood Protection Features
- Parks and Public Realm

Program Budget by Category (\$1.185B)



- Hard Costs
- Escalation Allowance
- Risk Contingency
- Soft Costs

Contingency Allocation at Month-End (\$122.9M of \$124.5M)



- Total Contingency Unused
- Total Contingency Used

FINANCIAL SUMMARY

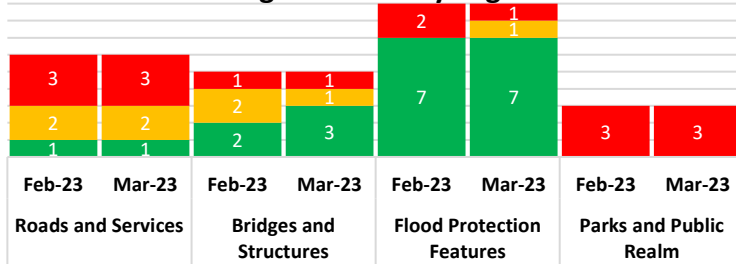
| Project Name | Due-Diligence Budget (\$M) | Approved Changes (\$M) | Approved Budget (\$M) | Total Commitments (\$M) | Anticipated Commitments (\$M) | **Estimate At Completion (\$M) | Variance to Approved Budget (\$M) | *Costs Incurred to Date (\$M) | % Complete to Date | Status |
|--|----------------------------|------------------------|-----------------------|-------------------------|-------------------------------|--------------------------------|-----------------------------------|-------------------------------|--------------------|--------|
| ■ Forecast to complete within budget ■ Forecast to complete within 10% of budget ■ Forecast to complete more than 10% overbudget | | | | | | | | | | |
| Roads & Services | \$ 168.00 | \$ 12.69 | \$ 180.69 | \$ 234.19 | \$ 44.71 | \$ 278.90 | -\$ 98.21 | \$ 170.94 | 61% | ● |
| Commissioners St. West to New Cherry St. | 18.00 | 9.86 | 27.86 | 34.11 | 1.29 | 35.40 | -7.54 | 21.84 | 62% | ● |
| Commissioners St. East to Saulters St. | 7.00 | -0.86 | 6.14 | 8.04 | 0.38 | 8.41 | -2.27 | 5.27 | 63% | ● |
| Cherry Street Re-alignment | 22.00 | 15.61 | 37.61 | 29.45 | 9.25 | 38.71 | -1.10 | 20.11 | 52% | ● |
| Don Roadway North | 7.00 | 10.70 | 17.70 | 17.03 | 1.00 | 18.03 | -0.33 | 7.20 | 40% | ● |
| Hydro One Integration | 12.00 | -2.85 | 9.15 | 6.18 | 0.68 | 6.86 | 2.29 | 5.80 | 85% | ● |
| Site Wide Municipal Infrastructure | 102.00 | -19.77 | 82.23 | 139.39 | 32.10 | 171.49 | -89.26 | 110.72 | 65% | ● |
| Bridges & Structures | \$ 163.00 | \$ 32.86 | \$ 195.86 | \$ 171.17 | \$ 19.18 | \$ 190.35 | \$ 5.51 | \$ 135.62 | 71% | ● |
| Cherry Keating-Cherry Street Bridge North | 55.00 | -14.08 | 40.92 | 33.74 | 4.65 | 38.39 | 2.53 | 29.20 | 76% | ● |
| Cherry Polson-Cherry Street Bridge South | 42.00 | -2.89 | 39.11 | 40.54 | 1.93 | 42.47 | -3.36 | 37.25 | 88% | ● |
| Commissioners Street Bridge/Don Roadway | 43.00 | 6.22 | 49.22 | 52.13 | 2.84 | 54.97 | -5.76 | 47.09 | 86% | ● |
| Lake Shore Road & Rail Bridge Modifications | 19.00 | 44.01 | 63.01 | 42.73 | 8.28 | 51.01 | 11.99 | 21.07 | 41% | ● |
| Old Cherry St. Bridge Demolition | 4.00 | -0.40 | 3.60 | 2.03 | 1.47 | 3.50 | 0.09 | 1.00 | 29% | ● |
| Flood Protection Features | \$ 762.00 | -\$ 47.20 | \$ 714.80 | \$ 620.96 | \$ 114.39 | \$ 735.35 | -\$ 20.55 | \$ 494.17 | 67% | ● |
| River Valley System & Don Greenway | 486.00 | 11.98 | 497.98 | 482.02 | 64.99 | 547.00 | -49.02 | 392.09 | 72% | ● |
| Keating Channel Modifications | 35.00 | -6.45 | 28.55 | 8.65 | 2.49 | 11.14 | 17.40 | 6.92 | 62% | ● |
| Polson Slip North Side Naturalization | 60.00 | -10.64 | 49.36 | 30.50 | 3.53 | 34.03 | 15.33 | 25.67 | 75% | ● |
| Don Roadway Valley Wall Feature | 27.00 | -4.90 | 22.10 | 15.34 | 5.04 | 20.38 | 1.73 | 10.59 | 52% | ● |
| Eastern Avenue Flood Protection | 5.00 | -0.88 | 4.12 | 1.53 | 0.38 | 1.91 | 2.21 | 1.21 | 63% | ● |
| East Harbour Flood Protection | 5.00 | -4.10 | 0.90 | 0.05 | 0.01 | 0.07 | 0.83 | 0.05 | 79% | ● |
| Flow Control Weirs | 38.00 | -15.38 | 22.62 | 7.71 | 1.63 | 9.34 | 13.29 | 5.97 | 64% | ● |
| Sediment and Debris Management Area | 78.00 | -0.80 | 77.20 | 64.61 | 35.50 | 100.11 | -22.91 | 44.83 | 45% | ● |
| Villiers Island Grading | 28.00 | -16.03 | 11.97 | 10.55 | 0.82 | 11.37 | 0.59 | 6.82 | 60% | ● |
| Parks & Public Realm | \$ 92.00 | \$ 1.65 | \$ 93.65 | \$ 95.14 | \$ 54.26 | \$ 149.40 | -\$ 55.74 | \$ 48.63 | 33% | ● |
| River Park North | 23.00 | -0.41 | 22.59 | 37.95 | 13.91 | 51.85 | -29.27 | 20.68 | 40% | ● |
| River Park South | 27.00 | -8.14 | 18.86 | 18.48 | 12.61 | 31.09 | -12.23 | 8.57 | 28% | ● |
| Promontory Park South | 42.00 | 10.21 | 52.21 | 38.72 | 27.74 | 66.46 | -14.25 | 19.38 | 29% | ● |
| Cumulative | \$ 1,185.00 | \$ 0.00 | \$ 1,185.00 | \$ 1,121.47 | \$ 232.53 | \$ 1,354.00 | -\$ 169.00 | \$ 849.36 | 63% | ● |

PLFP Monthly Program Dashboard - as of March 2023

Issued: May 1, 2023

PROGRAM BUDGET STATUS

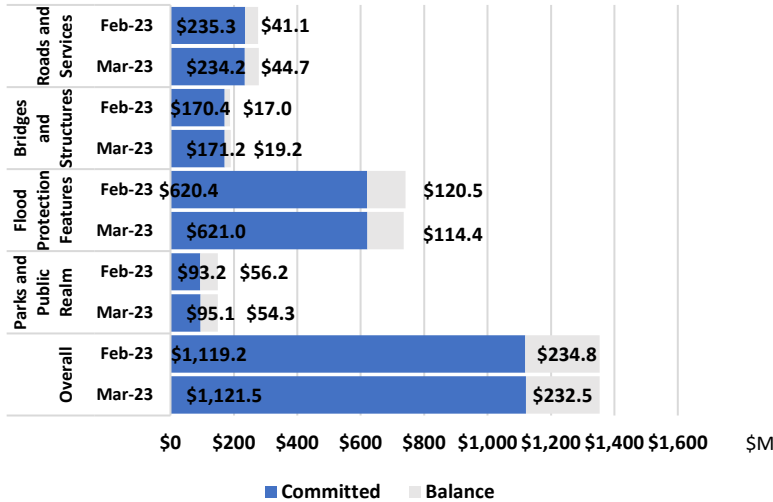
Budget Status - by Segment



- Forecast to complete within approved budget
- Forecast to complete within 10% of approved budget
- Forecast to complete more than 10% over approved budget

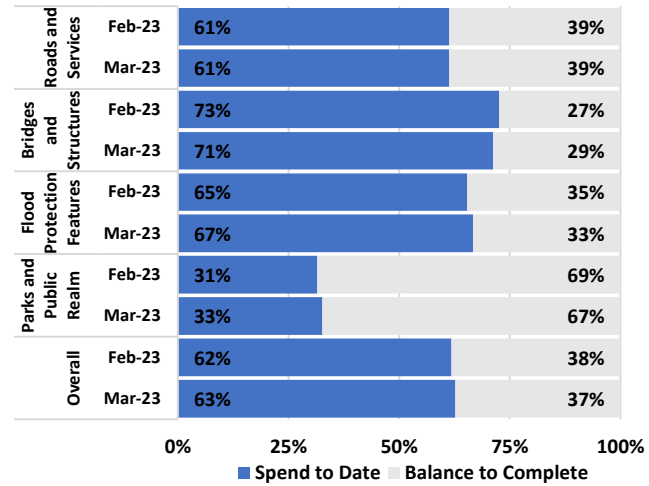
Commitments and Balance to Complete (\$M)

(Based on Month-End EAC)



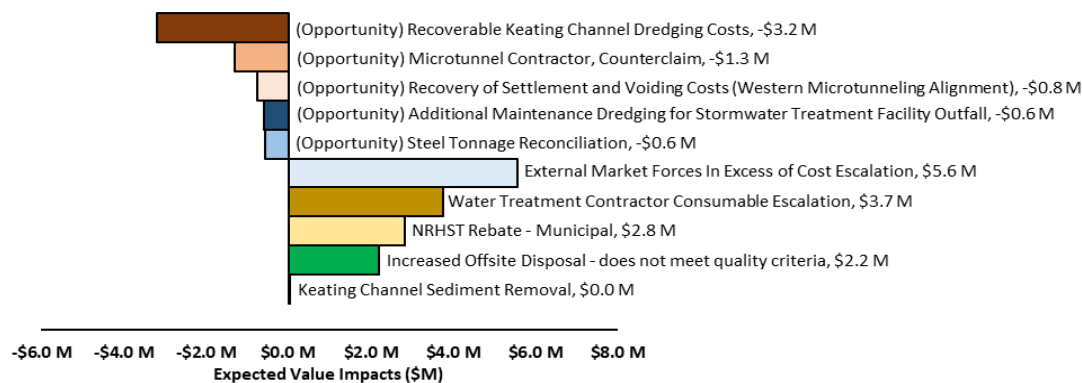
Program Progress - by Segment

(Based on Month-End EAC)



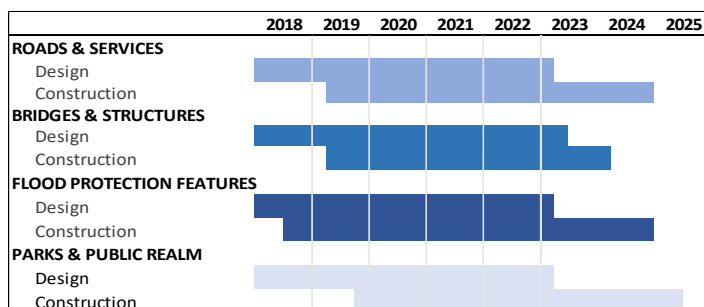
KEY BUDGET RISKS & IMPACTS

Top Risks Impacting Project Cost



PROGRAM SCHEDULE STATUS

Program Timeline - By Segment



Key Communications Milestones

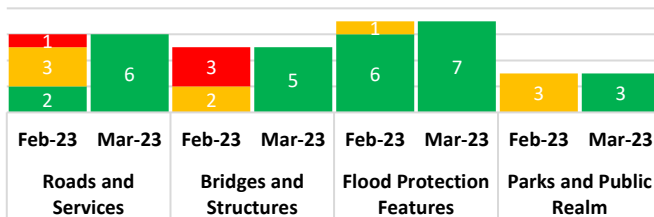
| | |
|--|--------|
| Cherry St & Lake Shore Blvd Intersection | Apr-23 |
| Commissioners St Opening | Oct-23 |

PLFP Monthly Program Dashboard - as of March 2023

Issued: May 1, 2023

| Schedule Summary (Construction Completion) | | | | | | | | |
|--|-----------|-----------|------------|-----------|-----------|----------|--|--------|
| Projects | Baseline* | | Forecast** | | Actual | | Delay (months) from Baseline Finish date | Status |
| | Start | Finish | Start | Finish | Start | Finish | | |
| ■ On schedule ■ 1-6 months behind baseline schedule ■ 6+ months behind baseline schedule | | | | | | | | |
| Roads & Services | 27-May-19 | 13-Dec-24 | | 13-Dec-24 | 27-May-19 | 4-Dec-20 | 0 | ● |
| Commissioners St. West to New Cherry St. | 16-Sep-19 | 13-Dec-24 | | 13-Dec-24 | 16-Sep-19 | | 0 | ● |
| Commissioners St. East to Saulter St. | 31-Jan-20 | 8-Oct-24 | | 8-Oct-24 | 31-Jan-20 | | 0 | ● |
| Cherry St. Re-alignment | 27-May-19 | 14-Nov-24 | | 14-Nov-24 | 27-May-19 | | 0 | ● |
| Don Roadway North | 1-Mar-21 | 19-Nov-24 | | 19-Nov-24 | 1-Mar-21 | | 0 | ● |
| Hydro One Integration | 15-Jun-20 | 4-Dec-20 | | | 15-Jun-20 | 4-Dec-20 | 0 | ● |
| Site Wide Municipal Infrastructure | 12-Nov-19 | 8-Jul-24 | | 8-Jul-24 | 12-Nov-19 | | 0 | ● |
| Bridges & Structures | 6-May-19 | 23-Apr-25 | 6-Jul-23 | 23-Apr-25 | 6-May-19 | | 0 | ● |
| Cherry Keating-Cherry St. Bridge North | 6-May-19 | 13-Sep-23 | | 13-Sep-23 | 6-May-19 | | 0 | ● |
| Cherry Polson-Cherry St. Bridge South | 31-Jan-20 | 18-Dec-23 | | 18-Dec-23 | 31-Jan-20 | | 0 | ● |
| Commissioners St. Bridge/Don Roadway | 15-Oct-19 | 18-Aug-23 | | 18-Aug-23 | 15-Oct-19 | | 0 | ● |
| Lake Shore Road & Rail Bridge Modifications | 1-Jun-21 | 23-Apr-25 | | 23-Apr-25 | 1-Jun-21 | | 0 | ● |
| Old Cherry St. Bridge Demolition | 6-Jul-23 | 9-Jul-24 | 6-Jul-23 | 9-Jul-24 | | | 0 | ● |
| Flood Protection Features | 13-Sep-18 | 16-May-25 | 22-Jun-23 | 16-May-25 | 13-Sep-18 | | 0 | ● |
| River Valley System & Don Greenway | 13-Sep-18 | 22-Jan-25 | | 22-Jan-25 | 13-Sep-18 | | 0 | ● |
| Keating Channel Modifications | 3-Apr-23 | 5-Sep-23 | | 5-Sep-23 | 3-Apr-23 | | 0 | ● |
| Polson Slip North Side Naturalization | 14-Apr-20 | 17-Aug-23 | | 17-Aug-23 | 14-Apr-20 | | 0 | ● |
| Don Roadway Valley Wall Feature | 17-Dec-21 | 5-Jun-24 | | 5-Jun-24 | 17-Dec-21 | | 0 | ● |
| Flow Control Weirs | 22-Jun-23 | 8-Aug-24 | 22-Jun-23 | 8-Aug-24 | | | 0 | ● |
| Sediment and Debris Management Area | 27-Jan-20 | 16-May-25 | | 16-May-25 | 27-Jan-20 | | 0 | ● |
| Villiers Island Grading | 2-Mar-20 | 16-Aug-24 | | 16-Aug-24 | 2-Mar-20 | | 0 | ● |
| Parks & Public Realm | 28-Oct-19 | 30-Jun-25 | | 30-Jun-25 | 28-Oct-19 | | 0 | ● |
| River Park North | 29-Jun-20 | 24-Dec-24 | | 24-Dec-24 | 29-Jun-20 | | 0 | ● |
| River Park South | 27-Jul-20 | 24-Dec-24 | | 24-Dec-24 | 27-Jul-20 | | 0 | ● |
| Promontory Park South | 28-Oct-19 | 30-Jun-25 | | 30-Jun-25 | 28-Oct-19 | | 0 | ● |
| Substantial Performance of PLFP / Achievement of Flood Protection | | 31-Dec-24 | | 31-Dec-24 | | | 0 | ● |
| Substantial Performance of Parks | | 30-Jun-25 | | 30-Jun-25 | | | 0 | ● |
| PLFP Close-Out | | 30-Jun-25 | | 30-Jun-25 | | | 0 | ● |
| Cumulative | 13-Sep-18 | 30-Jun-25 | 22-Jun-23 | 30-Jun-25 | 13-Sep-18 | 4-Dec-20 | 0 | ● |

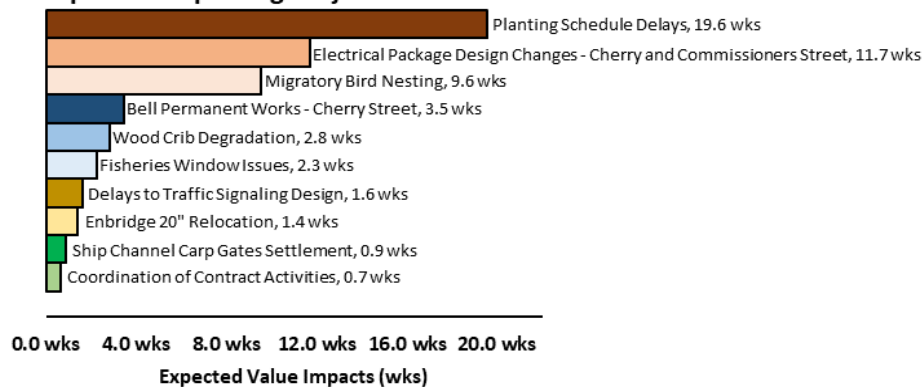
Schedule Status - by Segment



- - On Schedule/0-1 months behind schedule
- - 1-6 months behind schedule
- - 6+ months behind schedule

KEY SCHEDULE RISKS & IMPACTS

Top Risks Impacting Project Schedule



PLFP Monthly Program Dashboard - as of March 2023

Issued: May 1, 2023

PROGRAM PROGRESS - KEY TASKS

| Key Tasks To be Completed in Next 6 Months | March Completion | April Completion | May to Jul Completion | Aug to Oct Completion |
|--|---------------------|---------------------|--------------------------|--------------------------|
| <div> ■ On schedule ■ 1-6 months behind baseline schedule ■ 6+ months behind baseline schedule </div> | | | | |
| Design Phase Status | | | | |
| Old Cherry Street Bridge Demolition | | | ✓ | |
| Sanitary Pumping Station (SPS) | | | ✓ | |
| Storm Water Treatment Facility (SWTF) | | | ✓ | |
| Toronto Hydro Main Feeder Line - Lake Shore Bridge | | | ✓ | |
| Hydro and Street Lighting | | | ✓ | |
| Enbridge Design | | | ✓ | |
| Cadillac Fairview Utility Design | | | ✓ | |
| Contracts to be Secured | | | | |
| Lighting and Traffic Signal | | ✓ | | |
| Excavation and Dredging Under Lake Shore Bridge | | ✓ | | |
| Parks Bike Bridges | | | ✓ | |
| Lighting Controls (Parks) | | | ✓ | |
| Wet Utilities (All Contracts) | | | ✓ | |
| Permits/Design Approvals to be Secured | | | | |
| Promontory Park South | | ✓ | | |
| South Plug Permit Package Prior to Construction | | ✓ | | |
| Sitewide Municipal Infrastructure | | | ✓ | |
| Don Roadway Valley Wall Feature Permit Package Prior to Construction | | | ✓ | |
| River Park North and South | | | | ✓ |
| Sediment and Debris Management Area | | | | ✓ |
| Old Cherry Street Bridge Demolition | | | | ✓ |
| Cherry Street Re-alignment | | | | ✓ |
| Construction Completion | | | | |
| Wet Utilities Microtunnelling Stormsewer | ✓ | | | |
| New Cherry Street Intersection with Lake Shore Blvd | | ✓ | | |
| North Plug Don Roadway Dockwall | | | ✓ | |
| Soil Treatment Plant | | | | ✓ |
| River Valley Primary and Secondary Irrigation Distribution Systems | | | | ✓ |
| Polson Slip Naturalization | | | | ✓ |
| Keating Channel Modification - Dredging and Installation of Revetment Stone | | | | ✓ |
| Villiers Cul-De-Sac | | | | ✓ |
| MT-35 Dockwall Reinforcement | | | | ✓ |
| Cherry Street Bridge North Project Completion | | | | ✓ |
| Commissioners Street Bridge Project Completion | | | | ✓ |

INDIGENOUS CONSULTATION

Update

- Received agreement from MCFN on approach for proposed Indigenous Carvings process for Lake Shore Blvd Bridge
- Shortlist of Indigenous Artists notified for PLFP Public Realm process
- Continued outreach with MCFN regarding potential FPL involvement in monitoring opportunities
- Attend MCFN Historical Gathering Seminars February 2023
- RFP to shortlist of Indigenous Artists to be released in March 2023 for PLFP Public Realm and MCFN Involvement in RFP development and selection
- Issued RFP to designers for Indigenous Carvings on Lake Shore Blvd Bridge

Next Steps

- Continue outreach with MCFN regarding potential FLR involvement in monitoring opportunities
- Continue discussions with MCFN on carvings to Destination Play
- Anticipate MCFN Working Group Meeting March-April 2023
- Issue RFP to designers for Indigenous Carvings on Lake Shore Blvd Bridge to close in April 2023

SITE PHOTOS



Figure 1

Sediment and Debris Management Area (SDMA) - Bulk Dredging
South of Hydro One (HONI) Bridge



Figure 2

Keating Channel Dockwall - New Sheet Pile Installation



Figure 3

Lake Shore Boulevard (Stage 1) - Watermain Installation at Logan

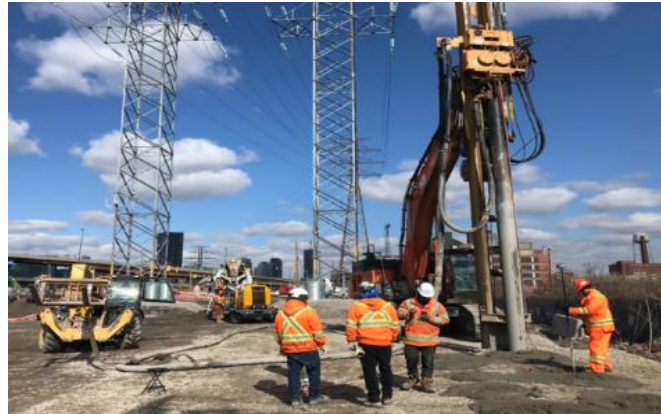


Figure 4

Don Roadway North of Villiers - Rigid Inclusion Installation



Figure 5

Commissioners Street - Wet Utility Installation



Figure 6

Canoe Cove - Outfall Pipe Installation

PLFP CONTINGENCY DRAWDOWN SUMMARY AS OF MARCH 2023

| Change in Total Program Contingency | Hard Draw | Soft Draw | Draw | Balance | Date |
|---|----------------|---------------|----------------|----------------|---|
| Opening Balance (Due Diligence Report)* | | | | 164.0 M | |
| Less: Initial Soft Cost Contingency draw | 0.0 M | 7.7 M | 7.7 M | 156.3 M | Approved by ESC on March 20, 2018 |
| Less: Additional Total Contingency draw at 30% Stage Gate | 22.7 M | 9.1 M | 31.8 M | 124.5 M | Noted by ESC on November 21, 2018 |
| Less: TPLC Studio Accommodation | | 5.0 M | 5.0 M | 119.5 M | Approved by ESC on February 20, 2018 |
| Less: Sediment Management Area Interim Design | 14.5 M | | 13.1 M | 106.4 M | Noted by ESC on November 21, 2018 (\$14.5M); adjusted through Design Optimizations (PLFP Program Dashboard contingency utilization has not been adjusted to reflect the new estimate) |
| Less: Construction Estimate Adjustments at 60% Stage Gate | 17.9 M | | 19.1 M | 87.2 M | Approved by ESC on November 12, 2019; Revised to include base costs for Eastern Avenue Flood Protection Project in Jan 2020 |
| Less: Soft Cost Estimate at Complete Variance to Budget | | 7.0 M | 7.0 M | 80.3 M | Approved by ESC on November 12, 2019; Revised based on WT Projections |
| Less: 100% Risks Established at 60% Stage Gate | | | 16.8 M | 63.5 M | Approved by ESC on November 12, 2019 |
| Savings: Commissioners/Cherry Bus Rapid Transit (Deferral) | | | -3.0 M | 66.5 M | Approved by ESC on November 12, 2019 |
| Savings: Soil Management Trade Package (#33.2) Adjusted Savings After Award | | | -11.3 M | 77.8 M | Awarded on January 23rd, 2020 |
| Less: CO Removal of Soil/Debris/Fill at 99/97 Commissioners | | | 1.2 M | 76.6 M | CO 47 - Approved; Amount corrected Jan 2021 |
| Savings: Reallocation of Cherry St North Bridge Foundation costs to CSLF project in accordance with CSLF Contribution agreement and Project Charter | | | -4.2 M | 80.8 M | Approved; Amount correct Jan 2021 |
| Less: Pedestrian Lighting Rough-in | | | 0.7 M | 80.1 M | Approved by ESC on April 23rd, 2020 |
| Less: NRHST Correction at 90% Stage Gate | -0.7 M | | -0.7 M | 80.8 M | Approved by ESC on November 9th, 2020 |
| Less: Construction Estimate Adjustments at 90% Stage Gate | 1.8 M | | 1.8 M | 79.0 M | Approved by ESC on November 9th, 2020 |
| Less: Soft Cost Estimate Adjustments at 90% Stage Gate | | 4.8 M | 4.8 M | 74.2 M | Approved by ESC on November 9th, 2020 |
| Less: Utility Cost Sharing at 90% Stage Gate | 22.7 M | | 22.7 M | 51.5 M | Approved by ESC on November 9th, 2020 |
| Less: Changes - November/December 2020 | 10.0 M | 0.3 M | 10.3 M | 41.2 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: January 2021 | 4.4 M | 0.1 M | 4.5 M | 36.8 M | Each TPBR/CO/SCO Approved by WT Executives |
| Savings: February 2021 | -10.3 M | 0.7 M | -9.6 M | 46.4 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: March 2021 | 0.4 M | 0.1 M | 0.5 M | 45.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: April 2021 | 1.0 M | 0.0 M | 1.0 M | 44.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Savings: May 2021 | -3.9 M | 0.3 M | -3.6 M | 48.5 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: June 2021 | 5.4 M | 0.0 M | 5.4 M | 43.1 M | Each TPBR/CO/SCO Approved by WT Executives |
| Savings: July 2021 | -0.4 M | 0.0 M | -0.4 M | 43.4 M | Each TPBR/CO/SCO Approved by WT Executives |
| Savings: August 2021 | -0.3 M | 0.0 M | -0.3 M | 43.7 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: September 2021 | 0.6 M | 0.0 M | 0.6 M | 43.1 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: October 2021 | 0.8 M | 0.0 M | 0.8 M | 42.3 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: November 2021 | 0.0 M | 0.4 M | 0.5 M | 41.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: December 2021 | 0.3 M | -0.2 M | 0.1 M | 41.8 M | Each TPBR/CO/SCO Approved by WT Executives |
| Savings: January 2022 | -1.9 M | 1.1 M | -0.7 M | 42.5 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: February 2022 | 0.2 M | 0.4 M | 0.5 M | 42.0 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: March 2022 | 12.5 M | 0.6 M | 13.1 M | 28.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: April 2022 | 0.2 M | 1.9 M | 2.0 M | 26.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: May 2022 | 0.7 M | 0.1 M | 0.8 M | 26.0 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: June 2022 | 0.7 M | 2.4 M | 3.1 M | 23.0 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: July 2022 | 3.1 M | 1.0 M | 4.1 M | 18.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: August 2022 | 3.5 M | 2.2 M | 5.6 M | 13.2 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: September 2022 | 4.3 M | 0.1 M | 4.4 M | 8.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: October 2022 | 0.1 M | -0.1 M | 0.0 M | 8.8 M | Each TPBR/CO/SCO Approved by WT Executives |
| Savings: NRHST Adjustment from \$19.8M to \$5M | -15.0 M | 0.0 M | -15.0 M | 23.8 M | As per anticipated NRHST savings as of November 2022 |
| Less: November 2022 | 11.0 M | 0.1 M | 11.2 M | 12.6 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: December 2022 | 0.0 M | 0.0 M | 4.0 M | 8.6 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: January 2023 | 0.9 M | -0.3 M | 0.6 M | 8.0 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: February 2023 | 2.8 M | 0.0 M | 2.8 M | 5.2 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: March 2023 | 3.5 M | 0.1 M | 3.6 M | 1.6 M | Each TPBR/CO/SCO Approved by WT Executives |
| Unallocated Contingency Balance | 113.6 M | 44.8 M | 162.4 M | 1.6 M | |
| Additional Capital Approval Contingency (Now Comparing to Sep 2022 EAC) | 0.0 M | 0.0 M | 0.0 M | 63.0 M | |
| Total Unallocated Contingency Balance | 113.6 M | 44.8 M | 162.4 M | 64.6 M | |

| PLFP Contingency Tracker | | | |
|--|---------------------|--------------------|-------------------------|
| March 2023 | 90% EAC ESTIMATE | APPROVED AMOUNT | CONTINGENCY DRAWDOWN |
| SC001: PFP: Design and Supply of Playing Equipment-Material Price Increase and Product Deletion Substitutions | - | 52,717.51 | 52,717.51 |
| | | | - |
| SCO67: PLFPEI-Peer Review forDewateringCommissioners | 15,163.24 | 15,163.24 | - |
| SCO67: PLFPEI-Peer Review forDewateringCommissioners | 15,163.24 | 15,163.24 | - |
| SCO67: PLFPEI-Peer Review forDewateringCommissioners | 15,163.24 | 15,163.24 | - |
| | | | - |
| TPBR35-Package 05 Feeders Relocation Don Roadway & Lakeshore Blvd. E- (Black Mcdonald)) CM#2022-28 | 1,255,400.11 | 2,380,475.25 | 1,125,075.14 |
| CO#94-TP16- Parapet Railing Coating - Aecon | 2,807.92 | 2,807.92 | - |
| CO#95-TP16- East Abutment Access Gate - Aecon | 7,050.41 | 7,050.41 | - |
| CO#98-TP16- Parapet Wall Stainless-Steel Plates - Aecon | - | 212,171.20 | 212,171.20 |
| CO#99-TP16- Additional Utility Bridge Bearings - Aecon | 2,534.16 | 2,534.16 | - |
| CO#100-TP16- Added Timber Fenders-Supply - Aecon | 81,188.00 | 81,188.00 | - |
| CO#101-TP16- Additional Girder per CN 5- Aecon | 32,885.00 | 32,885.00 | - |
| CO#102-TP16- Additional Access- Aecon | 224,594.63 | 224,594.63 | - |
| CO#104-TP16-Balustrade Revisions- Aecon | - | 70,664.59 | 70,664.59 |
| | | | - |
| TPBR183-Traffic Control Signals (Guild Electric Ltd) CM#2022-42 | - | 133,954.71 | 133,954.71 |
| TPBR183-Traffic Control Signals (Guild Electric Ltd) CM#2022-42 | 368,213.14 | 616,671.42 | 248,458.28 |
| TPBR183-Traffic Control Signals (Guild Electric Ltd) CM#2022-42 | 55,386.86 | 55,386.86 | 0.00 |
| TPBR182-Dewatering System for Chamber CC6567 Rebuild Operations (WJ Groundwater) CM#2023-03 | 158,550.00 | 332,261.25 | 173,711.25 |
| TPBR185-Cherry & Lakeshore Temporary Line Making (McGuinness) CM#2023-05 | 6,345.00 | 6,345.00 | - |
| CO784-TP45-SSM for RVPS | 805,227.95 | 671,934.90 | (133,293.05) |
| CO793-TP125-Drowned Tree Modifications | - | 14,161.69 | 14,161.69 |
| CO805-TP76-Sanitary Connection at Polson St | - | 17,283.15 | 17,283.15 |
| CO808-TP76-Locate and Connection of STM Pipe to Polson St | - | 15,132.05 | 15,132.05 |
| CO819-TP76-VOC Exceedance on Commissioners and Future Polson | 31,135.62 | 23,433.39 | (7,702.22) |
| CO825-TP23-Dewatering Existing SWTF Shaft at 480 LSBE (Accuworx) | 126,167.58 | 209,389.49 | 83,221.91 |
| CO830-TP78-Dewatering from Jan 4 2022 to March 8 2022 Reduced | 232,494.71 | 228,492.47 | (4,002.24) |
| CO833-TP124-Bell Missing Contract Items at Future Polson | 75,000.00 | 118,269.31 | 43,269.31 |
| CO834-TP115-Panel Removal for Commissioners St Bridge Electrical Install | - | 56,901.42 | 56,901.42 |
| CO835-TP82-West Plug and Polson RPS Dewatering | - | 119,601.64 | 119,601.64 |
| CO836-TP76- Saulters St Sanitary Forcemain Relocation | - | 18,482.68 | 18,482.68 |
| CO838-TP147-HONI Tower Foundation Removal (North of Villiers) | - | 45,097.62 | 45,097.62 |
| CO839-TP116-Curbside Detour T&M | - | 208,021.65 | 208,021.65 |
| CO839-TP116-Curbside Detour T&M | - | 112,011.66 | 112,011.66 |
| CO841-TP167-Vac Pond Management Extension (January 2023-June 2023) | - | 224,612.50 | 224,612.50 |
| CO842-TP119-Temp Sani Management Phase 03 – FRP Temp Service | - | 245,488.25 | 245,488.25 |
| CO843-TP118-Service Entrance Circuit Breakers and Updated SCADA | - | 70,065.89 | 70,065.89 |
| CO844-TP41-MT-35 Found Wall Deadman Removal | 227,074.25 | 83,239.30 | (143,834.95) |
| CO865-TP181-Commissioners St Bridge Scaffold Bird Netting | - | 18,243.82 | 18,243.82 |
| CO867-TP76-Commissioning of WM HDD Lines | 21,140.00 | 110,308.52 | 89,168.52 |
| | | | - |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 1,721.46 | 1,721.46 |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 641.43 | 641.43 |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 2,499.75 | 2,499.75 |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 902.87 | 902.87 |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 659.67 | 659.67 |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 5,869.92 | 5,869.92 |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 2,862.66 | 2,862.66 |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 3,318.85 | 3,318.85 |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 2,677.91 | 2,677.91 |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 3,018.26 | 3,018.26 |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 308.59 | 308.59 |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 35,156.22 | 35,156.22 |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 2,187.25 | 2,187.25 |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 3,926.13 | 3,926.13 |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 2,287.91 | 2,287.91 |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 2,097.76 | 2,097.76 |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 5,598.96 | 5,598.96 |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 974.31 | 974.31 |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 3,740.04 | 3,740.04 |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 2,158.19 | 2,158.19 |
| PFP: Packets 2 and 9 Agreement of Purchase and Sale between Toronto Port Authority and Waterfront Toronto | - | 3,216.90 | 3,216.90 |
| | | | - |
| SCO#05-PFP: Procurement Advisory Services-Additional work for PLFP Programinsurance coverage (Builder's Risk, Wrap-up Liability, and Errors and Omissions) | - | 2,020.00 | 2,020.00 |
| | | | - |
| SCO109: PLFPEI (USD)-Geotech CA, RSI Extension of Services | 234,500.00 | 234,500.00 | - |
| | | | - |
| CO632-TP145-Diposal of Dredge Material ST0360 | 97,290.68 | 97,290.68 | - |
| CO763- TP145-Diposal of Dredge Material ST0360 | 28,588.61 | 28,588.61 | - |
| CO763- TP145-Diposal of Dredge Material ST0360 | 12,419.75 | 12,419.75 | - |
| CO771-TP121-MT35 Rock Anchor | 52,850.00 | 89,159.08 | 36,309.08 |
| CO776-TP41-SDMA Movement of Stockpiles | 554,925.00 | 554,925.00 | - |
| CO783-TP11-- CSN/CSS - Deck Beam Hole Filling | - | 1,927.07 | 1,927.07 |
| CO783-TP11-- CSN/CSS - Deck Beam Hole Filling | - | 3,943.61 | 3,943.61 |
| CO787-TP145-Dockwall Demolition Section F | - | 1,802.19 | 1,802.19 |
| CO795-TP41-ST0384 Disposal | 16,383.50 | 16,383.50 | - |
| CO797-TP11-CSN/CSS/COMM-Ports Toronto Cargo Dues- Cherubini Metal Works | - | 18,233.25 | 18,233.25 |
| CO797-TP11-CSN/CSS/COMM-Ports Toronto Cargo Dues- Cherubini Metal Works | - | 9,116.63 | 9,116.63 |
| CO797-TP11-CSN/CSS/COMM-Ports Toronto Cargo Dues- Cherubini Metal Works | - | 18,233.25 | 18,233.25 |
| CO798-TP11-CSN-LRT Weld Photo Report- Cherubini Metal Works | - | 9,238.18 | 9,238.18 |
| CO799-TP22-CSN- OSD Concrete | 53,061.40 | 99,659.25 | 46,597.85 |
| CO800-TP22-CSN-OSD Waterproofing-Belcor Constructon | 63,420.00 | 142,033.32 | 78,613.32 |
| CO801-TP44-COMM-Modular Expansion Joint Installation- Alliance Verdic Civil | - | 21,711.97 | 21,711.97 |
| CO815-TP145-SDMA Obstruction Removals Oct to Dec, 2022 | 33,056.62 | 33,056.62 | - |
| CO816-TP145-Alt Micropile Wall for Future Gardiner Pier | 103,600.78 | 213,408.30 | 109,807.52 |
| TPBR184-Old Cherry Street Bridge Early Engineering Cost (Sarens Canada) CM#2023-04 | - | 84,720.00 | 84,720.00 |
| | | | - |
| | | | - |
| SCO108: PLFPEI (USD)-PPS Surcharge Reduction Analysis | 10,596.96 | 10,596.96 | - |
| Total | 5,019,378 | 8,656,161 | 3,636,783 |

PLFP CONTINGENCY DRAWDOWN SUMMARY AS OF FEBRUARY 2023

| Change in Total Program Contingency | Hard Draw | Soft Draw | Draw | Balance | Date |
|---|----------------|---------------|----------------|----------------|---|
| Opening Balance (Due Diligence Report)* | | | | 164.0 M | |
| Less: Initial Soft Cost Contingency draw | 0.0 M | 7.7 M | 7.7 M | 156.3 M | Approved by ESC on March 20, 2018 |
| Less: Additional Total Contingency draw at 30% Stage Gate | 22.7 M | 9.1 M | 31.8 M | 124.5 M | Noted by ESC on November 21, 2018 |
| Less: TPLC Studio Accommodation | | 5.0 M | 5.0 M | 119.5 M | Approved by ESC on February 20, 2018 |
| Less: Sediment Management Area Interim Design | 14.5 M | | 13.1 M | 106.4 M | Noted by ESC on November 21, 2018 (\$14.5M); adjusted through Design Optimizations (PLFP Program Dashboard contingency utilization has not been adjusted to reflect the new estimate) |
| Less: Construction Estimate Adjustments at 60% Stage Gate | 17.9 M | | 19.1 M | 87.2 M | Approved by ESC on November 12, 2019; Revised to include base costs for Eastern Avenue Flood Protection Project in Jan 2020 |
| Less: Soft Cost Estimate at Complete Variance to Budget | | 7.0 M | 7.0 M | 80.3 M | Approved by ESC on November 12, 2019; Revised based on WT Projections |
| Less: 100% Risks Established at 60% Stage Gate | | | 16.8 M | 63.5 M | Approved by ESC on November 12, 2019 |
| Savings: Commissioners/Cherry Bus Rapid Transit (Deferral) | | | -3.0 M | 66.5 M | Approved by ESC on November 12, 2019 |
| Savings: Soil Management Trade Package (#33.2) Adjusted Savings After Award | | | -11.3 M | 77.8 M | Awarded on January 23rd, 2020 |
| Less: CO Removal of Soil/Debris/Fill at 99/97 Commissioners | | | 1.2 M | 76.6 M | CO 47 - Approved; Amount corrected Jan 2021 |
| Savings: Reallocation of Cherry St North Bridge Foundation costs to CSLF project in accordance with CSLF Contribution agreement and Project Charter | | | -4.2 M | 80.8 M | Approved; Amount correct Jan 2021 |
| Less: Pedestrian Lighting Rough-in | | | 0.7 M | 80.1 M | Approved by ESC on April 23rd, 2020 |
| Less: NRHST Correction at 90% Stage Gate | -0.7 M | | -0.7 M | 80.8 M | Approved by ESC on November 9th, 2020 |
| Less: Construction Estimate Adjustments at 90% Stage Gate | 1.8 M | | 1.8 M | 79.0 M | Approved by ESC on November 9th, 2020 |
| Less: Soft Cost Estimate Adjustments at 90% Stage Gate | | 4.8 M | 4.8 M | 74.2 M | Approved by ESC on November 9th, 2020 |
| Less: Utility Cost Sharing at 90% Stage Gate | 22.7 M | | 22.7 M | 51.5 M | Approved by ESC on November 9th, 2020 |
| Less: Changes - November/December 2020 | 10.0 M | 0.3 M | 10.3 M | 41.2 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: January 2021 | 4.4 M | 0.1 M | 4.5 M | 36.8 M | Each TPBR/CO/SCO Approved by WT Executives |
| Savings: February 2021 | -10.3 M | 0.7 M | -9.6 M | 46.4 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: March 2021 | 0.4 M | 0.1 M | 0.5 M | 45.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: April 2021 | 1.0 M | 0.0 M | 1.0 M | 44.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Savings: May 2021 | -3.9 M | 0.3 M | -3.6 M | 48.5 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: June 2021 | 5.4 M | 0.0 M | 5.4 M | 43.1 M | Each TPBR/CO/SCO Approved by WT Executives |
| Savings: July 2021 | -0.4 M | 0.0 M | -0.4 M | 43.4 M | Each TPBR/CO/SCO Approved by WT Executives |
| Savings: August 2021 | -0.3 M | 0.0 M | -0.3 M | 43.7 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: September 2021 | 0.6 M | 0.0 M | 0.6 M | 43.1 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: October 2021 | 0.8 M | 0.0 M | 0.8 M | 42.3 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: November 2021 | 0.0 M | 0.4 M | 0.5 M | 41.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: December 2021 | 0.3 M | -0.2 M | 0.1 M | 41.8 M | Each TPBR/CO/SCO Approved by WT Executives |
| Savings: January 2022 | -1.9 M | 1.1 M | -0.7 M | 42.5 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: February 2022 | 0.2 M | 0.4 M | 0.5 M | 42.0 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: March 2022 | 12.5 M | 0.6 M | 13.1 M | 28.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: April 2022 | 0.2 M | 1.9 M | 2.0 M | 26.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: May 2022 | 0.7 M | 0.1 M | 0.8 M | 26.0 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: June 2022 | 0.7 M | 2.4 M | 3.1 M | 23.0 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: July 2022 | 3.1 M | 1.0 M | 4.1 M | 18.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: August 2022 | 3.5 M | 2.2 M | 5.6 M | 13.2 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: September 2022 | 4.3 M | 0.1 M | 4.4 M | 8.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: October 2022 | 0.1 M | -0.1 M | 0.0 M | 8.8 M | Each TPBR/CO/SCO Approved by WT Executives |
| Savings: NRHST Adjustment from \$19.8M to \$5M | -15.0 M | 0.0 M | -15.0 M | 23.8 M | As per anticipated NRHST savings as of November 2022 |
| Less: November 2022 | 11.0 M | 0.1 M | 11.2 M | 12.6 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: December 2022 | 0.0 M | 0.0 M | 4.0 M | 8.6 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: January 2023 | 0.9 M | -0.3 M | 0.6 M | 8.0 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: February 2023 | 2.8 M | 0.0 M | 2.8 M | 5.2 M | Each TPBR/CO/SCO Approved by WT Executives |
| Unallocated Contingency Balance | 110.0 M | 44.7 M | 158.8 M | 5.2 M | |

| PLFP Contingency Tracker | | | |
|---|---------------------|--------------------|-------------------------|
| February 2023 | 90% EAC ESTIMATE | APPROVED AMOUNT | CONTINGENCY DRAWDOWN |
| SCO107: PLFPEI (USD)-Increased Construction Administration Services and Base Budget Reallocations | - | 578,250.20 | 578,250.20 |
| SCO84: PLFPEI (USD)- Art Walk Rendering- project reallocation from SIG.01 to PFP.06 | - | 10,415.73 | 10,415.73 |
| SCO#01-PLFP: Insurance Brokerage Services for Port Lands ProtectionProject – Extension to December 31, 2024 | - | 2,070,850.92 | 2,070,850.92 |
| SCO66: PLFPEI-Increased Construction Administration Services and Base Budget Reallocations | - | 122,494.82 | 122,494.82 |
| CO#57-TP16- Additional Support for Existing Keating Channel Dock Wall - Aecon | - | 49,842.82 | 49,842.82 |
| SCO106: PLFPEI (USD)-Keating Channel Hydro Model for Revetment and Gas Main Relocation | - | 9,131.56 | 9,131.56 |
| CO733-TP147-Crushed Concrete Pad for FRP Tank Cranes | - | - | - |
| Total | 327,661,890 | 2,840,986 | 2,840,986 |

PLFP CONTINGENCY DRAWDOWN SUMMARY AS OF JANUARY 2023

| Change in Total Program Contingency | Hard Draw | Soft Draw | Draw | Balance | Date |
|---|----------------|---------------|----------------|----------------|---|
| Opening Balance (Due Diligence Report)* | | | | 164.0 M | |
| Less: Initial Soft Cost Contingency draw | 0.0 M | 7.7 M | 7.7 M | 156.3 M | Approved by ESC on March 20, 2018 |
| Less: Additional Total Contingency draw at 30% Stage Gate | 22.7 M | 9.1 M | 31.8 M | 124.5 M | Noted by ESC on November 21, 2018 |
| Less: TPLC Studio Accommodation | | 5.0 M | 5.0 M | 119.5 M | Approved by ESC on February 20, 2018 |
| Less: Sediment Management Area Interim Design | 14.5 M | | 13.1 M | 106.4 M | Noted by ESC on November 21, 2018 (\$14.5M); adjusted through Design Optimizations (PLFP Program Dashboard contingency utilization has not been adjusted to reflect the new estimate) |
| Less: Construction Estimate Adjustments at 60% Stage Gate | 17.9 M | | 19.1 M | 87.2 M | Approved by ESC on November 12, 2019; Revised to include base costs for Eastern Avenue Flood Protection Project in Jan 2020 |
| Less: Soft Cost Estimate at Complete Variance to Budget | | 7.0 M | 7.0 M | 80.3 M | Approved by ESC on November 12, 2019; Revised based on WT Projections |
| Less: 100% Risks Established at 60% Stage Gate | | | 16.8 M | 63.5 M | Approved by ESC on November 12, 2019 |
| Savings: Commissioners/Cherry Bus Rapid Transit (Deferral) | | | -3.0 M | 66.5 M | Approved by ESC on November 12, 2019 |
| Savings: Soil Management Trade Package (#33.2) Adjusted Savings After Award | | | -11.3 M | 77.8 M | Awarded on January 23rd, 2020 |
| Less: CO Removal of Soil/Debris/Fill at 99/97 Commissioners | | | 1.2 M | 76.6 M | CO 47 - Approved; Amount corrected Jan 2021 |
| Savings: Reallocation of Cherry St North Bridge Foundation costs to CSLF project in accordance with CSLF Contribution agreement and Project Charter | | | -4.2 M | 80.8 M | Approved; Amount correct Jan 2021 |
| Less: Pedestrian Lighting Rough-in | | | 0.7 M | 80.1 M | Approved by ESC on April 23rd, 2020 |
| Less: NRHST Correction at 90% Stage Gate | -0.7 M | | -0.7 M | 80.8 M | Approved by ESC on November 9th, 2020 |
| Less: Construction Estimate Adjustments at 90% Stage Gate | 1.8 M | | 1.8 M | 79.0 M | Approved by ESC on November 9th, 2020 |
| Less: Soft Cost Estimate Adjustments at 90% Stage Gate | | 4.8 M | 4.8 M | 74.2 M | Approved by ESC on November 9th, 2020 |
| Less: Utility Cost Sharing at 90% Stage Gate | 22.7 M | | 22.7 M | 51.5 M | Approved by ESC on November 9th, 2020 |
| Less: Changes - November/December 2020 | 10.0 M | 0.3 M | 10.3 M | 41.2 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: January 2021 | 4.4 M | 0.1 M | 4.5 M | 36.8 M | Each TPBR/CO/SCO Approved by WT Executives |
| Savings: February 2021 | -10.3 M | 0.7 M | -9.6 M | 46.4 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: March 2021 | 0.4 M | 0.1 M | 0.5 M | 45.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: April 2021 | 1.0 M | 0.0 M | 1.0 M | 44.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Savings: May 2021 | -3.9 M | 0.3 M | -3.6 M | 48.5 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: June 2021 | 5.4 M | 0.0 M | 5.4 M | 43.1 M | Each TPBR/CO/SCO Approved by WT Executives |
| Savings: July 2021 | -0.4 M | 0.0 M | -0.4 M | 43.4 M | Each TPBR/CO/SCO Approved by WT Executives |
| Savings: August 2021 | -0.3 M | 0.0 M | -0.3 M | 43.7 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: September 2021 | 0.6 M | 0.0 M | 0.6 M | 43.1 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: October 2021 | 0.8 M | 0.0 M | 0.8 M | 42.3 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: November 2021 | 0.0 M | 0.4 M | 0.5 M | 41.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: December 2021 | 0.3 M | -0.2 M | 0.1 M | 41.8 M | Each TPBR/CO/SCO Approved by WT Executives |
| Savings: January 2022 | -1.9 M | 1.1 M | -0.7 M | 42.5 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: February 2022 | 0.2 M | 0.4 M | 0.5 M | 42.0 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: March 2022 | 12.5 M | 0.6 M | 13.1 M | 28.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: April 2022 | 0.2 M | 1.9 M | 2.0 M | 26.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: May 2022 | 0.7 M | 0.1 M | 0.8 M | 26.0 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: June 2022 | 0.7 M | 2.4 M | 3.1 M | 23.0 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: July 2022 | 3.1 M | 1.0 M | 4.1 M | 18.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: August 2022 | 3.5 M | 2.2 M | 5.6 M | 13.2 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: September 2022 | 4.3 M | 0.1 M | 4.4 M | 8.9 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: October 2022 | 0.1 M | -0.1 M | 0.0 M | 8.8 M | Each TPBR/CO/SCO Approved by WT Executives |
| Savings: NRHST Adjustment from \$19.8M to \$5M | -15.0 M | 0.0 M | -15.0 M | 23.8 M | As per anticipated NRHST savings as of November 2022 |
| Less: November 2022 | 11.0 M | 0.1 M | 11.2 M | 12.6 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: December 2022 | 0.0 M | 0.0 M | 4.0 M | 8.6 M | Each TPBR/CO/SCO Approved by WT Executives |
| Less: January 2023 | 0.9 M | -0.3 M | 0.6 M | 8.0 M | Each TPBR/CO/SCO Approved by WT Executives |
| Unallocated Contingency Balance | 107.2 M | 44.6 M | 156.0 M | 8.6 M | |

| PLFP Contingency Tracker | | | |
|--|---------------------|--------------------|-------------------------|
| January 2023 | 90% EAC ESTIMATE | APPROVED AMOUNT | CONTINGENCY DRAWDOWN |
| SCO65: PLFPEI-CA/RSI,QP Services to Dec.2023 | - | 498,000.00 | 498,000.00 |
| SCO104: PLFPEI (USD)-Indigenous Design & Stewardship Advisory Committee Support | - | 13,451.54 | 13,451.54 |
| SCO105: PLFPEI (USD)-RVPN Water Service Connection Change | - | 7,856.59 | 7,856.59 |
| SCO64: PLFPEI-RVPN Water Service Connection Change | - | 4,058.00 | 4,058.00 |
| CO#74-TP16- Additional 75 mm DCP Rock Anchors at West Abutment - Aecon | - | 170,299.71 | 170,299.71 |
| CO#81-TP16- Bent 334 Concrete Repair WF- Aecon | - | 4,291.42 | 4,291.42 |
| CO#83-TP16- Centre Pier (Bent 334) Stage B2 Concrete Sealer - Aecon | - | 31,840.79 | 31,840.79 |
| PPF: Indigenous Design, Art, Architecture RFQ - Jury Honorarium (RFQ #2022-14) | 104.76 | 2,200.00 | - |
| SCO#01-PPF: License Fee for 309 Cherry Street from Oct.01, 2022 to September 30, 2023 | - | 60,000.00 | 60,000.00 |
| SCO103: PLFPEI (USD)-West Plug Wall Regrading & Redesign | - | 114,808.31 | 114,808.31 |
| CO627-TP41-Stockpile Tarp Credit | - | (42,280.00) | (42,280.00) |
| CO728-TP41-WP8 ALoE West Plug Criteria Development | - | 11,452.60 | 11,452.60 |
| CO625-TP155-Cherry St/Commissioners St. Permanent Intersection Signalized Traffic Intersection | - | - | - |
| CO704-TP41-ST0389 Spoils Disposal | 304,098.90 | - | (304,098.90) |
| CO420-TP99-Cap Standard Fill and Finishes Installation | - | - | - |
| CO676-TP45-Parks Stone Supply | - | - | - |
| Total | 304,204 | 875,979 | 569,680 |

1. S. 11 of the Procurement Policies requires reporting to the FARM committee of (a) Non-competitive procurements with an amount of \$25,000 or more; (b) contracts awarded in excess of \$5 million; and (c) other information as may be applicable or appropriate from time to time.

Since the last Quarterly Procurement Report there were the following items:

a) Non-competitive procurements with an amount of \$25,000 or more

- *Davies Howe LLP In Trust* - Lawyer's Fees for Permission to Enter, Broadview and Eastern Flood Protection Project. **Contract value: \$39,128**
 - To conduct subsurface investigation work on site at Broadview Ave and Eastern Ave, which is a privately owned property, Waterfront Toronto has negotiated a Permission to Enter permit from the landowner and tenants. This cost is to reimburse the legal fees and vehicle relocation fee payable to the landlord's selected legal representatives Davies Howe LLP In Trust for distribution to landlord.
- *Bespoke Cultural Collective* – Preparation and Delivery of Integrated Annual Report 2022-23. **Contract value: \$55,312**
 - To deliver the Corporation's 2022-23 Integrated Annual Report (IAR), which captures the corporation's achievements and key performance indicators from the last fiscal year as well as reporting on our achievements in sustainability. Due to unforeseen circumstances, the vendor initially procured for the delivery of IAR could not perform the services. Considering the strict reporting timelines, Waterfront Toronto engaged Bespoke Cultural Collective, who successfully provided these services for the previous five years. Bespoke Cultural Collective is uniquely positioned to efficiently and effectively meet this critical need owing to its familiarity with our process and requirements, our projects and design esthetic.

b) Contracts awarded in excess of \$5 million:

- N/A

c) Other Information:

- None.

Regulatory & Operational Compliance Report

(for the period from January 1, 2023 to March 31, 2023)

Finance, Audit and Risk Management Committee Meeting

May 29, 2023

| Document/Program | Regulatory Body | Filing Requirements | Status | Compliant | Accountability |
|---|---|--|---------------------|-----------|---|
| Wages, Taxes, Source Deductions and Employment-Related | | | | | |
| Harmonized Sales Tax Filing <i>Directors may be jointly and severally liable with the Corporation for unremitted HST</i> | Canada Revenue Agency | Monthly; last day of month following month's end | Ongoing: up to date | Yes | Director, Financial Management Accounting |
| Additional comments: | HST Return filed May 2, 2023 for period Mar 1, 2023 to Mar 31, 2023 | | | | |
| Corporate Income Tax Return <i>Directors may be liable for failure to file corporate income tax returns and up to 50% of unpaid taxes</i> | Canada Revenue Agency | Annually; June 30 of each year | Ongoing: up to date | Yes | Director, Financial Management Accounting |
| Additional comments: | March 31, 2022 CIT Return filed Sep 23, 2022 [nil tax liability] | | | | |
| CPP, EI & Income Tax remittances <i>Directors may be liable for unremitted source deductions</i> | Canada Revenue Agency | Within 3 days of any pay date | Ongoing: up to date | Yes | VP, Human Resources and Administration |
| Additional comments: | ADP makes the remittances on behalf of Waterfront Toronto | | | | |
| Workplace Safety and Insurance Board premium remittances <i>Directors may be liable for fines of up to \$25,000 for non-compliance by the Corporation under the WSIA</i> | Minister of Labour | Monthly; 30 th of each month | Ongoing: up to date | Yes | VP, Human Resources and Administration |
| Additional comments: | Administered in-house | | | | |
| Employee Health Tax Filing <i>Directors may be liable for failure to make payments under the Act</i> | Minister of Finance | Monthly; 15 th of every month | Ongoing: up to date | Yes | VP, Human Resources and Administration |
| Additional comments: | Administered in-house | | | | |
| Employee Wages and Accrued Vacation Pay <i>Directors may be liable for up to 6 months of unpaid wages accrued vacation pay</i> | Employment Standards Act | Semi-monthly | Ongoing: up to date | Yes | VP, Human Resources and Administration |
| Additional comments: | ADP administers payments; vacation pay accrual recorded in financial statements | | | | |

| Other Filings – Operational | | | | | |
|--|---|--|---|-----|-------------------------|
| Annual business plan to be adopted at least 90 days before the beginning of each fiscal year with updated 5-year plan <i>This is a key governance requirement of the TWRC Act</i> | TWRCA | Annually | Up to date | Yes | Chief Financial Officer |
| Additional comments: | Current year annual business plan and rolling 5-year strategic plan both adopted December 8, 2022 | | | | |
| Audited Financial Statements and Annual Report to governments within 90 days of the end of each fiscal year <i>This is a key governance requirement of the TWRC Act</i> | TWRCA and Ontario Business Corporations Act | Annually; financial year end is March 31 | Audited financial statements and annual report presented to Board by June 30 of each year | Yes | Chief Financial Officer |
| Additional comments: | 2021/22 Audited financial statements approved by the Board June 22 2022 with signed copies provided to governments on/before June 30, 2022; 2022/23 Audited financial statements to be presented to Board for approval June 12, 2023. | | | | |
| Property Management <i>In the operation of the properties it owns or manages, the Corporation is responsible for various obligations</i> | Landowner's liability (Fire Code Act, Ontario Building Code, Occupier's Liability Act) /Landlord obligations under lease | Inspections are completed according to regulatory requirements and properties are maintained according to a regular maintenance schedule | Ongoing: up to date | Yes | Chief Financial Officer |
| Additional comments: | <p>The six properties (previously ten, four recently sold to Quayside Impact Limited Partnership) owned by the Corporation are professionally managed by DMS Property Management and third-party parking operators (SP+ and Target Park) except for the following:</p> <ul style="list-style-type: none"> • 54 Commissioners St. was taken over by the Port Lands Flood Protection project (PLFP) in 2020 through the Construction Manager for the purpose of material and equipment storage; • 130 Commissioners St. has been demolished and care and control of the property taken over by PLFP through the Construction Manager for construction activities; and • 11 Parliament St. acquired Feb 2022 and recently handed back to WT by the tenant and former owner, RCYC is subject to lakefill construction staging and operated as short-term parking in the interim. • Parliament Slip water lot (acquired June 2022), pending lakefill construction by WT in late summer 2023. | | | | |

Lisa Taylor, Chief Financial Officer

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| Document/Program | Regulatory Body | Filing Requirements | Status | Compliant | Accountability |
|--|--|---------------------|---------------------|-----------|-----------------------|
| Other | | | | | |
| Employee Health and Safety – workplace incidents or injuries <i>Under OHSA, directors may be held responsible for non-compliance and liable for fines of up to \$100,000 and imprisonment for up to 1 year</i> | Occupational Health and Safety Act (“OHSA”) | Report to FARM | Ongoing: up to date | Yes | Chief Project Officer |
| Additional comments: | Port Lands Flood Protection Project <ul style="list-style-type: none"> No MOL lost time reportable events during reporting period Lake Shore Boulevard East Project <ul style="list-style-type: none"> No MOL lost time reportable events during reporting period Complete Communities <ul style="list-style-type: none"> No MOL lost time reportable events during reporting period | | | | |
| Environmental Liability – spills, claims or administrative orders <i>Under the EPA, directors may be held responsible for non-compliance and liable for fines of up to \$4,000,000 and imprisonment for up to 5 years</i> | Environmental Protection Act (“EPA”) | Report to FARM | Ongoing: up to date | Yes | Chief Project Officer |
| Additional comments: | Port Lands Flood Protection Project <ul style="list-style-type: none"> January 6, 2023 – Regular sampling of dewatering discharge water to the municipal sanitary sewer system indicated a condition that was out of compliance with the terms of the sanitary discharge agreement with the City of Toronto. Benzene concentrations were found to exceed the discharge limit. Discharge ceased and maintenance on the water treatment system was performed. The incident was reported to the City of Toronto (311 reference number 022-350-73). January 20, 2023 – Approximately 20 litres of hydraulic fluid were released from a detached hydraulic line on a front-end loader situated at 54 Commissioners Street. The spill extended to a clogged catch basin on Munitions Street. A hydrovac excavator was used to clean up the release and remove impacted material from the catch basin. The spill was reported to the City (311 Reference Number 22-59-153) and to MECP (Reference Number 1-2GOS0S). February 9, 2023 – Sediment-laden water with a petroleum sheen was released into the harbour through a breach in the dock-wall at the MT-35 site. The estimated volume of the release was 1,000 L. An absorbent boom was deployed around the spill and the incident was reported to MECP (Reference Number 1-2HRU8Q). Lake Shore Boulevard East Project <ul style="list-style-type: none"> There were no spills reportable to either MECP or City of Toronto during the reporting period. | | | | |

| | |
|--|---|
| | <div>Complete Communities</div> <div><ul style="list-style-type: none">There were no spills reportable to either MECP or City of Toronto during the reporting period.</div> |
|--|---|

David Kusturin, Chief Project Officer


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| Document/Program | Regulatory Body | Filing Requirements | Status | Compliant | Accountability |
|---|---|---------------------|---------------------|-----------|---------------------------------|
| Other | | | | | |
| Claims <i>In its projects and other operations, the Corporation is exposed to claims in the usual course of business</i> | None | Report to FARM | Ongoing: up to date | Yes | General Counsel |
| Additional comments: | <p>All existing claims which have proceeded to formal litigation against the Corporation are being defended by insurers under project insurance or the Corporation's corporate insurance program. The Corporation is not aware of any facts which would lead us to believe that the liability, if any, of the Corporation in respect of such claims would exceed the insurance coverage available.</p> <p>The Corporation has been made aware of one claim for a material amount less than \$5 million. Based on initial review and investigation, the Corporation does not believe the potential liability of the Corporation under this claim is in excess of \$1 million. This potential liability has been noted in the Corporation's financial statements as a Contingent Liability. The Corporation has also been named as defendant in a claim brought by a subcontractor on the Port Lands Flood Protection Project. The Corporation disagrees that it is liable for amounts claimed by the subcontractor, has filed a defence and has also commenced a counter claim in respect of property damage caused by the actions of the sub contractor. The Corporation believes it has valid and strong defences to the claims brought against it, but the matter is at a preliminary stage only.</p> | | | | |
| Privacy Breach <i>Breaches of personal information arising from the operations of the Corporation will be reported to the Board</i> | Canadian Privacy Principles | Report to FARM | Ongoing: up to date | Yes | General Counsel/Privacy Officer |
| Additional comments: | No breaches have been reported. | | | | |

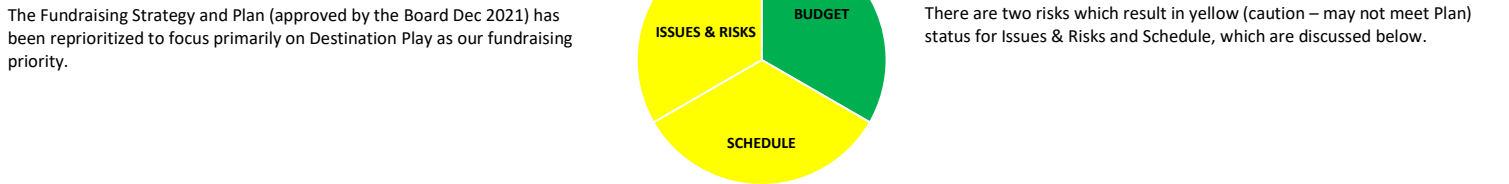
Ian Ness, General Counsel

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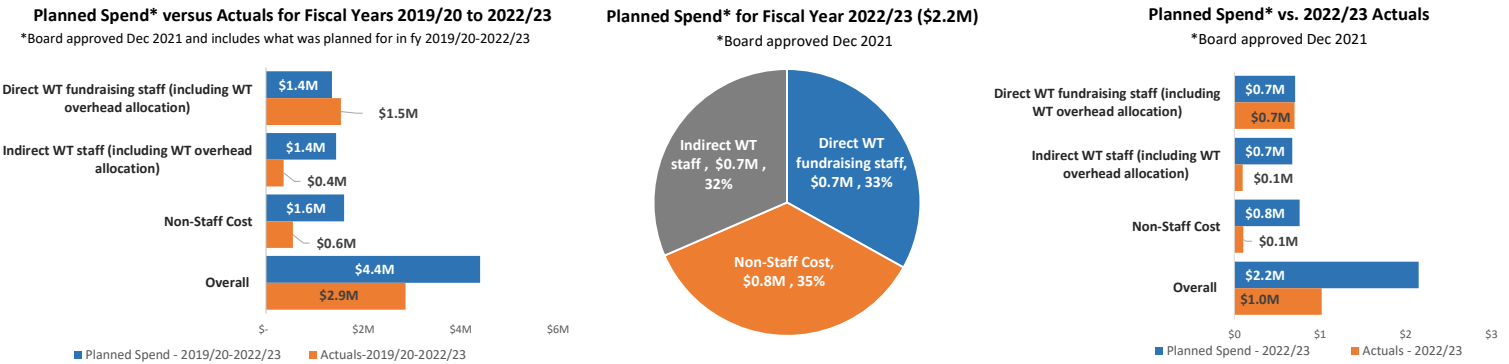
Philanthropy Project Dashboard - as of March 31, 2023

Issued: May 11, 2023

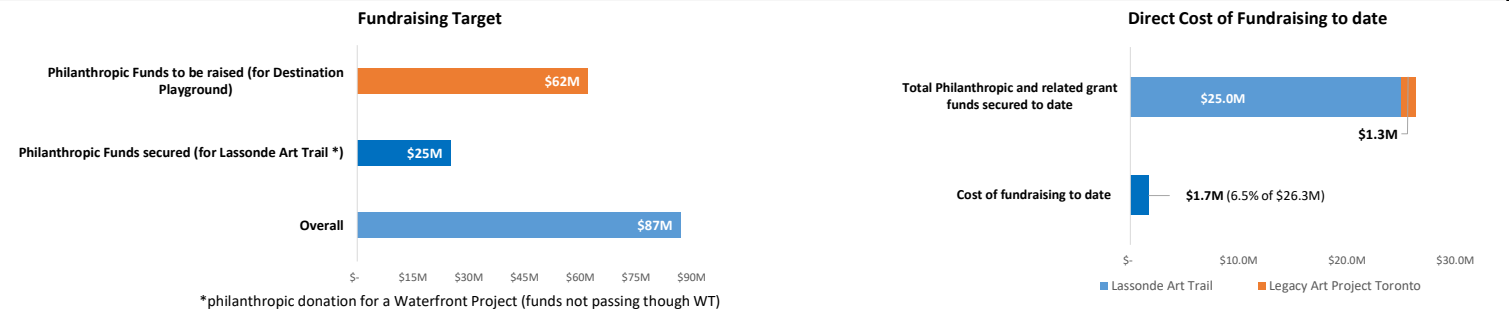
PHILANTHROPY PROJECT STATUS SUMMARY



PHILANTHROPY PLANNED SPEND, FORECAST AND COSTS (EXCLUDING CAPITAL SIGNATURE PROJECTS)



FUNDING SUMMARY



PHILANTHROPY PRIORITY DELIVERABLES

| Priority Deliverables | Completed to Date | April to June 2023 Forecast Completion | Notes |
|---|-------------------|--|--|
| ◆ - Deliverable carried over from 2021/22 | ✓ | | |
| Government Consent and City Alignment | | | |
| Execute Fundraising MOU - ◆ | ✓ | | The finalized Fundraising MOU with the City of Toronto was signed by both parties on February 15, 2023. |
| Fundraising Capabilities | | | |
| Establish Campaign Leadership Group | | • | We are working with a fundraising expert, Gillian Smith, to support us in the short term and coordinate the establishment of a Fundraising Leadership Cabinet to attract philanthropists and influencers to our cause. We hope to have this Cabinet in place by the end of Q2. |

PHILANTHROPY RISK STATUS

| HIGHEST KEY RISKS | |
|--|--|
| Risk Description | Mitigation Strategy |
| Our current narrative (Case for Support) is not attracting fundraising leadership or prospective donors. | We have reprioritized our Fundraising Action Plan to focus on Destination Play as our fundraising priority. To this end, we are developing a revised Case for Support on the impact of Destination Play. The Case will accompany the large-scale model for the playground as fundraising tools, and the model will also be leveraged for public engagement, serving as a catalyst for both community and philanthropic support. We are in active dialogue with thought leaders in the child development/play space to garner support and awareness for Destination Play and are developing our prospect list to focus on people with a demonstrated interest in supporting children's issues - or who have young children themselves. In collaboration with the City, we continue to develop solutions to potential fundraising challenges, such as sustainable operating support. |
| WT might not be the right organisation to raise philanthropic gift support | Based on the success of the above, we will report back to our Board in December on the viability of fundraising for Destination Play |




Finance, Audit and Risk Management (FARM) Committee Meeting





May 29, 2023

Item 4g Environmental, Social, and Governance (ESG) Update

Lisa Taylor

In accordance with the TWRC Act, WT's mandate is to enhance the economic, social, and cultural value of the designated waterfront area in a fiscally and environmentally responsible manner. ESG is embedded in Board committee mandates, strategic plans, and annual reports (aligned with leading international frameworks – Global Reporting Index, UN Sustainable Development Goals). This update is to provide advancements in specific areas of ESG in the past quarter (note: not exhaustive).

| Topic | Q4 2022/23 Update | Oversight |
|--|--|----------------|
| Governance | Regular ESG Updates to Board <ul style="list-style-type: none"> First annual Climate Action Plan update provided to Board March 27, 2023 (also to all-staff Townhall April 25, 2023). Quarterly "ESG Update" standing agenda item for Board and Committees effective June 2022. | Board |
| Environment SDGs supported:    | Climate Action Plan (CAP) Following recommendations from the 2022 Task Force on Climate-related Financial Disclosures (TCFD) assessment by PwC, including adoption of TCFD in WT's Integrated Annual Report starting 2022, continue to implement 5-year strategy for CAP, focused on: <ol style="list-style-type: none"> Exploring net-zero target: measuring scope 1-3 greenhouse gas (GHG) emissions and researching pathways to net-zero. Low carbon procurement: incorporating low carbon requirements in WT's procurement processes. Stakeholder engagement: networking with net-zero WT stakeholders and industry leaders; building internal awareness of CAP. Establishing governance: achieved via regular CAP updates to senior management and the Board. | Board/ FARM |
| Environment & Social | ESG Materiality Assessment <ul style="list-style-type: none"> Refreshed materiality assessment (previous assessment: March 2020) to identify priority ESG topics for reporting based on importance to WT's stakeholders and WT's ability to impact. 255 internal and external respondents participated. 2023 materiality assessment results will be published in the 2022/23 Integrated Annual Report. | HRGSR |
| | Quayside <ul style="list-style-type: none"> Working with Quayside Impact LP to develop a 12-acre site into Canada's largest all-electric, zero-carbon master-planned community, with 800+ affordable housing units, an Indigenous Participation Commitment, and a Master Public Art Plan, among other social and cultural features. | IREC |
| Social | Diversity, Equity & Inclusion (DE&I) Strategy <ul style="list-style-type: none"> Implementation of DE&I Strategy recommendations from MNP remain underway (4/12 recommendations completed to date). Adopted a DE&I affirmation statement, WT purpose statement and organizational values in support of a people-first DE&I strategy, to be published in the 2022/23 IAR. | HRGSR |

| | | |
|--|---|-------|
| SDGs supported:     | <ul style="list-style-type: none"> Completed staff training needs assessment to shape future continuous learning offers around DE&I. | |
| | Accessibility Strategy <ul style="list-style-type: none"> With support from WT's Advisory Committee on Accessibility, WT progressed the development of Waterfront Accessibility Design Guidelines, building on the AODA and Toronto Accessibility Design Guidelines, to guide public realm design and demonstrate leadership in accessible design excellence on the waterfront. | Board |
| | Public Art <ul style="list-style-type: none"> Selected 2023 Artist in Residence, Simon Pope, whose work prompts the local community to understand in new ways their relationships to each other and to the places where we live. Design development and community engagement underway for Indigenous permanent public artwork at the King/Queen Triangle in the West Don Lands. | Board |
| | Ongoing Engagement with Indigenous Treaty Holders <ul style="list-style-type: none"> Continued engagement with the Mississaugas of the Credit First Nation (MCFN) and Indigenous advisors to inform project plans and delivery approaches, including for Quayside, the Waterfront East LRT Project, and PLFP. Six Requests for Proposal (RFP) released in 2022/23 for Indigenous art at various sites across the waterfront. | Board |

Finance, Audit and Risk Management Committee – May 29, 2023
Item 5 – March 31, 2023, Audited Financial Statements
Lisa Taylor/ Sampada Chandane

| | |
|--------------------------------------|--|
| Purpose | <p>Submitted for approval and recommendation to the Board for approval.</p> <p>The purpose of the audited financial statements is to provide information about the results of the operations, financial position, and cash flows of the Corporation.</p> |
| Areas of note/ Key issues | <p>With respect to financial activities for the year ended March 31, 2023, the Corporation has:</p> <ul style="list-style-type: none"> • Spent approx. \$311.7 million (up 10% from last year's \$283 million) of which <ul style="list-style-type: none"> ➢ \$264.6 million was capitalized primarily for the Port Lands Flood Protection (\$234 million) and purchase of Parliament Slip (\$20.2 million) ➢ \$26.9 million was expensed primarily for cost recovery for Port Lands project (\$7.2 million), Bayside Childcare center (\$3.2 million), Eastern waterfront transit design (\$3 million), Villiers Island planning (\$1.8 million), Queens Quay West Optimization (\$1.6 million), Bentway Phase 1B (\$0.5 million) and interim property related expenses (\$3.1 million). • Recognized revenues of \$359 million (up from \$320.8 million last year) which is primarily made up of land sale revenues (\$157.2 million), government contributions for Port Lands Flood Protection project including Lakeshore Bridge (\$173.9 million), cost sharing revenues for Port Lands and Lakeshore bridge project (\$9.3 million), public art contributions (\$4 million), York Street Park (\$1.1M), and parking/ rental and interest revenues (\$9.8 million). The increase from prior year is largely due to proceeds from the sale of Quayside Lands. • Slightly higher cash and short-term investments balance of \$103.9 million (up from \$90.4 million as of March 31, 2022) due to receipt of land sale proceeds which was partially offset by outstanding receivable of \$33.7 million from Government of Canada (received in May 2023) and \$25 million from Province of Ontario for Port Lands Flood Protection. • Reported a higher net operating income as a result of increased revenues from Waterfront Toronto's interim property operations and higher interest income due to higher interest rates (average of 3.6% vs. < 2% last year). <p>Other items of note during the period include:</p> <ul style="list-style-type: none"> • Transfer of various municipal infrastructure assets (West Don Lands Phase 1) and land with historical costs of \$49 million and \$0.9 million, respectively, to City of Toronto. • Financial statements reflect the implementation of the change in accounting policy relating to expensing of development related costs capitalized under Assets under development approved by the FARM Committee on Feb 23, 2023 (Note 3) • Unrestricted net assets (Note 13) is in a surplus position of \$65.8 million (increased from \$47 million deficit as of March 31, 2022) as a result of realization of Quayside land sale revenues. • Creation of a Capital Reserve account to cover program level contingencies to support continued operations (Note 6). • Note 23 has been added to disclose the execution of the Project Agreement between the Corporation and Quayside Impact Limited Partnership and its financial statement impacts on current as well as future financial statements. <p>BDO Canada has completed its annual audit of WT's financial statements and the report is included under Item 6.</p> |
| Key Takeaways/ Next Steps | <p>The Finance, Audit and Risk Management Committee recommends the audited financial statements for the year ended March 31, 2023 be approved by the Board of Directors on June 12, 2023.</p> |

Financial Statements of

Toronto Waterfront Revitalization Corporation
(c.o.b. as Waterfront Toronto)

March 31, 2023

Toronto Waterfront Revitalization Corporation

March 31, 2023

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Management's Responsibility for the Financial Statements

June 12, 2023

The integrity and objectivity of the accompanying financial statements of the Toronto Waterfront Revitalization Corporation ("the Corporation") is the responsibility of management. These financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Chartered Professional Accountants of Canada (CPA Canada). Significant accounting policies of the Corporation are described in Note 2 to the financial statements.

Management is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded, and reliable financial information is available on a timely basis for the preparation of the financial statements.

Management meets with the external auditors, the Finance, Audit and Risk Management Committee and the Board of Directors to review the financial statements and discuss any significant financial reporting or internal control matters prior to approval of the financial statements.

The financial statements have been audited by BDO Canada LLP, the independent external auditors appointed by the Board of Directors. The accompanying Independent Auditor's Report outlines Management's responsibilities, the auditor's responsibilities, the scope of its examination and its opinion on the Corporation's financial statements.

President and CEO

Chief Financial Officer

Toronto Waterfront Revitalization Corporation

Statement of financial position

as at March 31, 2023

| | March 31, 2023 | March 31, 2022 - As restated |
|--|-------------------|---------------------------------|
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash | 39,393,345 | 90,435,454 |
| Short-term investments (Note 4) | 80,000,000 | - |
| Receivables (Note 5) | 81,229,725 | 100,033,195 |
| Term receivables (Note 20) | 41,700,210 | - |
| Deposits and prepaid expenses and other assets (Note 6) | 4,965,705 | 3,955,048 |
| | 247,288,985 | 194,423,697 |
| Restricted cash (Note 7) | 62,666,290 | 46,808,576 |
| Assets under development (Note 8) | 1,371,767,037 | 1,172,670,402 |
| Capital assets (Note 9) | 66,450,028 | 103,097,524 |
| | 1,748,172,340 | 1,517,000,199 |
| Liabilities and net assets | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (Note 11) | 107,188,187 | 84,948,044 |
| Deferred contributions (Note 12) | 135,210,520 | 200,666,459 |
| Other liabilities and settlements (Note 13) | 924,180 | 1,204,514 |
| | 243,322,887 | 286,819,017 |
| Other liabilities and settlements (Note 13) | 207,273 | 1,892,916 |
| Environmental and contaminated sites liability (Note 18) | 2,218,637 | 2,075,900 |
| | 245,748,797 | 290,787,833 |
| Net assets (Note 14) | 1,502,423,543 | 1,226,212,366 |
| | 1,748,172,340 | 1,517,000,199 |

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board:

Director

Director

Toronto Waterfront Revitalization Corporation

Statement of financial activities

year ended March 31, 2023

| | March 31, 2023 | March 31, 2022 - As restated |
|--|-------------------|---------------------------------|
| | \$ | \$ |
| Restricted Revenues: | | |
| Government of Canada | 115,147,969 | 50,439,840 |
| City of Toronto | 40,523,137 | 87,965,359 |
| Province of Ontario | 25,016,667 | 155,559,800 |
| Other restricted contributions | 11,435,170 | 6,003,272 |
| | 192,122,943 | 299,968,271 |
| Less: Government contributions for assets under development | (245,193,062) | (231,819,525) |
| Decrease (Increase) in deferred contributions for continuing operations related to future periods | 65,455,938 | (60,006,296) |
| | 12,385,819 | 8,142,450 |
| Expenses (Note 15) | | |
| Complete Communities | 7,885,816 | 5,061,487 |
| The Port Lands | 7,180,549 | - |
| Eastern Waterfront Transit | 3,104,507 | 7,101,326 |
| Signature Projects | 1,977,089 | 1,726,860 |
| Strategic Initiatives | 1,778,685 | 1,149,165 |
| Public Places | 1,772,827 | 1,670,409 |
| | 23,699,473 | 16,709,247 |
| Excess (Deficiency) of revenue over expenses before other items | (11,313,654) | (8,566,797) |
| Environmental and contaminated sites expense (Note 18) | (142,737) | - |
| Net other operating income (Note 19) | 6,685,431 | 1,345,889 |
| Land sale proceeds and/or other income (Note 20) | 86,117,441 | 7,799,042 |
| Excess of revenues over expenses | 81,346,481 | 578,133 |

The accompanying notes are an integral part of the financial statements.

Toronto Waterfront Revitalization Corporation

Statement of remeasurement gains and losses

year ended March 31, 2023

| | March 31, 2023 | March 31, 2022 - As restated |
|---|-------------------|---------------------------------|
| | \$ | \$ |
| Accumulated remeasurement loss, beginning of the year | (194,125) | (517,100) |
| Unrealized (loss) gain attributable to foreign currency transactions | (11,776) | 12,800 |
| Unrealized gain attributable to forward exchange contracts | 132,209 | 310,175 |
| Net remeasurement gain for the year | 120,433 | 322,975 |
| Accumulated remeasurement loss, end of the year | (73,692) | (194,125) |

Statement of changes in net assets

year ended March 31, 2023

| | March 31, 2023 | March 31, 2022 - As restated |
|---|----------------------|---------------------------------|
| | \$ | \$ |
| Net assets, beginning of the year | 1,226,212,366 | 996,664,941 |
| Add: Excess of revenues over expenses | 81,346,481 | 578,133 |
| Add: Net remeasurement gain | 120,433 | 322,975 |
| Add: Government contributions for assets under development | 245,193,062 | 231,819,525 |
| Less: Transfer of assets to Government (Note 8) | (49,508,030) | (3,173,209) |
| Less: Transfer of land to Government (Note 9) | (940,769) | - |
| Net assets, end of the year | 1,502,423,543 | 1,226,212,366 |

The accompanying notes are an integral part of the financial statements.

Toronto Waterfront Revitalization Corporation

Statement of cash flows

year ended March 31, 2023

| | March 31, 2023 \$ | March 31, 2022 - As restated \$ |
|---|-------------------------|---------------------------------------|
| Cash flows from operating activities | | |
| Excess of revenues over expenses | 81,346,481 | 578,133 |
| Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities; | | |
| Amortization of capital assets | 1,188,162 | 955,025 |
| Unrealized (loss) gain attributable to foreign currency transactions | (11,776) | 12,800 |
| Unrealized gain attributable to forward exchange contracts | 132,209 | 310,175 |
| Changes in non-cash working capital balances; | | |
| Net (decrease) increase in deferred contributions | (65,455,938) | 60,006,296 |
| Current assets (Receivables, Deposits and prepaid expenses) | (23,907,397) | (62,624,777) |
| Current liabilities (Payables, Other liabilities and settlements) | 20,416,903 | 16,582,051 |
| Net cash received from operating activities | 13,708,644 | 15,819,704 |
| Cash flows from capital activities | | |
| Cash received from government contributions for assets under development | 245,193,062 | 231,819,525 |
| Cash used to acquire assets under development | (249,545,434) | (241,051,623) |
| Cash received (used) to dispose/ acquire capital assets | 35,459,334 | (14,170,199) |
| Net cash received (paid) from capital activities | 31,106,962 | (23,402,297) |
| Cash flows from investing activity | | |
| Invested in restricted cash and investments | (15,857,715) | (6,574,067) |
| Cash invested in short-term investments | (80,000,000) | - |
| Net cash paid from investment activity | (95,857,715) | (6,574,067) |
| Decrease in cash | (51,042,109) | (14,156,660) |
| Cash, beginning of the year | 90,435,454 | 104,592,114 |
| Cash, end of the year | 39,393,345 | 90,435,454 |

The accompanying notes are an integral part of the financial statements.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2023

1. Description of Corporation

The Toronto Waterfront Revitalization Corporation was initially incorporated on November 1, 2001 under the Ontario Business Corporations Act with the Province of Ontario being its sole shareholder.

Pursuant to the Toronto Waterfront Revitalization Corporation Act, 2002 (the "Act"), the Corporation was continued as a corporation without share capital on May 15, 2003. The Corporation is deemed not to be a Crown Agency within the meaning of the Crown Agency Act.

Under the Act, the Corporation's objects are to:

- (a) implement a plan that enhances the economic, social and cultural value of the land in the designated waterfront area and create an accessible and active waterfront for living, working and recreation and to do so in a fiscally and environmentally responsible manner;
- (b) ensure that ongoing development in the designated waterfront area can continue in a financially self-sustaining manner;
- (c) promote and encourage involvement of the private sector in the development of the designated waterfront area;
- (d) encourage public input into the development of the designated waterfront area; and
- (e) engage in such other activities as may be prescribed by regulation.

2. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in accordance Canadian public sector accounting standards for not-for-profit organizations including the 4200 series of standards contained in the Chartered Professional Accountants (CPA) handbook.

(b) Revenue recognition

The Corporation follows the deferral method of accounting for restricted contributions. Under this method, restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for which the related restrictions remain unfulfilled are accumulated as deferred contributions.

Contributions used for the purchase of amortized capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Contributions for the purchase of non-amortized capital assets such as land as well as assets under development which will be transferred to government(s) upon completion are recognized as a direct contribution to net assets.

Under the Contribution Agreements, contributions from the Governments can only be applied towards payments of eligible costs in respect of project activities, as defined in the Contribution Agreements. Unrestricted contributions such as other operating items are recognized as revenue in the current period.

In addition to contributions, the Corporation has several other revenue streams, which it accounts for as follows:

(i) Property Operations: Property revenues primarily consist of rental revenues from leasing activities and parking operations. Revenues from parking operations are recognized at the point of service on a cash basis. Property rental income is recognized as it is earned over the course of a tenants lease. Waterfront Toronto has retained substantially all of the risks and benefits of ownership of the properties which it rents out and therefore accounts for leases with its tenants as operating leases. Rental revenue includes recoveries of operating expenses, including property, capital and similar taxes. Operating expense recoveries are recognized in the period that they are chargeable to tenants.

(ii) Land Sales: The gain or loss from the sale of real property owned by TWRC is recognized when title passes to the purchaser (control is transferred) upon closing at which time all or substantially all of the funds are receivable, or have been received, and the conditions of the sale have been completed.

(iii) Delivery Agreements: The Corporation has entered into certain agreements to deliver construction management and development services. Under these agreements, TWRC bills eligible costs to clients as they are incurred. Revenue from delivery agreements is recognized at the time of billing, when the costs become measurable and collection is reasonably assured.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2023

2. Significant accounting policies (con't)

(c) Financial instruments

Financial instruments are recorded at cost when acquired, except for contributions that are recorded at fair value. In subsequent periods, investments traded in an active market are reported at fair value, with any unrealized gains and losses reported in the statement of remeasurement gains and losses. All other financial instruments are recorded at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost. Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

(i) **Level 1:** Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;

(ii) **Level 2:** Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) **Level 3:** Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(d) Allocation of general support expenses

The Corporation incurs a number of general support expenses that are common to the administration of the organization and each of its projects. General support expenses are incurred to support the functional areas of construction/implementation, planning, design and approvals, and project management. These expenses are allocated using a "blended rate" i.e. hourly rate incorporating both direct and indirect cost.

(e) Taxes and Charitable Status

The Corporation is exempt from income taxes pursuant to paragraph 149(1) (d.3) of the Income Tax Act (Canada) and is eligible to claim a rebate of approximately 86.5% for HST paid on property and services acquired pursuant to section 123(1)(b) of the Excise Tax Act. TWRC is registered with the Canada Revenue Agency as a qualified donee and is eligible to issue official donation receipts and receive gifts from registered charities.

(f) Assets under development

Assets under development represent those investments in assets which the Corporation has been directed to develop under an executed agreement and the Corporation has actual or beneficial ownership over during the development stage. Assets under development also includes Land under Development which represents all costs associated with getting a parcel of land site ready for development, including costs associated with contracting with a developer, rezoning, and soil management and treatment. Upon substantial completion and warranty period, these assets are either transferred to a respective government who assumes ownership and ongoing operational responsibility, transferred to capital assets for those assets the Corporation continues to have actual or beneficial ownership over, or sold to a third party. The assets transferred to a respective government are considered a related party transaction and the difference between cost and proceeds is recorded directly to net assets. Any gain or loss on assets sold to a third party is recorded through the statement of financial activities. Upon completion of performance obligations associated with individual developments within a precinct, Land under Development costs are expensed through the statement of financial activities in proportion to the cumulative land sale revenues realized. Assets under development are recognized at cost, are not amortized and include both direct project costs as well as overhead costs directly attributable to the asset under development (see Note 3).

(g) Capital assets

Capital assets are recorded at cost less accumulated amortization, with the exception of land which is not amortized. Capital assets less residual value are amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|--------------------------------|-------------|
| Computer hardware and software | 3 - 5 years |
| Leasehold improvements | 5 years |
| Furniture and fixtures | 5 years |
| Office equipment | 5 years |

The cost incurred to enhance the service potential of a capital asset, including land, is a betterment and capitalized to the asset. Repairs and maintenance costs are charged to expense. When a capital asset no longer contributes to the Corporation's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2023

2. Significant accounting policies (con't)

(h) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. The items subject to the most significant estimates are the amortization and impairment of capital assets, accrued liabilities, deferred revenue, accrued benefit liability and environmental and contaminated sites liability.

(i) Liabilities for contaminated sites

The Corporation recognizes a liability for remediation of contaminated sites on land owned by Waterfront Toronto when all of the following criteria has been met : there is evidence that contamination exceeds an environmental standard, the Corporation is directly responsible or accepts responsibility for the contamination, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made.

3. Change in Accounting Policy – Assets Under Development

During the year, March 31, 2023, the Corporation changed its accounting policy for the treatment of assets under development relating to development projects where a project agreement is in effect with a third-party developer. Previously, the Corporation expensed land under development-related costs presented under Assets Under Development in the Statement of Financial Position upon completion of an entire development precinct. The Corporation is now expensing land under development-related costs presented under Assets Under Development upon completion of performance obligations related to individual developments within a precinct. The Corporation believes that this change in timing of when capital asset and assets under development disposals are recognized results in a more appropriate presentation of events in the financial statements.

As a result of the adoption of the change in accounting policy, the presentation of the financial statements changed from the prior year. This change has been applied retroactively with restatement of prior periods.

This change in accounting policy had the following effect on the March 31, 2023 financial statements:

| | March 31, 2022 - As restated |
|--|---------------------------------|
| Decrease in assets under development (Statement of Financial Position), opening balance, April 1, 2021 | (20,220,659) |
| Decrease in Net Assets (Statement of Financial Position), opening balance, April 1, 2021 | (20,220,659) |
| Decrease in assets under development and Net Assets (Statement of Financial Position) | (7,629,317) |
| Decrease in land sale proceeds and/or other income (Statement of Financial Activities) | (7,629,317) |

4. Short-term investments

During the year, the Corporation invested \$30,000,000 and \$50,000,000 (March 31, 2022 - \$NIL) in two separate short term non-redeemable Guaranteed Investment Certificates with a Canadian commercial bank bearing interest rates of 5.58% per annum and 5.9% per annum maturing in September 2023 and March 2024, respectively.

5. Receivables

| | March 31, 2023 | March 31, 2022 - As restated |
|----------------------------|-------------------|---------------------------------|
| | \$ | \$ |
| Government of Canada | 33,782,495 | - |
| Province of Ontario | 25,016,667 | 68,966,932 |
| City of Toronto | 9,580,841 | 2,810,810 |
| HST receivable | 8,393,578 | 10,564,582 |
| Rent and other receivables | 4,456,144 | 17,690,871 |
| | 81,229,725 | 100,033,195 |

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2023

6. Deposits and prepaid expenses

| | March 31, 2023 | March 31, 2022 - As restated |
|-----------------------|-------------------|---------------------------------|
| | \$ | \$ |
| Prepaid expenses | 2,784,506 | 1,773,849 |
| Construction deposits | 2,181,199 | 2,181,199 |
| | 4,965,705 | 3,955,048 |

The Corporation has provided the City of Toronto (the "City") with certain construction deposits to guarantee satisfactory performance, completion of work, and related obligations required for construction of municipal infrastructure by the Corporation. The construction deposits will be released to Waterfront Toronto at the expiration of certain performance and guarantee periods. The construction deposits paid to the City of \$2,181,199 (March 31, 2022 - \$2,181,199) are non-interest bearing.

7. Restricted cash

The Corporation has received deposits that are subject to restrictions that prevent its use for operating purposes, as outlined below:

| | March 31, 2023 | March 31, 2022 - As restated |
|---|-------------------|---------------------------------|
| | \$ | \$ |
| Holdbacks payable | 51,334,071 | 35,291,636 |
| Developer contributions - East Bayfront public art | 9,459,789 | 8,089,143 |
| Developer deposit - East Bayfront child care facility | 1,602,982 | 1,551,918 |
| Other | 269,448 | 260,864 |
| Developer deposit - broadband services | - | 1,615,015 |
| | 62,666,290 | 46,808,576 |

In addition to the above, \$15,478,000 included under Cash in the Statement of financial position has been designated as Capital Reserve to cover program level contingencies to support continued operations. The account is funded primarily from sale of land and other unrestricted revenue sources. Of the closing balance, an amount of \$5,000,000 has been allocated towards the East Bayfront In-Water Pipe project.

8. Assets under development

The following table details assets under development by category:

| | March 31, 2023 | March 31, 2022 - As restated |
|--------------------------------------|----------------------|---------------------------------|
| | \$ | \$ |
| Roads, Bridges, Services, Structures | 681,295,974 | 581,331,585 |
| Flood Protection Features | 564,314,339 | 471,563,516 |
| Parks and Public Realm | 71,113,527 | 56,224,222 |
| Land under development | 55,043,197 | 63,551,079 |
| | 1,371,767,037 | 1,172,670,402 |

The following table details assets under development by Priority Initiatives:

| | The Port Lands | Complete Communities | Quayside | Public Places | Total |
|---|----------------------|-------------------------|-------------------|-------------------|----------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Opening balance, April 1, 2022 | 772,527,019 | 349,296,449 | 36,101,349 | 14,745,585 | 1,172,670,402 |
| Capital additions | 227,895,176 | 9,961,871 | 7,009,888 | 6,512,298 | 251,379,233 |
| Direct project management - Note 14 | 5,597,803 | 1,061,080 | 4,006,175 | 507,322 | 11,172,380 |
| General and support expenses - Note 14 | 1,032,314 | 212,265 | 738,795 | 102,965 | 2,086,339 |
| Transfer of completed assets to City of Toronto | - | (49,508,030) | - | - | (49,508,030) |
| Development costs expensed | - | - | (16,033,288) | - | (16,033,288) |
| Closing balance, March 31, 2023 | 1,007,052,312 | 311,023,635 | 31,822,919 | 21,868,170 | 1,371,767,037 |

During the year, various municipal infrastructure assets (West Don Lands Phase 1) costing \$49,508,030 (March 31, 2022 - Jack Layton Ferry Terminal Phase 1A - \$3,173,209) were formally transferred to the City of Toronto. The transfer has been recorded as a reduction to assets under development and a distribution of net assets in the statement of changes in net assets.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2023

9. Capital assets

| | March 31, 2023 | | March 31, 2022 - As restated | |
|---|-------------------|-----------------------------|---------------------------------|-----------------------------|
| | Cost | Accumulated Amortization | Cost | Accumulated Amortization |
| | \$ | \$ | \$ | \$ |
| Land | 65,033,472 | - | 100,812,146 | - |
| Computer hardware and software | 4,622,232 | 3,658,559 | 4,499,284 | 2,829,477 |
| Leasehold improvements | 1,778,993 | 1,387,743 | 1,582,601 | 1,058,181 |
| Furniture and fixtures | 539,371 | 477,738 | 539,371 | 448,220 |
| Office equipment | 145,563 | 145,563 | 145,563 | 145,563 |
| | 72,119,631 | 5,669,603 | 107,578,965 | 4,481,441 |
| Cost less accumulated amortization | | 66,450,028 | | 103,097,524 |

The Corporation owns land containing environmental contamination. As of March 31, 2023, the Corporation has a provision of \$2,218,637 (March 31, 2022 - \$2,075,900) for remediation cost of contaminated site (Note 18).

During the year, Parliament Slip and associated easements with a historical cost of \$20,275,220 (March 31, 2022 - \$13,506,581) was acquired from Toronto Port Authority.

During the year, land with a historical cost of \$940,769 (March 31, 2022 - \$NIL) was transferred to the City of Toronto and land with a historical cost of \$55,113,125 (March 31, 2022 - \$NIL) was sold to a developer pursuant to a development agreement entered into between the Corporation and the Development partner. These were recorded as a reduction in capital assets and a distribution of net assets in the statement of changes in net assets.

10. Credit facility

The Corporation has a revolving credit facility of \$90 million with a Canadian commercial bank. The facility bears interest at the Canadian Prime Lending Rate less 1.0%. The Corporation's interest rate was 5.70% at March 31, 2023 (March 31, 2022 - 2.20%). The facility is secured by a first lien interest over real property owned by the Corporation in the City of Toronto and a General Security Agreement creating a first priority interest over property of the Corporation not obtained through a contribution agreement, including accounts receivable relating to real properties. At March 31, 2023 the available borrowing limit is \$90 million.

Under the current financing agreement, the Corporation is subject to a financial covenant. The revolving credit facility stipulates that the Corporation must ensure that the most recent appraised value of the property which secures the facility at all times provide a minimum of 150% coverage for the outstanding amount of credit. As at March 31, 2023, the Corporation is in compliance with this covenant and expects to be in compliance for the next 12 months.

11. Accounts payable and accrued liabilities

| | March 31, 2023 | March 31, 2022 - As restated |
|---------------------|-------------------|---------------------------------|
| | \$ | \$ |
| Holdbacks payable | 52,774,124 | 35,057,157 |
| Accrued liabilities | 37,615,832 | 48,642,647 |
| Accounts payable | 16,798,231 | 1,248,240 |
| | 107,188,187 | 84,948,044 |

12. Deferred contributions

Deferred contributions as at March 31, 2023 represent project specific contributions from Governments which have not been applied to eligible costs as well as other unspent restricted contributions and contributions received for the acquisition of capital assets which have yet to be amortized.

| | March 31, 2023 | March 31, 2022 - As restated |
|---|-------------------|---------------------------------|
| | \$ | \$ |
| Expenditures of future periods | | |
| Balance, beginning of year | 200,666,459 | 140,660,162 |
| Additional contributions | (54,258,281) | 67,193,722 |
| Less: amounts recognized as revenue | (11,197,658) | (7,187,425) |
| Balance, end of period | 135,210,520 | 200,666,459 |
| Capital contributions | | |
| Balance, beginning of year | - | - |
| Add: contributions for acquisition of capital assets and assets under development | 266,656,444 | 245,989,724 |
| Less: direct contribution to net assets | (265,468,282) | (245,034,699) |
| Less: amount amortized to revenue | (1,188,162) | (955,025) |
| Balance, end of period | - | - |
| | 135,210,520 | 200,666,459 |

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2023

13. Other liabilities and settlements

Other liabilities and settlements largely represent security and developer deposits.

| | March 31, 2023 | March 31, 2022 - As restated |
|-------------------------------------|-------------------|---------------------------------|
| | \$ | \$ |
| Deposit - broadband services | - | 1,615,016 |
| Deposits - rent and other | 924,180 | 1,204,514 |
| Deposit - Bayside project agreement | 207,273 | 277,900 |
| Total other liabilities | 1,131,453 | 3,097,430 |
| Less: current portion | (924,180) | (1,204,514) |
| | 207,273 | 1,892,916 |

14. Net assets

a) Net assets recorded on the Statement of Financial Position are comprised of the following:

| | March 31, 2023 | March 31, 2022 - As restated |
|--|-------------------|---------------------------------|
| | \$ | \$ |
| Invested in non-amortisable capital assets | 65,033,472 | 100,812,146 |
| Invested in assets under development | 1,371,767,037 | 1,172,670,402 |
| Unrestricted (deficit) (Note 14b) | 65,696,726 | (47,076,057) |
| Accumulated re-measurement loss | (73,692) | (194,125) |
| | 1,502,423,543 | 1,226,212,366 |

b) Unrestricted surplus (deficit)

| | March 31, 2023 | March 31, 2022 - As restated |
|--|-------------------|---------------------------------|
| | \$ | \$ |
| Unrestricted deficit, opening balance | (47,076,057) | (24,915,512) |
| Excess of revenues over expenses | 81,346,481 | 578,133 |
| Transfer from invested in capital assets | 55,113,125 | - |
| Transfer from invested in assets under development | 16,033,288 | 7,629,317 |
| Investment in assets under development | (19,444,891) | (16,861,415) |
| Investment in land | (20,275,220) | (13,506,581) |
| Unrestricted surplus (deficit), closing balance | 65,696,726 | (47,076,057) |

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2023

15. Expenses by Priority Initiative and Function

| | Complete Communities | The Port Lands | Eastern Waterfront Transit | Signature Projects | Strategic Initiatives | Public Places | Quayside | Total March 31, 2023 |
|--|-------------------------|-------------------|----------------------------------|-----------------------|--------------------------|------------------|-------------|----------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| <i>Direct project costs:</i> | | | | | | | | |
| Project planning and implementation costs | 5,773,628 | 7,180,549 | 2,449,761 | 604,422 | (8,187) | 1,257,231 | - | 17,257,404 |
| Salaries, fees and benefits | 2,503,948 | 4,903,651 | 484,252 | 1,015,228 | 1,321,575 | 832,706 | 3,509,392 | 14,570,752 |
| Less salaries, fees and benefits related to assets under development (Note 7) | (1,061,080) | (5,597,803) | - | - | - | (507,322) | (4,006,175) | (11,172,380) |
| | 7,216,496 | 6,486,397 | 2,934,013 | 1,619,650 | 1,313,388 | 1,582,615 | (496,783) | 20,655,776 |
| <i>General and support expenses:</i> | | | | | | | | |
| General and office administration | 453,439 | 887,999 | 87,693 | 183,847 | 239,323 | 150,794 | 635,514 | 2,638,608 |
| Amortization | 174,274 | 341,292 | 33,704 | 70,659 | 91,981 | 57,956 | 244,252 | 1,014,118 |
| Information technology | 186,366 | 364,972 | 36,042 | 75,562 | 98,363 | 61,977 | 261,199 | 1,084,482 |
| Communications and public engagement | 67,506 | 132,203 | 13,055 | 27,371 | 35,630 | 22,450 | 94,613 | 392,828 |
| | 881,585 | 1,726,466 | 170,494 | 357,439 | 465,297 | 293,177 | 1,235,578 | 5,130,036 |
| Less general & support costs allocated to assets under development (Note 7) | (212,265) | (1,032,314) | - | - | - | (102,965) | (738,795) | (2,086,339) |
| | 7,885,816 | 7,180,549 | 3,104,507 | 1,977,089 | 1,778,685 | 1,772,827 | - | 23,699,473 |

All salaries, fees and benefits have been charged to projects based on timesheet information. General and support expenses for the period ending March 31, 2023 have been allocated to priority initiatives using an overhead burden rate of 0.35 (2022 - 0.32) for every \$1 of direct labour (project management - salaries and benefits). Total salaries, fees and benefits for the Corporation were \$14,570,752 for the period ending March 31, 2022 (2022 - \$13,356,012).

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2023

15. Expenses by Priority Initiative and Function (Cont.)

| | Complete Communities | The Port Lands | Eastern Waterfront Transit | Signature Projects | Strategic Initiatives | Public Places | Quayside | Total March 31, 2022 |
|---|-------------------------|-------------------|----------------------------------|-----------------------|--------------------------|------------------|-------------|----------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| <i>Direct project costs:</i> | | | | | | | | |
| Project planning and implementation costs | 2,632,191 | - | 6,225,617 | 723,457 | 158,703 | 1,391,665 | - | 11,131,633 |
| Project management - salaries, fees and benefits | 2,647,403 | 4,755,971 | 662,301 | 758,876 | 749,089 | 576,305 | 3,206,067 | 13,356,012 |
| Less project management - salaries, fees and benefits related to assets under development (Note 7) | (953,527) | (5,570,808) | - | - | - | (429,946) | (3,755,360) | (10,709,640) |
| | 4,326,067 | (814,837) | 6,887,918 | 1,482,333 | 907,792 | 1,538,024 | (549,293) | 13,778,005 |
| <i>General and support expenses:</i> | | | | | | | | |
| General and office administration | 445,337 | 800,033 | 111,410 | 127,656 | 126,009 | 96,944 | 539,313 | 2,246,701 |
| Information technology | 189,303 | 340,077 | 47,358 | 54,264 | 53,564 | 41,209 | 229,251 | 955,025 |
| Amortization | 175,615 | 315,487 | 43,934 | 50,340 | 49,691 | 38,229 | 212,674 | 885,971 |
| Communications, marketing and government relations | 42,795 | 76,880 | 10,706 | 12,267 | 12,109 | 9,316 | 51,826 | 215,899 |
| | 853,050 | 1,532,477 | 213,408 | 244,527 | 241,373 | 185,698 | 1,033,064 | 4,303,595 |
| Less general & support costs allocated to assets under development (Note 7) | (117,630) | (717,640) | - | - | - | (53,313) | (483,771) | (1,372,354) |
| | 5,061,487 | - | 7,101,326 | 1,726,860 | 1,149,165 | 1,670,409 | - | 16,709,247 |

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2023

16. Commitments

On December 15, 2022, the Corporation executed a lease for office space effective April 1, 2024 for a ten year term. The Corporation has a one time option to terminate this lease should the Corporation's mandate not be extended past the current May 2028 legislative term. The Corporation has lease commitments of \$10,395,372 until March 31, 2034.

17. Risk disclosures

(i) Credit risk:

Credit risk arises from cash, restricted cash and investments held with banks and credit exposure to governments and other debtors, including accounts receivable. The maximum exposure to credit risk is equal to the carrying value (net of allowances) of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Corporation assesses the credit quality of funding partners and debtors, taking into account their financial position, past experience and other factors.

(ii) Liquidity risk:

Liquidity risk is the risk the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's objective in managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its commitments when due, without incurring unacceptable losses or risking damage to the Corporation's reputation. The Corporation manages exposure to liquidity risk by closely monitoring supplier and other liabilities; by focusing on debtor collection; and by requesting government funding in advance.

(iii) Currency risk: The Corporation has cash denominated in U.S. dollars and is exposed to currency risk. Included in the statement of financial position is \$141,884 (March 31, 2022 - \$339,786) of cash and \$556,126 (March 31, 2022 - \$662,420) of payables which has been translated from its U.S. denominated amount.

18. Environmental and contaminated sites liability

The Corporation assesses all of its owned properties on an ongoing basis to determine if contamination, as defined under the standard and regulatory requirements, is present on any of its lands. In March 2021, the Corporation had made a provision for liability of contaminated sites of \$2,075,900 representing one Waterfront Toronto owned property zoned for parkland and not intended for development. As of March 31, 2023, an additional provision of \$142,737 was made for liability of contaminated sites.

19. Net other operating income

| | March 31, 2023 | March 31, 2022 - As restated |
|--|-------------------|---------------------------------|
| | \$ | \$ |
| Rental, parking and other income | 3,972,581 | 4,436,961 |
| Less: operating expenses and changes in provision for doubtful debts | (3,161,934) | (4,056,406) |
| | 810,647 | 380,555 |
| Interest | 5,617,887 | 918,585 |
| Realized (loss) gain on foreign currency transactions | 26,955 | (148,036) |
| Other Income | 229,942 | 194,785 |
| Net other operating income | 6,685,431 | 1,345,889 |

Interest income includes interest amounting \$932,418 (March 31, 2022 - \$NIL) arising from the Term receivables recognized on the Statement of Financial Position and per Note 19.

20. Net land sale revenue

During the year, the Corporation sold land pursuant to a series of agreements entered into between the Corporation and a development partner. The net revenues on disposal have been recognized as revenue through the statement of Financial Activities in accordance with the change in accounting policy described in Note 3.

| | March 31, 2023 | March 31, 2022 - As restated |
|------------------------------------|-------------------|---------------------------------|
| Land sale revenues | 157,226,283 | 15,428,359 |
| Less: Land acquisition costs | (55,113,125) | - |
| Less: Land under development costs | (16,033,288) | (7,629,317) |
| Net land sale revenue | 86,079,870 | 7,799,042 |

As of March 31, 2023, \$41,700,210 of land sale revenues have been recognized as Term receivables in the Statement of Financial Position. The Term receivables will be realized over a four-year period to March 31, 2027.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2023

21. Related Party Transactions

By virtue of the TWRC Act, the Governments of Canada and Ontario, the City of Toronto and Waterfront Toronto are related parties. The Corporation receives funding and renders services to these entities in the normal course of carrying out its business. The transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

22. Contingent Liabilities

- (a) Under the terms and conditions of the Contribution Agreements, the Corporation provides an indemnity to the City, Province of Ontario and Government of Canada and their respective officers, employees and agents, from and against all claims, losses, damages, costs, expenses, actions and other proceedings related to any injury to or death of a person or damage to or loss of property, infringement of rights or any other loss or damages whatsoever arising directly or indirectly from any willful or negligent act, omission or delay on the part of the Corporation, the Corporation's directors, officers, employees, contractors, agents or Third Party Contractors, in carrying out a project or as a result of the project, except to the extent that the injury, loss or damage has been caused by the City, Province of Ontario and/or Government of Canada or their respective officers, employees or agents.

The Corporation requires all Eligible Recipients to indemnify the Corporation from and against liability on the same basis outlined above.

The Corporation requires most third party contractors to indemnify each level of government and the Corporation, its officers, employees and agents against all claims, liabilities and demands with respect to any injury to persons (including death), damage to, loss or destruction of property or infringement of rights caused by or arising directly from:

- (i) the breach of any term or condition of the contract by the third party contractor or its officers, employees or agents; or
- (ii) any omission or any willful or negligent act of the third party contractor or its officers, employees or agents in relation to the applicable project.

- (b) Under the Delivery Agreement with each Eligible Recipient respectively, the Corporation provides an indemnity to the Eligible Recipient and its respective officers, employees and agents, from and against any claims with respect to direct loss arising from:

- (i) any breach by the Corporation of the Delivery Agreement or documents or certificates given pursuant to the Agreement, or
- (ii) any negligent or willful acts or omissions of the Corporation, its officers, directors, employees or agents, in relation to the project.

Management attempts to limit the Corporation's exposure under these indemnifications through the purchase of directors and officers insurance, the allocation of risk to Eligible Recipients and contractors (outlined above) and through enforcing the Corporation's and Eligible Recipients' policies and procedures, as well as intense oversight where appropriate.

- (c) The Corporation has entered into a number of Development Agreements with third party builders with respect to lands located in the West Don Lands and East Bayfront. Under these agreements, the Corporation has provided the builders certain milestone representations based on specific Corporation development obligations. The representations primarily relate to schedule delays. The maximum potential future liability related to these representations is \$7.5 million under one development agreement with one builder and although under the other development agreements the amounts are not determinable, they are limited to the amount up to the respective builder's carrying costs and/or out of pocket expenses incurred on the development. No amount for these representations has been accrued in these financial statements. Management attempts to limit the Corporation's potential exposure under these guarantees through appropriate schedule, cost and scope management practices.
- (d) The Corporation received a claim from a development partner for the recovery of additional costs related to environmental risk management. An amount based on management's assessment of the liability has been accrued in the March 31, 2022 financial statements. Resolution of the claim is expected by September 30, 2023.

23. Comparatives

Certain comparative amounts have been reclassified to conform with the current year's method of presentation.

Toronto Waterfront Revitalization Corporation

Notes to the financial statements

March 31, 2023

23. Project Agreement

On December 9, 2022, the Corporation executed a Project Agreement with a third party to develop a 12 acre (4.9 hectare) site at Parliament and Queens Quay into an all-electric, zero-carbon master planned community.

As a result of executing this agreement, the Corporation has certain development and servicing contractual obligations from March 1, 2023 to December 1, 2033. The Corporation also has contractual rights to economic resources. In the event that the Development Partner is unable to fulfill its contractual obligations, the Corporation is entitled to parental guarantee payments and repurchase of land under certain agreement conditions. Any loss or liability is recognized when the Corporation considers it likely for the Development Partner to default on its obligations and the amount can be estimated, (see Note 16(i) on credit risk). As of March 31, 2023, \$157,226,283 of land sale revenues were recognized for the Project Agreement. The Corporation anticipates to recognize additional land sale revenues by December 2033.

24. Impact of Climate Risk

The impact of physical climate-related events (severe weather events and other natural conditions) and the transition to a lower carbon economy were considered in preparing the financial statements. The Corporation assesses governance, strategy, risk management, and metrics and targets associated with climate risk. The items subject to material impact arising from climate risk are the valuation of assets under development, impairment of capital assets, and accrued liabilities. As of financial statement date, there has been no material impact on financial position and/or results of operations.



| | |
|------------------------------|---|
| Purpose | For Committee Information. |
| Areas of note/ Key issues | <p>BDO Canada LLP (BDO) intends to issue a clean, unqualified audit opinion on the Corporation's financial statements for the year ended March 31, 2023.</p> <p>There were no material matters of concern to report to the FARM Committee regarding internal controls.</p> <p>Please refer to the Final Report to the Finance, Audit and Risk Management Committee (May 29, 2023) from BDO.</p> |
| Key Takeaways/ Next Steps | The Board will consider approval of the Corporation's financial statements for the year ended March 31, 2022 at its meeting on June 12, 2023. |



Toronto Waterfront Revitalization Corporation

Audit final report to the Finance, Audit and Risk
Management (“FARM”) Committee for the year
ended March 31, 2023

START



To the Finance, Audit and Risk Management Committee of Toronto Waterfront Revitalization Corporation

For the year ended March 31, 2023

We are pleased to provide you with the results of our audit of Toronto Waterfront Revitalization Corporation (the "Corporation") financial statements for the year ended March 31, 2023.

The enclosed final report includes our approach to your audit, including: significant risks identified and the nature, extent, and results of our audit work. We will also report any significant internal control deficiencies identified during our audit and reconfirm our independence.

During the course of our audit, management made certain representations to us—in discussions and in writing. We documented these representations in the audit working papers.

The business environment has changed for us all during the time of COVID-19. Cash flow, strategy, operations: each has received a rethink. As your auditors, we have relied on our digital audit suite to stay connected—among ourselves, with management, and with you.

We look forward to discussing our audit conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP



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For the year ended March 31, 2023



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Audit at a glance

Preliminary materiality was \$4,500,000. Final materiality remained unchanged from our preliminary assessment.

We are not aware of any fraud affecting the Corporation. If you have become aware of changes to processes or are aware of any instances of actual, suspected, or alleged fraud since our discussions held at planning, please let us know.

We have complied with relevant ethical requirements and are not aware of any relationships between Toronto Waterfront Revitalization Corporation and our Firm that may reasonably be thought to bear on our independence.

LEAD PARTNER ON YOUR AUDIT

Rob Clause

Email: rclause@bdo.ca

Direct: 905 272 6245

START DATE

April 24, 2023

END DATE

May 5, 2023

Status of the audit

We have substantially completed our audit of the year ended March 31, 2023 financial statements, pending completion of the following items:

- Receipt of legal confirmations from Bennett Jones LLP, Hicks, Morley, Hamilton, Stewart, Storie LLP and Dentons Canada LLP
- Receipt of Accounts payable confirmation from City of Toronto
- Receipt of signed management representation letter
- Subsequent events review through to the financial statements approval date
- Approval of financial statements by the Board of Directors

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement. See [Appendix A](#) for our draft independent auditor's report.

The scope of the work performed was substantially the same as that described in our Planning Report to the Finance, Audit and Risk Management Committee dated February 23, 2023.



Audit findings

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Corporation's accounting practices, including accounting policies, accounting estimates and financial statements disclosures. We look forward to exploring these topics in depth and answering your questions. A summary of the key discussion points are below:

| Financial statement areas | Risks noted | Audit findings |
|---------------------------------|---|---|
| Management Override of Controls | <p>Management, due to its authority, is in a unique position to override internal controls, which potentially results in misleading financial information.</p> <p>Risk of management override of controls is a standard risk in all audits.</p> | <p>BDO tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. We also obtained an understanding of the business rationale for significant transactions that we became aware of that were outside the normal course of operations for the Corporation, or that otherwise appeared to be unusual. We reviewed accounting estimates for potential biases and, if any, evaluated whether they represented a risk of material misstatement.</p> <p>All audit testing in this area was executed as planned and no errors were noted.</p> |
| Revenue Recognition | <p>There is a risk that revenue may be incorrectly deferred into future periods in order to reduce surplus, or recognized in the current year in order to reduce a deficit.</p> <p>Fraud risk in revenue is a standard risk in all audits.</p> | <p>BDO obtained an understanding of the key controls surrounding revenues, tested revenue transactions on a sample basis, obtained revenue confirmations for government funding, and performed an analysis over changes year over year.</p> <p>All audit testing in this area was executed as planned and no errors were noted.</p> |
| Accrued Liabilities | <p>There is a risk that accrued liabilities are recorded in the incorrect period relating to contractors for existing ongoing projects.</p> | <p>BDO obtained balance confirmation from vendors and reconciled it to the accounts payable and accrued liabilities. We also performed analysis over balances.</p> <p>All audit testing in this area was executed as planned and no material errors were noted.</p> |



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Audit findings (continued)

| Financial statement areas | Risks noted | Audit findings |
|--------------------------------------|---|--|
| Assets Under Development | There is a risk of accuracy and existence for the capitalization of assets under development. TWRC must have beneficial ownership of the projects that it capitalizes. | BDO performed specific testing around the costs capitalized and recorded as assets under development. All audit testing in this area was executed as planned and no errors were noted. |
| Construction Deposits | There is a risk of accuracy on the construction deposits. TWRC has made lump sum payments related to certain projects, which are to be repaid over time as certain levels or milestones of expansion are reached. | BDO confirmed with deposit holders the deposit balances. All audit testing in this area was executed as planned and no errors were noted. |
| Contribution Agreements | There is a general risk to TWRC surrounding the accuracy of the contribution agreement terms and project values. The project terms and agreements affect multiple financial statement areas. | BDO reviewed the contribution agreements and discussed with management as necessary. All audit testing in this area was executed as planned and no errors were noted. |
| Deferral of Contributions and Grants | There is a risk that contributions and expenses are incorrectly accounted for on a project-by-project basis to determine the completeness and accuracy of deferred contributions. | BDO performed specific testing around the allocation of expenses and related revenues to recognize. We also tested that funding received for restricted projects is deferred if no relating expenses have yet been incurred. All audit testing in this area was executed as planned and no errors were noted. |
| Climate Disclosures | Climate disclosures and the recommendation of the Task Force on Climate Disclosures (TFCD) is a popular topic for organizations to determine, if applicable. | BDO reviewed management's assessment for climate risk and the disclosure added to the financial statements. No issues noted. |



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Internal control matters

- ▶ During the audit, we performed the following procedures regarding the Corporation's internal control environment:
- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.
- ▶ We considered the results of these procedures in determining the extent and nature of audit testing required.



We are required to report to you in writing about any significant deficiencies in internal control that we have identified during the audit.

A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that merits the attention of those charged with governance.

The audit expresses an opinion on the Corporation's financial statements. As a result, it does not cover every aspect of internal controls—only those relevant to preparing the financial statements and designing appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

No control deficiencies were noted that, in our opinion, are of significant importance to discuss.



Unadjusted differences

Summary of unadjusted differences

The following is a summary of unadjusted differences noted during the course of our audit engagement:

| | Increase (Decrease) | | | |
|---|---------------------|-------------|--------------------|------------------|
| | Assets | Liabilities | Equity | Net income |
| | \$- | \$- | \$- | \$- |
| Effect of prior year's reversing errors | - | - | (267,771) | 267,771 |
| Total unadjusted differences | \$- | \$- | \$(267,771) | \$267,771 |

Summary of adjusted differences

There were no differences that were corrected by management during the course of our audit engagement.



Other required communications

Professional standards require independent auditors to communicate with those charged with governance certain matters in relation to an audit. In addition to the points communicated within this letter, the attached table summarizes these additional required communications.

| Issue | BDO response |
|---|--|
| Potential effect on the financial statements of any material risks and exposures, such as pending litigation, that are required to be disclosed in the financial statements. | There were no such matters identified during the audit. |
| Material uncertainties related to events and conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. | There were no such matters identified during the audit. |
| Disagreements with management about matters that, individually or in the aggregate, could be significant to the Corporation's financial statements or our audit report. | There were no disagreements with management. |
| Matters involving non-compliance with laws and regulations. | No legal or regulatory non-compliance matters were noted as part of the audit. |
| Significant related party transactions that are not in the normal course of operations and which involve significant judgments made by management concerning measurement or disclosure. | No items noted. |
| Management consultation with other accountants about significant auditing and accounting matters. | No management consultation with other accountants regarding significant matters. |
| Other Matters. | No other matters noted. |

Appendices

- ▶ Appendix A: Draft Independent auditor's report
- ▶ Appendix B: Representation letter



Appendix A: Draft Independent auditor's report

Independent Auditor's Report

To the Board of Directors of Toronto Waterfront Revitalization Corporation

Opinion

We have audited the financial statements of Toronto Waterfront Revitalization Corporation (the "Corporation"), which comprise the statement of financial position as at March 31, 2023, and the statements of financial activities, remeasurement gains and losses, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2023, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 12, 2023



Appendix B: Representation letter

Toronto Waterfront Revitalization Corporation
20 Bay Street, Suite 1310
Toronto, Ontario
M5J 2N8

June 12, 2023

BDO Canada LLP
Chartered Professional Accountants
360 Oakville Place Drive, Suite 500
Oakville, Ontario
L6H 6K8

This representation letter is provided in connection with your audit of the financial statements of Toronto Waterfront Revitalization Corporation for the year ended March 31, 2023, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian Public Sector Accounting Standards.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated February 8, 2021, for the preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian Public Sector Accounting Standards.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian Public Sector Accounting Standards.
- All events subsequent to the date of the financial statements and for which Other (please specify) require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
- We have reviewed and approved all journal entries recommended by the practitioners during the audit. A list of the journal entries is attached to the representation letter.

Information Provided

- We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and

- unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

General Representations

- We have provided you with significant assumptions that in our opinion are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity when relevant to the use of fair value measurements or disclosures in the financial statements.
- We confirm that there are no derivatives or off-balance sheet financial instruments held at year end that have not been properly recorded or disclosed in the financial statements.
- Except as disclosed in the financial statements, there have been no changes to title, control over assets, liens or assets pledged as security for liabilities or collateral.
- There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).
- The nature of all material uncertainties have been appropriately measured and disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the entity, except as disclosed in the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.

Yours truly,

Signature

Position

Signature

Position

Finance, Audit and Risk Management Committee – May 29, 2023
Item 7 – Internal Audit Update – ERP Procurement Review
MNP LLP

| | |
|--------------------------------------|---|
| Purpose | For Committee Information. |
| Areas of note/ Key issues | <p>This internal audit covers three items:</p> <ol style="list-style-type: none"> 1. Internal Audit Plan Status Update (four of seven audits completed, three remaining) 2. ERP Procurement Process Review – completed April 2023 3. Cyber Security Audit – planned for summer 2023 <p>1. <u>Internal Audit Plan - Status Update</u></p> <ul style="list-style-type: none"> • Refer to attached Appendix on the status of the audits per FARM Committee approved four-year internal audit plan (2020/21 to 2023/24). <p>2. <u>ERP Procurement Process Review - Results</u></p> <ul style="list-style-type: none"> • MNP LLP (MNP) completed the Enterprise Resource Planning (ERP) Procurement Process Review, which is the fourth of seven audits included in WT's four-year internal audit plan (2020/21 to 2023/24). • Having completed the implementation of Microsoft Dynamics D365 a cloud-based ERP solution in Dec 2019, management identified the opportunity to review the system procurement workflows (including approvals and thresholds) for possible efficiencies and opportunities to streamline system processes. • The review identified key strengths in WT's procurement processes encompassing the people-process-technology framework, e.g., availability of manuals/guides and training programs for WT staff, alignment of D365 procurement workflow to WT's Procurement Policy and Delegations of Authority (including approval thresholds), and securing a new vendor in July 2022 to support D365 operational issues. • In addition to areas of strength, MNP noted four opportunities to further streamline the procurement process and D365 workflow: <ol style="list-style-type: none"> a. Reduce manual and duplicate activities b. Apply a risk-based approach for approvals c. Leverage D365 for reporting d. Increase awareness of relevant training tools • Management supports the identified opportunities in the report, and an implementation plan is underway. • Refer to attached MNP summary presentation. <p>3. <u>Cyber Security Audit – Upcoming</u></p> <ul style="list-style-type: none"> • Refer to attached Appendix on the Planning Memo which indicates that review is anticipated to be completed in late summer/ early fall 2023. <p>Note: The status of previous internal audit recommendations is reported under the Audit Dashboard, Item 4 c) i b).</p> |
| Resolution or Next Steps | The next internal audit update will be at the September 21, 2023 FARM Committee meeting, during which MNP is anticipated to report the results of the Cyber Security Audit. |

Waterfront Toronto

Internal Audit Plan Status Update

For FARM Committee – May 29, 2023



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Four-Year Internal Audit Plan 2020/21 to 2023/24

(FARM-Approved February 26, 2020, Amended in May 26, 2022)



A. Completed (4 of 7 audits, 57%)¹

| Fiscal Year | Audit Name and Summary Audit Scope | Completion Date | # of Recommendations | Fully Implemented | Being Implemented |
|--------------|--|-----------------|----------------------|-------------------|-------------------|
| 2020/21 – Q2 | Performance Measurement Framework – An assessment of WT’s performance measurement framework and metrics. | Sept. 2020 | 5 | 5 | - |
| 2020/21 – Q4 | Resource and Succession Planning – Evaluation of WT’s resource capacity and succession planning frameworks and processes. | Feb. 2022 | 9 | 7 | 2 |
| 2022/23 – Q2 | ERP System Implementation Lessons Learned Review – In pursuit of continuous improvement, this lessons learned review will assess the recent ERP system implementation to better understand and determine: - what lessons can be learned to inform future projects; - implementation strengths; - implementation gaps; - root cause factors for implementation delays and additional expenditures; and - opportunities for improvement. | Nov. 2022 | N/A ² | N/A | N/A |
| 2022/23 – Q3 | ERP Procurement Process – A review of current procurement practices focusing on approval workflows and thresholds in order to identify possible efficiencies and opportunities to streamline procurement processes. | May 2023 | N/A ² | N/A | N/A |
| | | Total | 14 | 12 | 2 |
| | | % | 100% | 86% | 14% |

Notes:

- Four-year internal audit plan excludes cyber-security follow-up audit undertaken in Q2 2020/21 to assess implementation and remediation of recommendations made in the 2018 Cyber Security Audit. Presentation of the cyber-security follow up audit results to FARM Committee was provided on February 25, 2021.
- Completed reviews on ERP System Implementation Lessons Learned and ERP Procurement Process were continuous improvement focused (i.e., not audit-focused), and as such provided suggested improvement observations and opportunities.

Four-Year Internal Audit Plan 2020/21 to 2023/24

(FARM-Approved February 26, 2020, Amended in May 26, 2022)



B. Upcoming (3 of 7 audits, 43%)

| Fiscal Year | Audit Name and Summary Audit Scope | Status |
|--------------|--|---|
| 2023/24 – Q1 | Cyber Security Audit – A targeted review of WT’s cybersecurity program, policies and standards, outstanding audit recommendation implementation, ability to respond to cyber threats, vulnerabilities, risk reporting, risk awareness and culture. This audit will also consider components of privacy and records management. | Upcoming <i>(To be presented at the September 2023 FARM Committee Meeting)</i> |
| 2023/24 – Q2 | Accessibility – Assess WT’s compliance with the Accessibility for Ontarians with Disabilities Act (“AODA”) and the standards defined in the Integrated Accessibility Standards Regulation (“IASR”) to determine any gaps in compliance, the associated risks with non-compliance, and recommendations for improvement prior to the AODA compliance deadline of January 1, 2025. | Not Yet Started |
| TBD | ERP Robotic Process Automation – A review to identify and assess opportunities to enhance the use of RPA across the organization, with a specific focus on the areas of Finance and Accounting and PMO. | Not Yet Started * |

*Note: Upon discussion with WT management, it was determined that the next audit to be completed would be Cyber Security in order to lessen any ERP audit fatigue felt by staff due to completion of two other ERP-related reviews in 2022/23 (i.e., ERP System Implementation Lessons Learned Review and ERP Procurement Process).

Questions?
Thank You



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Enterprise Resource Planning ("ERP") System – Procurement Process Review

Presentation to the Finance, Audit and Risk Management (FARM)
Committee

May 29, 2023



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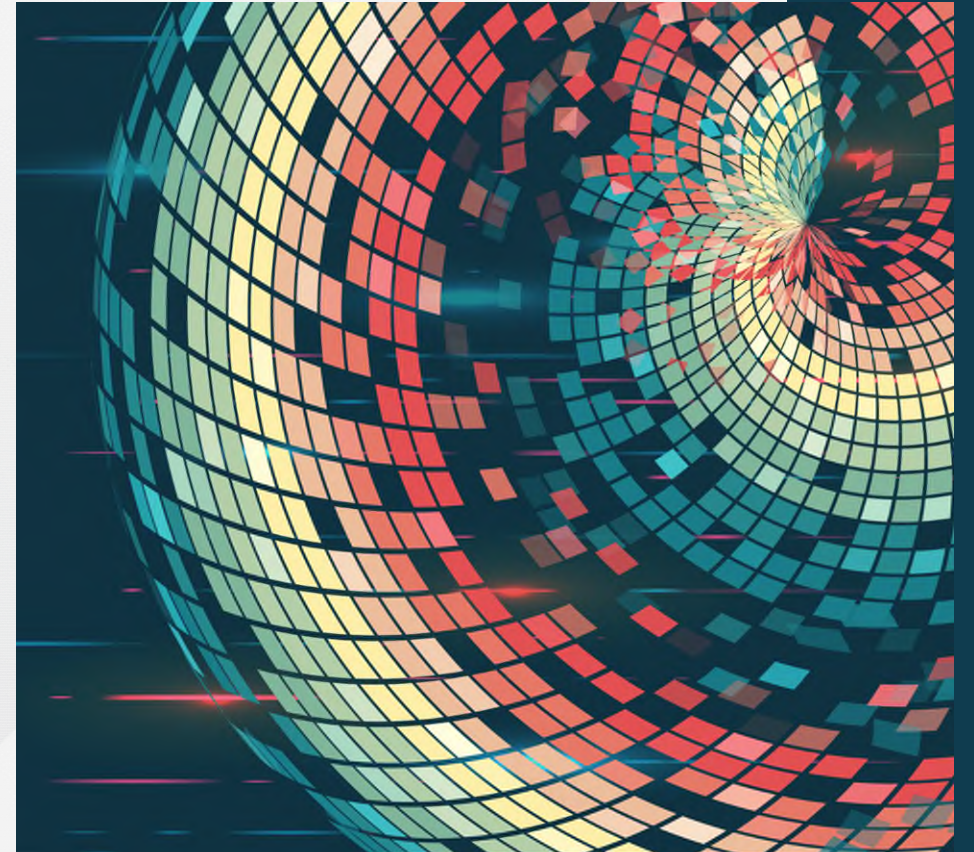


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4. Observations (Page 7-8)
5. Opportunities (Page 9-10)

Project Background

In December 2019, Waterfront Toronto ("WT") completed the implementation of Microsoft Dynamics D365 Finance & Operations ("D365") replacing the organization's existing end-of-life system. D365 was identified as a key component of WT's Organizational Resiliency Plan - **a modern and comprehensive cloud-based ERP solution** that better aligns to current and future business needs. New workflows for the procurement process were introduced and implemented as part of the new ERP solution. This included utilizing the system to request and obtain procurement approvals and thresholds to ensure that WT's procurement and other relevant corporate policies are followed.

In pursuit of **continuous improvement**, as well as to incorporate leading practices where applicable, WT has identified the opportunity to review the **D365 implemented procurement workflow**, including **approvals and thresholds**, to ensure that WT is following established workflows and to assess for possible efficiencies and opportunities to streamline system processes. This includes such items as reviewing the length of time different documents/expenditure types are approved through the system, as well as assessing whether **low risk, routine and/or low dollar value transactions** should follow the same workflow as those of **higher value and complexity**.

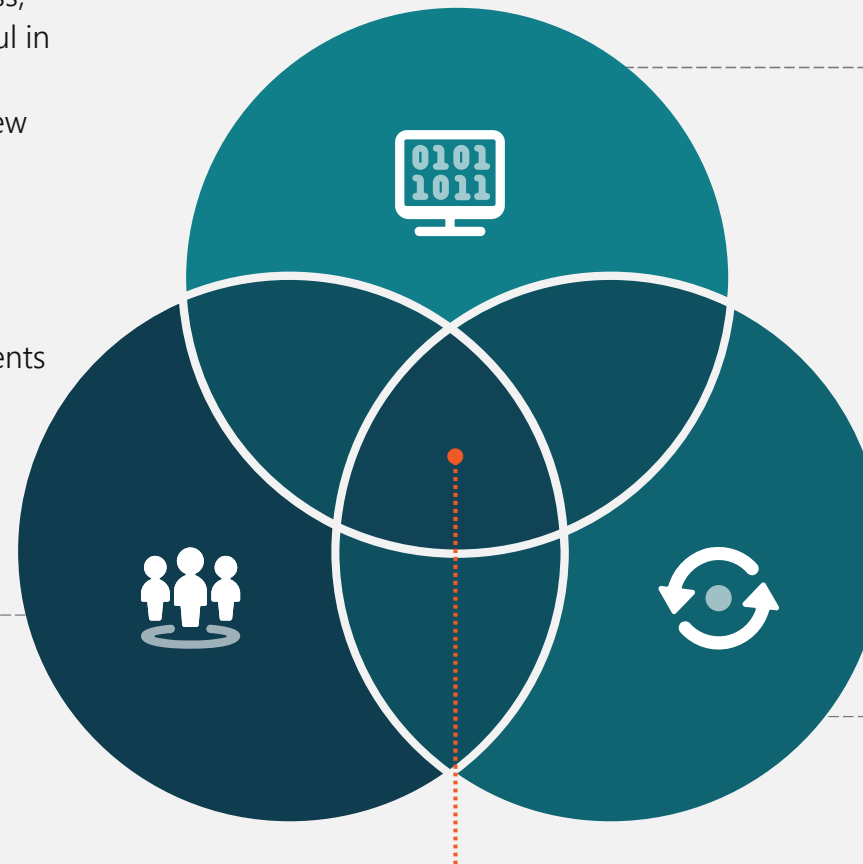
As such, an ERP procurement process review was included within WT's approved Internal Audit Plan for fiscal year 2022/2023 and is the subject of this report.



Project Methodology

The scope of this review included the procurement process workflow related to authorizations and approvals. To perform a comprehensive review, MNP utilized the framework shown here – People, Process, and Technology. This framework has been successful in understanding all aspects and outcomes related to business process optimization. Specifically, the review of and understanding of transaction risk (i.e., risk of categorizing certain transactions through the same processes), was incorporated within the Process stream element.

MNP’s framework prioritizes how these three elements work together to enable organizational success through the strategic use of technology.



People

- Employee Training and Communications
- Employee Experience and Culture
- Stakeholder Experience
- Change Management

Technology

- Existing Systems, Applications and Technical Tools
- Functionality and Integration
- Data Governance and Records Management
- Business Intelligence and Data Analytics
- Security and Privacy

Process

- Business Processes
- Roles and Responsibilities
- Reporting
- Policies, Procedures, Standards and Directives
- Management and Governance

Technology Review

Project Activities

In order to conduct this review, the following activities were completed. A significant focus was placed on ensuring stakeholders across the organization had the opportunity to share their perspectives, ideas, challenges, and opportunities.



Reviewed Background Materials including **Procurement Policy**, **Delegations of Authority**, and **Signing Threshold Policy**



Completed **12 Internal Cross-Functional Stakeholder Interviews**



Completed **1 Interview** with current **D365 Support Vendor**



Completed **procurement process discussions** to review steps and approvals in and outside the D365 workflow



Researched **procurement approval thresholds** for comparable public sector organizations



Researched **leading practices** for **procurement process automation**



Researched **risk based approach** to procurement approvals and thresholds



Requested and reviewed a series of **reports from D365** for approvals of **PRs, POs, and PO changes**

PR: Purchase Requisition
PO: Purchase Order

Leading Practices Overview

Leading practices have been summarized below.

Public Sector Approval Thresholds

The approval thresholds for **public sector procurement** can vary significantly depending on the size and complexity of an organization's procurement activities, as well as the specific industry or scope in which it operates.

Guidelines and specific approval thresholds will vary based on the organization's procurement **policies, internal controls, and regulatory requirements**. In addition, the approval process may vary depending on the **type of purchase, supplier, or project, such as whether the purchase is funded or unfunded in the annual budget**. Therefore, it is important to establish clear approval criteria and procedures to ensure consistency and transparency in the procurement process.

Risk-Based Approval Thresholds

A **risk-based approach** to setting approval thresholds is a method of establishing levels of approval for different types of transactions based on the level of risk involved. This approach involves assessing the potential risks associated with each type of transaction and then **establishing approval thresholds that are appropriate for the organization given the level of risk and the organization's risk tolerance**.

In a risk-based approach to setting approval thresholds, **higher approval thresholds** are typically established for transactions that pose a greater risk to the organization, such as **large purchases, contracts with new suppliers, unfunded projects or purchases, or transactions involving significant financial, reputational, or legal implications**. **Lower approval thresholds** are typically established for transactions **that pose a lower risk, such as routine purchases or contracts with established suppliers**.

Benefits of Automation for Procurement

Automation of the procurement process allows employees to focus on strategic tasks instead of routine processes. The likelihood of error is significantly reduced and decision making becomes easier with all the information available easily and clearly. Additional benefits include:

1. **Increased efficiency:** reducing the need for manual activities and reducing the overall time it takes to complete tasks.
2. **Greater accuracy:** reducing the likelihood and impact of human error.
3. **Standardized processes:** ensuring tasks are performed consistently and accurately in alignment to the organization's standards, guidelines, and expectations.
4. **Improved stakeholder experience:** increasing positive outcomes for internal and external stakeholders, including vendors, contractors, consultants, and others the organization serves.
5. **Adaptability:** automated processes are easily scaled and adapted to meet the changing needs of the organization.
6. **Data transparency and visibility:** making it easier to collect, manage, share, and analyze data to make informed decisions.
7. **Compliance:** ability to generate comprehensive audit trails, document all activities and changes made within a system, identify and resolve issues, and demonstrate compliance.

Observations of Key Strengths

Strengths have been summarized and themed as they relate to People, Process, and Technology



People

- Many **positive comments** were shared regarding the support provided by the **Procurement team** to the organization.
- Employees shared that they **understand what is expected of them** when it comes to the procurement process and how to adhere to the Procurement Policy and Delegations of Authority.
- Procurement has developed **manuals and guides** for different **user groups** that are available to all WT employees through SharePoint.
- **New employees** who are required to use the D365 Procurement Workflow are **provided a D365 guide** specific to their role.
- Procurement has developed **training programs** including Procurement 101 and others focused on the specifics of evaluation and requirements development.



Process

- The D365 procurement workflow was **built to follow WT's Procurement Policy and Delegations of Authority**. Approvers are pre-determined based on the delegation with mechanisms in place to reassign to an appropriate delegate to accommodate for vacations or other time off.
- WT is **following established workflows & approval thresholds**.
- The Procurement Policy and Delegations of Authority are **complete and accessible** to all WT team members.
- WT's **average** number of calendar days to **approve PRs, POs, and PO changes** falls within a **reasonable standard for public sector organizations**.



Technology

- WT has secured a **new vendor for supporting D365** in resolving operational issues effective July 2022. This vendor has the capability to support additional configuration and updates to improve the effective use of D365.

Observations of Procurement Approval Thresholds

Comparison of Procurement Approval Thresholds

The following tables provide an overview of procurement approval thresholds for WT as compared to other similar organizations:

Waterfront Toronto

| Level / Authority | Original Contract Value | Cumulative Contract Amount (award + changes) |
|---------------------|---|---|
| Manager | Up to \$25,000 (for emergency purchases only; formal approvals required at Director/VP/SVP level within 48 hours) | Up to \$25,000 (for emergency purchases only; formal approvals required at Director/VP/SVP level within 48 hours) |
| Director / VP / SVP | Up to \$100,000 | Up to \$100,000 |
| C-Level | Up to \$1,000,000 | Up to \$1,000,000 |
| CEO | \$1,000,000 and over | \$1,000,000 and over |
| Board | \$5,000,000 and over <i>reported to FARM, Board has access to materials (no approval requirement)</i> | \$1,000,000 and over <i>(only for non-competitive awards)</i> |

Similar Public Organizations

| Level / Authority | Original Contract Value | Cumulative Contract Amount (award + changes) |
|--------------------|-------------------------------------|---|
| Manager | Up to \$10,000 - \$50,000 | Note: Generally, public organizations are considering the amount of individual change (based on certain conditions) in order to determine the approval requirement |
| Director / VP | \$50,000 - \$250,000 | |
| Head of Department | Up to \$500,000 | |
| C-Level | \$500,000 - \$3,000,000 | |
| CEO | \$3,000,0000 - \$5,000,000 | |
| Board | \$3,000,0000 - \$5,000,000 and over | |

Key Observations

- Most organizations have a low value approval threshold in which a Manager can approve procurements of up to \$50,000.
- As these organizations are typically leading large construction projects, it is not uncommon for C-Level approval to be as high as \$3,000,0000 with CEO approval potentially up to \$5,000,000.
- Contract changes may be required for a variety of reasons. As a result, many organizations set approvals based on certain conditions to ensure the level of approval aligns with the materiality and magnitude of the contract change.

Key Opportunities

Four opportunities have been identified to support WT in further streamlining the procurement process and D365 workflow. The first two are shown below with the other two provided on the next page.

Key Opportunity #1 – Reduce Manual and Duplicate Activities

Work with OnActuate to further **reduce manual and duplicate activities** within the procurement process and D365 workflow.

This includes:

- ❑ Eliminating the need for **email correspondence** to occur to notify that something is complete within the D365 workflow.
- ❑ Eliminating the need for **repeat approvals** to occur in the system after a signature has been obtained via DocuSign. This would align with how the funding allocation module is configured where manual approvals can be bypassed.
- ❑ Configuring the D365 system to **detect contracts that are longer than five years**.

**Note: MNP met with OnActuate to discuss the high level feasibility of these recommendations. At the time, OnActuate was not deeply familiar with the procurement workflow but indicated that these were possible in D365.*

Key Opportunity #2 – Apply a Risk-Based Approach for Approvals

Apply a risk-based approach to the Delegations of Authority and approval thresholds to increase opportunities for efficiency in purchasing. This includes:

- ❑ Assessing the purpose of the Delegations of Authority for **approving change orders**, taking into consideration the **materiality of the change** from a financial and project delivery perspective. This could include **removing the requirement for C-Level Executive and CEO approval on changes specifically related to timeline extensions**. It also should remove approvals required for credits. For financial changes that fall within WT's predetermined contingency, Executive and CEO approval could be removed.
- ❑ Identifying a **low-dollar value threshold of up to \$25,000 for funded procurements** that demonstrates trust and transparency with team members in alignment to risk and control requirements. Exceptions for higher risk, low value items can be identified (i.e., for sponsorships), as well as for unfunded procurements. Currently, the lowest level of approval within WT's Delegations of Authority is up to \$100,000 and requires Director/VP/SVP level approval.

Key Opportunities *(continued)*

Four opportunities have been identified to support WT in further streamlining the procurement process and D365 workflow. The remaining two are shown below.

Key Opportunity #3 – Leverage D365 for Project Reporting

Leverage the ability of the D365 tool or other analytics tools, including WT's BI reporting and/or FP&A application, to **bolster reporting at both the project and corporate level for purchasing**, as well as to create opportunities for senior and executive leaders to understand trends. This could include summarizing how many times contractors are being used, whether VORs are being used appropriately, and how WT is managing contingencies and learning from prior experiences. Additional value add that can be obtained from reporting and analysis could also include understanding future needs and if WT is using the right consultants for the right expertise.

Key Opportunity #4 – Training Awareness

- a) Create **greater awareness** for accessing Procurement manuals, guides, and training, for all areas of the organization. Team members should be able to reach out to Procurement to **schedule a training session**.
- b) Continue to **communicate changes** (as a result of continuous improvement efforts and Key Opportunity #1) that are made within the D365 system, as well as with procurement processes in general, to the organization in a **relevant and timely fashion**.





Cyber Security Audit

Planning Memorandum

Final

May 12, 2023

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Background

While there are a variety of reasons that can motivate a cyber attacker, most cyber adversaries find value in stealing confidential information (e.g., financial records, personally identifiable and customer information, intellectual property, etc.). Given the abundance of sensitive information that organizations such as Waterfront Toronto ("WT") maintain, it is not surprising that they are attractive targets for cyber criminals.

At the same time, with a continually evolving cyber threat landscape many organizations find it increasingly challenging to protect against today's cyber security threats, as they can originate from various sources, including organized hackers, destructive malware, and former employees. The avenues of attack have evolved, as we see attackers shift their efforts from external hacking, to attacks that target personnel directly through targeted malware and social engineering.

As part of WT's Internal Audit Plan, MNP LLP ("MNP") initially assessed WT's cyber security practices in 2018. Since then, WT has remediated the audit findings, which MNP verified through the completion of a follow-up audit in 2020.

The previous assessment was conducted based on the "then-current" version of the Center for Internet Security ("CIS") Critical Security Controls (CIS Controls). The newest version of the CIS Controls (Version 8) encompasses updates that reflect evolving technology and an ever-changing threat landscape. Cloud adoption and remote working, mobile environments, and changing attacker tactics are examples of areas that have been given extra attention in the newest version of the framework.¹

In order to ensure continuous improvement, especially in this area where technology and threats change rapidly, and since an updated cyber security controls framework (Version 8) has been issued², a cyber security audit has been included within WT's approved Internal Audit Plan for the current fiscal year 2023/24.

Objective

The objective of this audit is to identify key cyber security exposures at WT and report on the organization's overall security posture, including prioritized and practical recommendations to support WT's efforts to implement "right-sized" industry accepted practices and security controls that address the areas of greatest risk to the organization.

The results of the audit will enable WT personnel (e.g., business managers, system support staff, and security specialists) to collaborate, see the organization from an attacker's perspective, and foster management's commitment to allocate resources and implement reasonable security solutions.

¹ CIS is a non-profit organization responsible for the CIS Controls and CIS Benchmarks, which are globally recognized best practices for securing IT systems and data. Version 8 of the CIS Controls also defines Implementation Groups ("IG") which help organizations to right-size the implementation of security controls based on their size, complexity, and maturity.

² CIS issued the updated cyber security controls framework, Critical Security Controls Version 8, in Spring 2021.

Scope

Understanding that there is one central IT environment, the scope of the audit will be focused on the 18 CIS Control core principles and supporting controls, as per Version 8 of the CIS Control Framework (refer to the graphic following this section), which will include the following:

- Actions taken by WT to address potential identified risks and opportunities such as:
 - Hybrid/remote work relating to VPN/employee access connections;
 - Account management regarding deprecated accounts;
 - Vendor/access management particularly regarding Colliers staff (who are engaged by WT as part of the Port Lands Flood Protection Project);
 - Automated response management (xSoar); and,
 - Cyber security tools to consider in WT's upcoming move to T3.
- Stakeholder interviews with WT team members who can answer security related questions on the following topics (which have been summarized from the CIS Control Framework Version 8):
 - **Understanding of the Organization, IT, and Security Architecture:** discuss the operating and business environment and the role of technology. Obtain an understanding of the IT/security environment, critical business applications, information sensitivity, use of cloud service providers, and any specific regulatory security requirements. Discuss security organization, roles and responsibilities, governance, and separation of duties. Identify at high-level key business processes, standards, and processes to manage security requirements and decision-making.
 - **Systems, Server Security, Administration:** asset inventory, software inventory, build configuration and hardening, patching, admin and least privilege, data protection, and recovery.
 - **Network Security and Operations:** asset inventory, configuration and hardening, admin and least privilege, network engineering and segmentation, boundary and perimeter defenses, wireless networking.
 - **Desktop and Mobile Computing:** asset inventory, software inventory, configuration, hardening, patching, email and web protections, anti-malware, and endpoint protection.
 - **Cloud, Virtualization, and Encryption:** cloud systems and application inventory, configuration, encryption, authentication and access controls, identity management, etc.
 - **Operational Security:** vulnerability management and remediation, audit logging, security skills and awareness training, vendor management, incident management, penetration testing.
 - **Application and Software Security:** software inventory, security in the software development lifecycle, and secure configuration of applications
 - **Access Control and Authentication:** identity management, federated identity, single sign-on, provisioning of the user, root, admin accounts, default accounts, MFA, encryption, and processes.

- **Data Protection and Recovery:** processes and technical controls to identify, classify, securely handle, retain, and dispose of data.

| | | |
|---|---|--|
| CONTROL 01 Inventory and Control of Enterprise Assets 5 Safeguards 48% 2/5 48% 4/5 48% 5/5 | CONTROL 02 Inventory and Control of Software Assets 7 Safeguards 48% 3/7 48% 6/7 48% 7/7 | CONTROL 03 Data Protection 14 Safeguards 48% 6/14 48% 12/14 48% 14/14 |
| CONTROL 04 Secure Configuration of Enterprise Assets and Software 12 Safeguards 48% 7/12 48% 11/12 48% 12/12 | CONTROL 05 Account Management 6 Safeguards 48% 4/6 48% 6/6 48% 6/6 | CONTROL 06 Access Control Management 8 Safeguards 48% 5/8 48% 7/8 48% 8/8 |
| CONTROL 07 Continuous Vulnerability Management 7 Safeguards 48% 4/7 48% 7/7 48% 7/7 | CONTROL 08 Audit Log Management 12 Safeguards 48% 3/12 48% 11/12 48% 12/12 | CONTROL 09 Email and Web Browser Protections 7 Safeguards 48% 2/7 48% 6/7 48% 7/7 |
| CONTROL 10 Malware Defenses 7 Safeguards 48% 3/7 48% 7/7 48% 7/7 | CONTROL 11 Data Recovery 5 Safeguards 48% 4/5 48% 5/5 48% 5/5 | CONTROL 12 Network Infrastructure Management 8 Safeguards 48% 1/8 48% 7/8 48% 8/8 |
| CONTROL 13 Network Monitoring and Defense 11 Safeguards 48% 0/11 48% 6/11 48% 11/11 | CONTROL 14 Security Awareness and Skills Training 9 Safeguards 48% 8/9 48% 9/9 48% 9/9 | CONTROL 15 Service Provider Management 7 Safeguards 48% 1/7 48% 4/7 48% 7/7 |
| CONTROL 16 Applications Software Security 14 Safeguards 48% 0/14 48% 11/14 48% 14/14 | CONTROL 17 Incident Response Management 9 Safeguards 48% 3/9 48% 8/9 48% 9/9 | CONTROL 18 Penetration Testing 5 Safeguards 48% 0/5 48% 3/5 48% 5/5 |

CIS Controls Framework Version 8

Out of Scope

The following areas are out-of-scope for this audit:

- Performing technical testing, such as penetration testing or vulnerability scanning activities, and social engineering activities (e.g., email phishing) since these activities are provided by other third-party service providers; and,
- Reviewing CIS Controls managed by third party service providers – to stay focused on controls that WT owns and manages, as opposed to expanding the scope to areas where WT cannot influence.

Risks

Given the stated objective, the following sample of cyber security related inherent risks³ have been considered in the planning of this audit and will be considered when assessing the overall security program:

- Operational disruption to IT systems;
- Possible non-compliance with policies;
- Loss of personal information and/or financial loss;
- Increased effort and costs to investigate and remediate incidents;
- Tarnish to brand and reputation; and,
- Inability to fulfill commitments related to protecting sensitive information and critical business functions.

³ The risk derived from the environment without the mitigating effects of internal controls – Institute of Internal Auditors.

Approach

In accordance with MNP's internal audit methodology, the high-level work plan for this audit includes the following phases:

Phase 1 - Project Initiation

During the kick-off meeting, we will confirm key stakeholders for meetings and workshops, as well as develop a project plan, with deliverable timelines and task milestones, ensuring that the project plan aligns with your schedule.

MNP will schedule and conduct an initial meeting with WT staff. The objectives of this meeting will be to:

- discuss and agree on project scope, summarizing the purpose, objectives, and services required of the engagement as well as the methodology and approach,
- confirm WT's project management structure, roles and responsibilities and key contacts,
- discuss project risks, mitigation strategies, and protocols for issue escalation procedures,
- obtain agreement on the project timeline and major milestones, and
- establish a status meeting schedule, including reporting frequency and requirements.

Phase 2 – Planning and Scoping

Planning sets the stage for the engagement by ensuring collaboration from the onset of the project to discuss and agree on the assessment plan. We will gain an understanding of the operating and business environment, inherent risks, the role that technology plays in enabling core business operations, and how information is accessed, used, stored, transmitted and disposed of.

During project planning, we will:

- gain an understanding of the overall systems environment, critical and sensitive systems and information within the environment, and discuss the potential impact if systems were breached, as well as management's tolerance for a breach,
- obtain an understanding and status of any cyber security related projects that are in-progress,
- determine stakeholder interviews and schedule meetings, and
- tailor the assessment plan for evaluating in-scope security domains.

Phase 3 – Assessment and Analysis

MNP will follow a risk-based approach to assess WT's cyber security controls, taking into consideration WT's operating environment and risk profile. To achieve this, we will use Version 8 of the CIS Controls Framework and consider criteria from all three of the Implementation Groups ("IG"). The IG organize controls into three levels, factoring in the size and complexity of the organization, as well as available resources, nature of IT systems and type of information collected to help organizations establish reasonable security protections.

To accomplish this, we will:

- discuss and determine WT's IG,

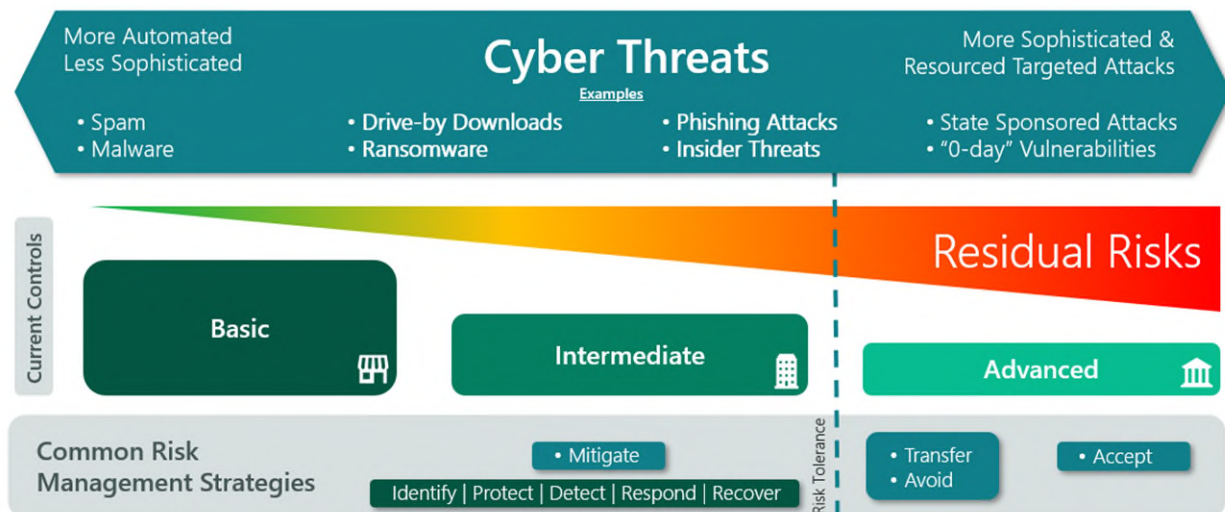
- perform a combination of working sessions with systems and process owners to determine the control implementation status ('Fully Implemented', 'Partially Implemented', or 'Not Implemented') for the in-scope cyber security elements,
- review existing security policies, standards, guidelines and procedures,
- identify significant cyber security risks for the controls that are assessed as Partially or Not Implemented, taking into consideration the strength of controls, mitigating controls and factors, and residual risk,
- perform high-level mapping of risks and threat scenarios based on the identified vulnerabilities, assets that would be impacted, and likely threats, and
- discuss and validate the cyber security CIS control gap results for accuracy with key stakeholders.

Phase 4 – Reporting

This phase includes the reporting, discussion and validation of cyber security assessment and analysis with WT for accuracy.

The final report will provide a balanced perspective of the IT security risks and vulnerabilities identified, while taking into consideration mitigating processes and controls in place. We will provide an executive summary that communicates the identified risks in business language and provide actionable recommendations to reduce risk, increase your security maturity, and information for WT to develop a plan to address the risk.

The report will include the observations from our analysis, a discussion of identified risks and its risk ratings, a threat and maturity dashboard, and prioritized recommendations for improvement. The report will indicate where WT is perceived to be on the maturity scale with respect to the identified risk tolerance. The following is an illustration of the threat and maturity dashboard:



Assumptions

To develop a project work plan and determine resource needs, MNP will:

- obtain records, documentation, samples, and other information we request for the audit in a timely manner while maintaining the confidentiality of privileged information contained within,
- conduct interviews/discussions with management and staff, who will be available to participate in interviews and respond to inquiries on a timely basis, and
- not be responsible for any delay or other consequences resulting from the WT's failure to perform any of its obligations.

Timeline and Deliverables

Key activities, deliverables and the general timeline are outlined in the table below:

| Phase | Activity / Deliverable | Dates* |
|----------------------------|--|---|
| Phase 1 | Kick-off meeting | April 26 to May 19, 2023 |
| | Planning Memo preparation and submission | |
| | Finalize scope and approve Planning Memo | |
| Phase 2 and Phase 3 | Interviews with key WT staff | May 23 to July 14, 2023 |
| | Review of supporting documentation (i.e., security policies, procedures, etc.) | |
| | Analysis and gap assessment | |
| Phase 4 | Validation of findings | July 17 to August 18, 2023 <i>(Final report to be issued no later than Sept 7, 2023)</i> |
| | Draft report submitted | |
| | Meeting to discuss draft report | |
| | Issuance of final report, with management responses | |
| | FARM Committee meeting | September 21, 2023** |

*Note: The above timeline may be revised due to unanticipated events and the availability of key stakeholders. MNP will keep WT Management apprised of any delays as they become known and will revise the timeline accordingly.

**Note: The report will be presented at the FARM Committee meeting scheduled for September 21, 2023.

Budget

The budget for this audit has been estimated to be \$38,400 (exclusive of HST), including presentation to the FARM Committee. The hours for each team member are estimated below.

It is important to note that these hours are solely based on the assumptions, tasks and deliverables outlined in the above sections, using the rates as per our Internal Audit Services Contract. Should any of these items change, the estimated hours (and possibly budget) will need to be adjusted to reflect the change.

| Team Member | Engagement Role | Hours |
|---------------|---------------------------------|-------|
| Veronica Bila | Engagement Partner | 8 |
| Drew Buhr | Cyber Quality Assurance Partner | 5 |
| Seyed Hejazi | Cyber Engagement Partner | 19 |
| Keith Wilcox | Cyber Manager | 124 |
| TOTAL | | 156 |

Subject Matter Expert Bios

Drew Buhr

Drew is a Partner and the National Cyber Security Assessments lead for MNP. With over 17 years of practical experience, he specializes in cyber security audits, security risk assessments, penetration testing, security strategy and governance, as well as network security architecture, design and operations. He tackles difficult technical security challenges while effectively communicating results to senior management in understandable business language. Drew has a strong technical networking and infrastructure background but focuses his attention on helping clients solve their cyber security challenges related to strategy, governance, risk management as well as compliance.

Seyed Hejazi

Seyed is a Partner in the Cyber Security & Privacy practice at MNP Digital. Having close to two decades of experience in Cybersecurity and Information Technology, Seyed possesses deep knowledge of cybersecurity and Privacy risks, governance models, frameworks, technologies, and leading practices. Seyed has been a keynote speaker and panelist in many cybersecurity conferences and teaches the "Cyber Security Incident Management" course at the University of Toronto.

Keith Wilcox

Keith is an experienced Cyber Security Manager with over 20 years of experience building Information Security and Cyber-Risk programs. Keith brings a strong business focus and deep cybersecurity experience to help organizations mature their cyber security and risk management programs to reduce the risk and impact of cybersecurity threats.

Client Acceptance

Please confirm your acceptance to proceed with this planning memorandum by signing in the space provided and returning a copy to the attention of Veronica Bila.

I hereby authorize MNP to proceed with and provide the services as described herein,

Signed: _____

Date: _____

Name: Lisa Taylor

Title: Chief Financial Officer



Our Values

- We exemplify integrity in all we do
- We are one firm/one pot/one team
- We are entrepreneurial
- Profit optimization
 - We run our business like a business
 - Balanced lifestyle
 - 'Fun' is important
- We insist on quality client service
- We perform to high quality standards
- We operate on guidelines
- We conduct ourselves with humility and respect
- We value our professions and our communities
- We value diversity



| | |
|------------------------------|--|
| Purpose | Supplementary Capital Approval for Port Lands Flood Protection. |
| Areas of note/ Key issues | <p>The Project is included in the Board approved Rolling Five Year Strategic Plan under Priority Projects.</p> <p>Port Lands Flood Protection project commenced construction in August 2018 and has encountered various challenges including:</p> <ul style="list-style-type: none"> • Extreme escalation driven by global factors including the pandemic, the Ukraine war and disruptions to the global supply chain • Utility cost sharing and coordination • Labour disruption in May 2022 • Third party & external dependency delays <p>The result of the above challenges includes additional costs and a schedule extension with Substantial Completion in December 2024.</p> <p>Minor seasonal work i.e. planting and asphalt paths within Promontory Park South to be completed in spring 2025.</p> <p>Capital Approval was granted by the Board of Directors on October 25, 2016 for a total of \$1,185.0 Million.</p> <p>Management recommends that the FARM Committee recommend for Board approval, additional Capital Investments for the Port Lands Flood Protection of \$169.0 Million, bringing the total approved value of the project to \$1,354.0 Million.</p> <p>The additional \$169.0 Million will be funded by:</p> <ul style="list-style-type: none"> • Federal Government \$48.6 Million • Provincial Government \$55.2 Million • City of Toronto \$55.2 Million • Waterfront Toronto \$10 Million |
| Resolution and Next Steps | <p>ON MOTION duly made, seconded, and carried, be it RESOLVED that the Finance, Audit and Risk Management Committee recommends for approval by the Board of Directors:</p> <ol style="list-style-type: none"> 1. additional funding to complete the project be sourced from the Federal Government \$48.6 Million, Provincial Government \$55.2 Million, City of Toronto \$55.2 Million and Waterfront Toronto \$10M 2. the additional capital expenditure of \$169.0 Million be added to the Corporation's Rolling Five- Year Strategic Plan (2023/24 – 2027/28). 3. the Substantial Completion date be extended to December 2024. <p>Minor seasonal work i.e. planting and asphalt paths within Promontory Park South to be completed in spring 2025.</p> |

Port Lands Flood Protection

Request for Supplementary Capital Approval

Meeting of the Finance, Audit & Risk Management Committee
May 29, 2023

Objectives

1. To provide an overview of the Port Lands Flood Protection project
2. To describe changes to the original budget, schedule and funding
3. To obtain FARM approval to invest an additional \$169 million (for a total of \$1,354 million) and schedule extension to December 2024 to substantially complete the Port Lands Flood Protection
4. To provide an update on the current status of Port Lands Flood Protection project

- This Project is included in the Board approved Rolling Five Year Strategic Plan under Priority Projects.
- Key deliverables include:
 - Flood protection for over 240 hectares of land in the Port Lands and South of Eastern Avenue neighborhoods
 - A new naturalized mouth for the Don River
 - Four new, iconic bridges connecting to the newly created Villiers Island
 - Completely re-align Cherry Street, rebuild Commissioners Street and Don Roadway complete with pedestrian and cycling infrastructure and upgraded public realm
 - Re-construct the Lake Shore Bridge over the Don River to accommodate the widened mouth of the Don River and widen to accommodate new public realm
 - Three new parks, River Parks North and South as well as Promontory Park South

Port Lands Flood Protection: Cherry Street South Bridge



Port Lands Flood Protection: Canoe Cove



Port Lands Flood Protection: Ice Management Area



Background – Port Lands Flood Protection (Planning & Construction)

| Year | | Milestone |
|------|------|---|
| 2016 | Oct | Capital Approval |
| 2018 | May | Contribution Agreement signed |
| 2018 | Aug | Construction begins |
| 2022 | Oct | Interim opening of Cherry Street south of Commissioners including Cherry South Bridge |
| 2023 | Oct | Interim opening of Commissioners Street and Cherry Street |
| 2024 | Dec | Complete and handover River Parks North and South |
| 2024 | Dec | Substantial Completion, flood protection achieved |
| 2025 | June | Completion of seasonal dependent work in Promontory Park South |

Status: Port Lands Flood Protection



- Amendment to Delivery Agreement between Waterfront Toronto and Government of Canada, Provincial Government and the City of Toronto is being finalized
- New agreements for Park finishes is being negotiated.
- Construction Commenced in August 2018
 - Awarded procurements: 95%
 - Construction progress to date: 72%
- Substantial Completion has been delayed to December 2024

Supplementary Capital Approval

Supplementary Capital Approval is required to complete the Port Lands Flood Protection.

- The Port Land Flood Protection Project commenced construction in August 2018 and has encountered various challenges including:
 - Extreme escalation driven by global factors including the pandemic, the Ukraine war and disruptions to the global supply chain
 - Utility cost sharing and coordination
 - Labour disruption in May 2022
 - Third party & external dependency delays
- The result of the above challenges include additional costs and a schedule extension to December 2024.

Proposed Capital Budget

- Additional capital investment amounting to \$169.0 million is required to complete the Port Lands Flood Protection. This increases total estimated project cost from \$1,185.0 million to \$1,354.0 million.
- Additional costs will be provided for in the updated Rolling Five Year Strategic Plan in December 2023

| Budget Allocation | 30% Design / Approved Budget | Anticipated Total Project Cost | Additional Funding Required |
|---|---------------------------------|-----------------------------------|--------------------------------|
| Escalated Hard Costs | \$855.4 M | \$1,063.7 M | \$208.3 M |
| Escalated Soft Costs | \$184.6 M | \$222.3 M | \$37.7 M |
| Contingency | \$124.5 M | \$63.0 M | (\$61.5 M) |
| Non-recoverable Harmonized Sales Tax | \$20.5 M | \$5.0 M | (\$15.5 M) |
| Total Estimated Capital Cost | \$1,185.0 M | \$1,354.0 M | \$169.0 M |
| Probability of Achieving Target with Current Contingency | 73% | 93.7% | - |

Status: Port Lands Flood Protection – Approved Capital Budget



| Budget Allocation | Q1/2023 EAC Forecast | Costs to Date March 31, 2023 | Balance Remaining |
|------------------------------------|----------------------|------------------------------|-------------------|
| Escalated Hard Costs (incl. NRHST) | \$ 1,083.0 M | \$ 654.7 M | \$ 428.3 M |
| Escalated Soft Costs (incl. NRHST) | \$229.4 M | \$194.6 M | \$ 34.8 M |
| Contingency | \$41.6 M | - | \$ 41.6 M |
| Total Estimated Capital Cost | \$1,354.0 M | \$849.3 M | \$ 504.7 M |

Planned Sources of Funding

| Component/Contribution | Federal | Provincial | City | Waterfront Toronto | Total |
|---|-------------------|-------------------|-------------------|--------------------|---------------------|
| Secured Funding | | | | | |
| 2017 Port Lands Flood Protection Tri-Government Contribution Agreement | \$384.16 M | \$400.42 M | \$400.42 M | - | \$1,185.00 M |
| Subject to Approvals | | | | | |
| Recommended 2024-2025 Flood Protection Contribution | - | \$55.20 M* | \$22.70 M | \$10.0 M | \$87.90 M |
| Recommended 2024-2025 Parks and Public Realm Contribution | \$48.60 M* | - | \$32.50 M | - | \$81.10 M |
| Sub-Total Recommended Incremental Funding (Subject to Approvals) | \$48.60 M* | \$55.20 M* | \$55.20 M | \$10.0 M | \$169.00 M |
| Total (\$) | \$432.76 M | \$455.62 M | \$455.62 M | \$10.0 M | \$1,354.00 M |
| Total (%) | 32.0% | 33.6% | 33.6% | 0.7% | 100% |

* subject to appropriate federal and provincial approvals. Work is underway to secure funding.

Top 5 Cost Risks and Opportunities

| Risk ID | Probability | Low | Most Likely | High | Estimated High Impact* |
|--|-------------|---------|-------------|----------|------------------------|
| CTR 50.01: External Market Forces In Excess of Cost Escalation | 75% | \$5.6 M | \$7.4 M | \$9.3 M | \$6.9 M |
| CNS 70.73: Increased offsite disposal - does not meet quality criteria | 30% | \$1.6 M | \$7.9 M | \$11.0 M | \$3.3 M |
| CNS 900.37: NRHST Rebate - Municipal | 50% | \$5.7 M | \$5.7 M | \$5.7 M | \$2.8 M |
| CNS 70.72: Increase to Soil Disposal Rate | 65% | \$1.4 M | \$2.9 M | \$4.3 M | \$2.8 M |
| CNS 50.34: Additional SDMA Dredging During Construction | 20% | \$6.3 M | \$7.1 M | \$9.4 M | \$1.9 M |

*Values reflect probability-adjusted high estimates from the risk register

Management recommends that the Finance Audit and Risk Management Committee recommend that the Board of Directors approve additional Capital Investments for the Port Land Flood Protection of \$169.0 Million, bringing the total approved value of the project to \$1,354.0 Million. Management recommends:

1. additional funding to complete the project be sourced from the Federal Government \$48.6 Million, Provincial Government \$55.2 Million, City of Toronto \$55.2 Million and Waterfront Toronto \$10M
2. the additional capital expenditure of \$169.0 Million be added to the Corporation's Rolling Five-Year Strategic Plan (2023/24 – 2027/28).
3. the Substantial Completion date be extended to December 2024. Minor seasonal work i.e. planting and asphalt paths within Promontory Park South to be completed in spring 2025.

ON MOTION duly made, seconded, and carried, be it RESOLVED that the Finance, Audit and Risk Management Committee recommends for approval by the Board of Directors:

1. additional funding to complete the project be sourced from the Federal Government \$48.6 Million, Provincial Government \$55.2 Million, City of Toronto \$55.2 Million and Waterfront Toronto \$10M
2. the additional capital expenditure of \$169.0 Million be added to the Corporation's Rolling Five- Year Strategic Plan (2023/24 – 2027/28).
3. the Substantial Completion date be extended to December 2024. Minor seasonal work i.e. planting and asphalt paths within Promontory Park South to be completed in spring 2025.

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| | |
|---------------------------|---|
| Purpose | Queens Quay East Extension (QQ EE) Lakefill Capital Approval |
| Areas of note/ Key issues | <p>The Board of Directors provided Capital Approval of \$14.2M for the 60% design and pre-construction services associated with the Infrastructure and Public Realm for the Quayside Project including \$2.3M for the QQ EE Lakefill project on June 24, 2021.</p> <p>The QQ EE Lakefill enables the extension of Queens Quay east of Parliament Street and the realignment of Parliament Street which supports the creation of the Blocks 3B and 4 at Quayside. It is an early-work in the Quayside Project and as such is being advanced ahead of the rest of the Infrastructure and Public Realm for Quayside.</p> <p>Waterfront Toronto commenced design in 2022, and is now completed 30% design for the Public Realm and Infrastructure and 60% design for the QQ EE Lakefill Project.</p> <p>Waterfront Toronto undertook an extensive cost estimating and risk assessment process to help establish an appropriate budget for Capital Approval. This included:</p> <ul style="list-style-type: none"> • Project costs separately estimated by the consultant team and Eastern Construction and consolidated by the third-party cost consultant based on 60% design drawings. • Contingency determined through application of a Monte Carlo simulation risk analysis undertaken by the QQ EE Lakefill Risk Management Consultant, HDR. <p>Based on the above, the 90th percentile risk-based contingency is estimated at \$9.2 million (33% of base costs) and the total project is expected to cost \$36.7M at the 90th percentile. Capital Approval is being sought for a total of \$34.4M (\$36.7M less \$2.3M previously approved in June 2021).</p> <p>In June 2021, the Board of Directors approved staff securing pre-construction services through the engagement of a construction manager. At that time, it was noted that subject to separate approvals, the construction manager would be authorized to move forward with the delivery of construction services for Quayside Public Realm and Infrastructure inclusive of the QQEE Lakefill.</p> <p>Since that time, WT undertook a competitive procurement process to retain a construction manager and in June 2022 selected Eastern Construction Company Limited ("Eastern Construction") as the successful proponent. Staff recommend working with Eastern Construction to provide construction and post-construction services for the full Quayside Public Realm and Infrastructure project, including QQEE Lakefill which is expected to commence in September 2023.</p> |

| | |
|---------------------------|--|
| | <p>Management recommends that the FARM Committee recommend for Board approval:</p> <ul style="list-style-type: none"> • FARM Committee capital approval of \$34.4M for recommendation to the Board of directors to proceed with the QQ EE Lakefill Construction. • Confirm the approach to Construction Contracting for the Quayside Public Realm and Infrastructure project including the addition of Keating Channel Pedestrian Bridge to the Quayside Public Realm and Infrastructure project. <p>The QQ EE Lakefill project is expected to be funded 100% by funding from the City of Toronto. This funding is Council approved, and staff are currently negotiating a Delivery Agreement (DA) for this funding. Proceeding with construction would be subject to execution of the DA between WT and the City of Toronto.</p> <p>This project is included in the Board-approved 2023/24 to 2027/28 Rolling Five Year Strategic Plan.</p> |
| Resolution and Next Steps | <p>ON MOTION duly made, seconded, and carried, be it RESOLVED that the Finance, Audit and Risk Management Committee recommends that the Board of Directors approve:</p> <ol style="list-style-type: none"> 1. the Capital expenditure of \$34.4M to complete the Queens Quay East Extension Lakefill Design and Construction, conditional upon execution of a funding agreement with the City of Toronto; 2. that the Quayside Public Realm and Infrastructure Project inclusive of the Keating Channel Pedestrian Bridge be constructed by Eastern Construction as Construction Manager pursuant to their existing contract with Waterfront Toronto. |

Queens Quay East Extension Lakefill Project

Capital Approval for Construction

Presentation to the Finance, Audit and Risk Management Committee

May 29, 2023

Objectives

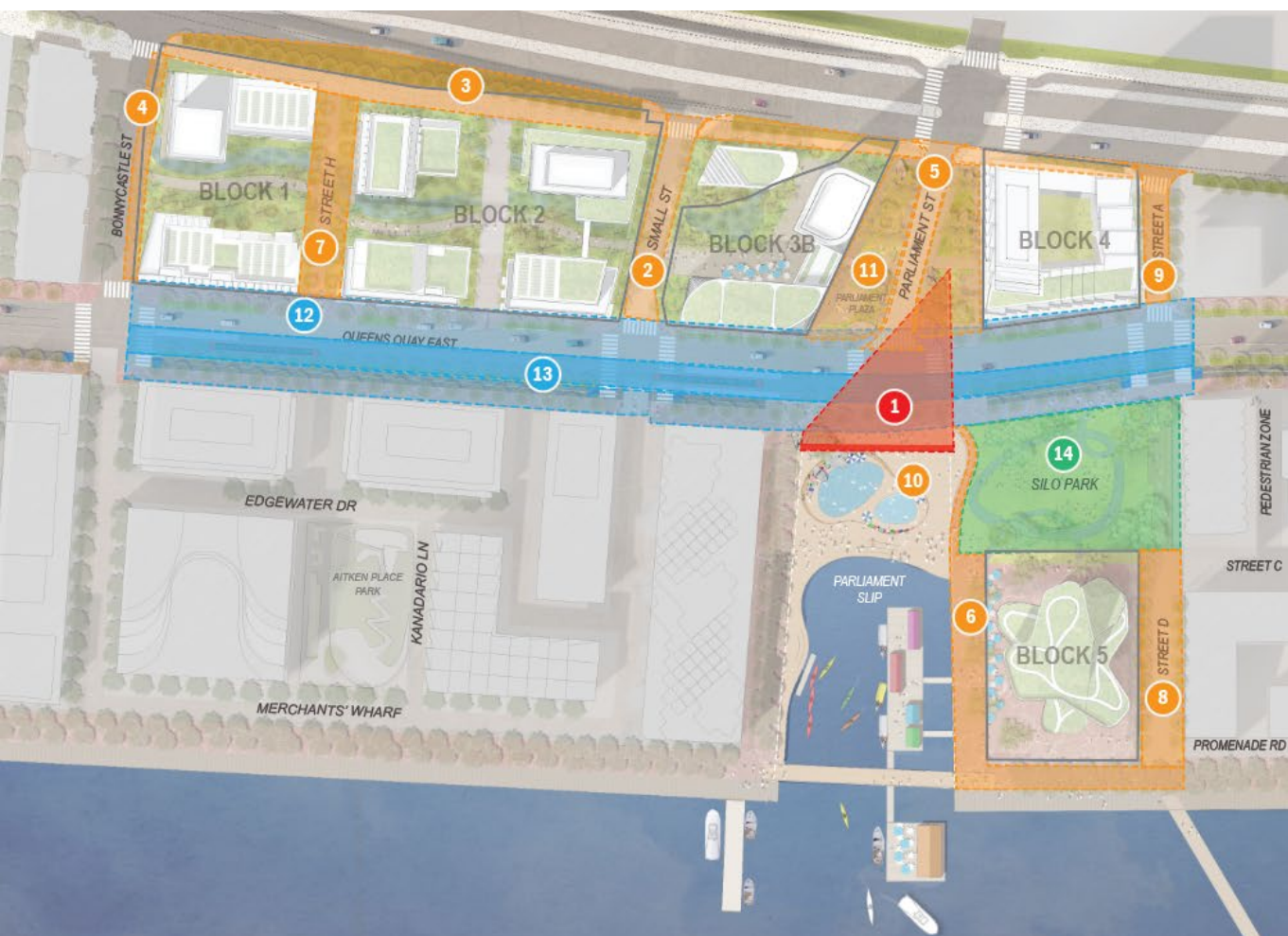
- **Provide an overview of the Queens Quay East Extension (QQUE) Lakefill project, which is one component of the larger Quayside Infrastructure and Public Realm Project.**
- **Provide an update on the current status of the Quayside Infrastructure and Public Realm Project.**
- **Obtain FARM Committee capital approval for recommendation to the Board of directors of \$34.4M to proceed with the QQUE Lakefill Construction.**
- **Confirm the approach to Construction Contracting for the Quayside Public Realm and Infrastructure project and the Keating Channel Pedestrian Bridge.**

Project Background

- **The Board of Directors provided Capital Approval for the 60% design and pre-construction services associated with the Infrastructure and Public Realm for the Quayside Project including the QQEE Lakefill project on June 24, 2021.**
- **The QQEE Lakefill is an early-work in the Quayside Project and as such is being advanced ahead of the rest of the Infrastructure and Public Realm for Quayside.**
- **Waterfront Toronto commenced design in early 2022, and is now completed 30% design for the Public Realm and Infrastructure and 60% design for the QQEE Lakefill Project.**
- **Funding for design and construction of the Quayside Project is a combination of City of Toronto funding and land sale revenues from Quayside. A Delivery Agreement for Quayside Infrastructure and Public Realm is currently being negotiated with the City of Toronto and is expected to be executed before the start of construction on the QQEE Lakefill.**
- **This project is included in the Board-approved 2023/24 to 2027/28 Rolling Five Year Strategic Plan.**

Project Background

- The QQEE Lakefill **1** enables the extension of Queens Quay east of Parliament Street and the realignment of Parliament Street which supports the creation of the Blocks 3B and 4 at Quayside.



QUAYSIDE PUBLIC REALM AND INFRASTRUCTURE

- 1** Queens Quay ROW Lakefill - Early Work
- 2** Small Street
- 3** South Lakeshore
- 4** East of Bonnycastle
- 5** Parliament Street
- 6** Water's Edge Promenade -
- 7** Street H - POPS
- 8** Street D
- 9** Street A
- 10** Parliament Slip Wavedeck
- 11** Parliament Plaza

QUEENS QUAY

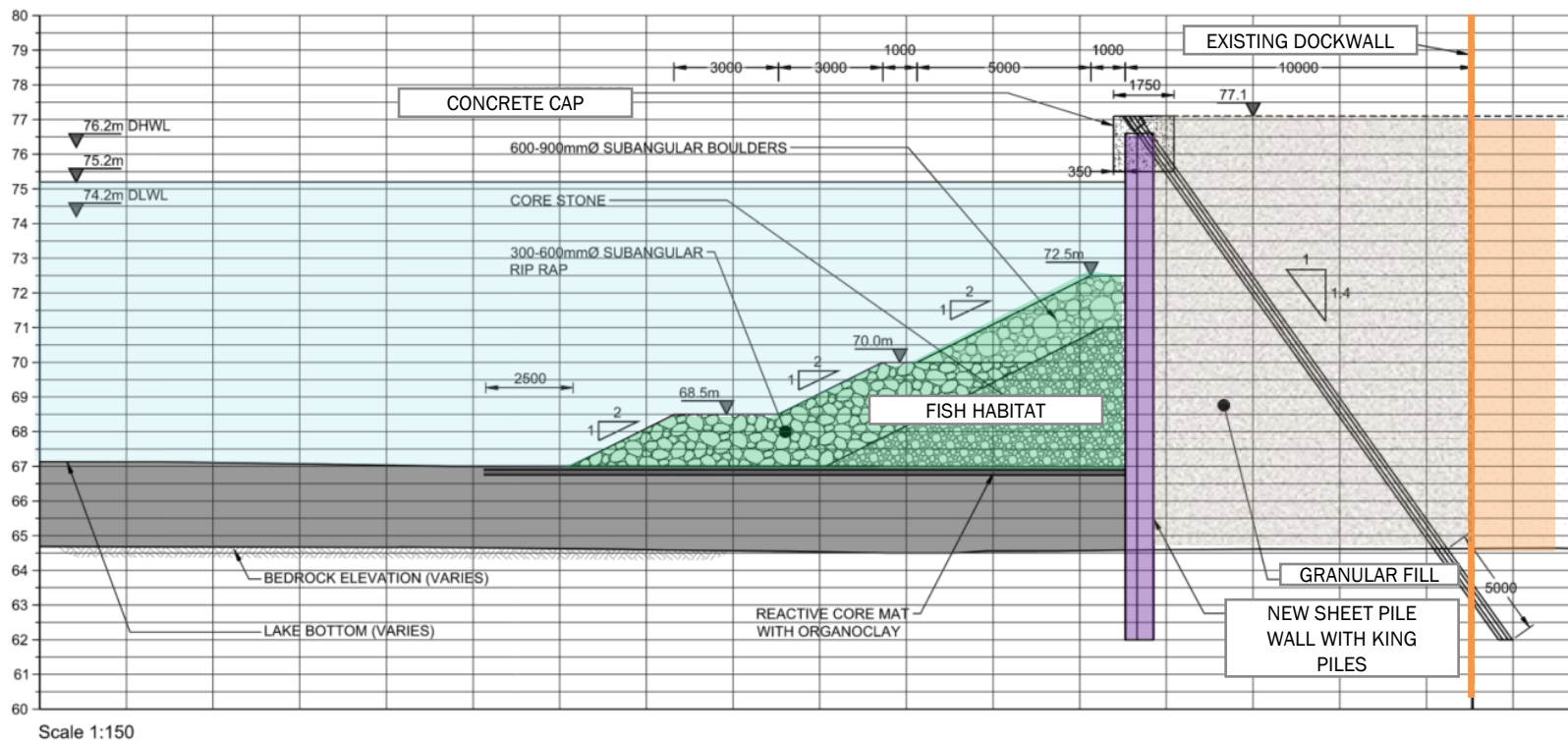
- 12** Bonnycastle to Silo - Public Realm/ROW
- 13** Bonnycastle to Silo - Transitway

SILo PARK

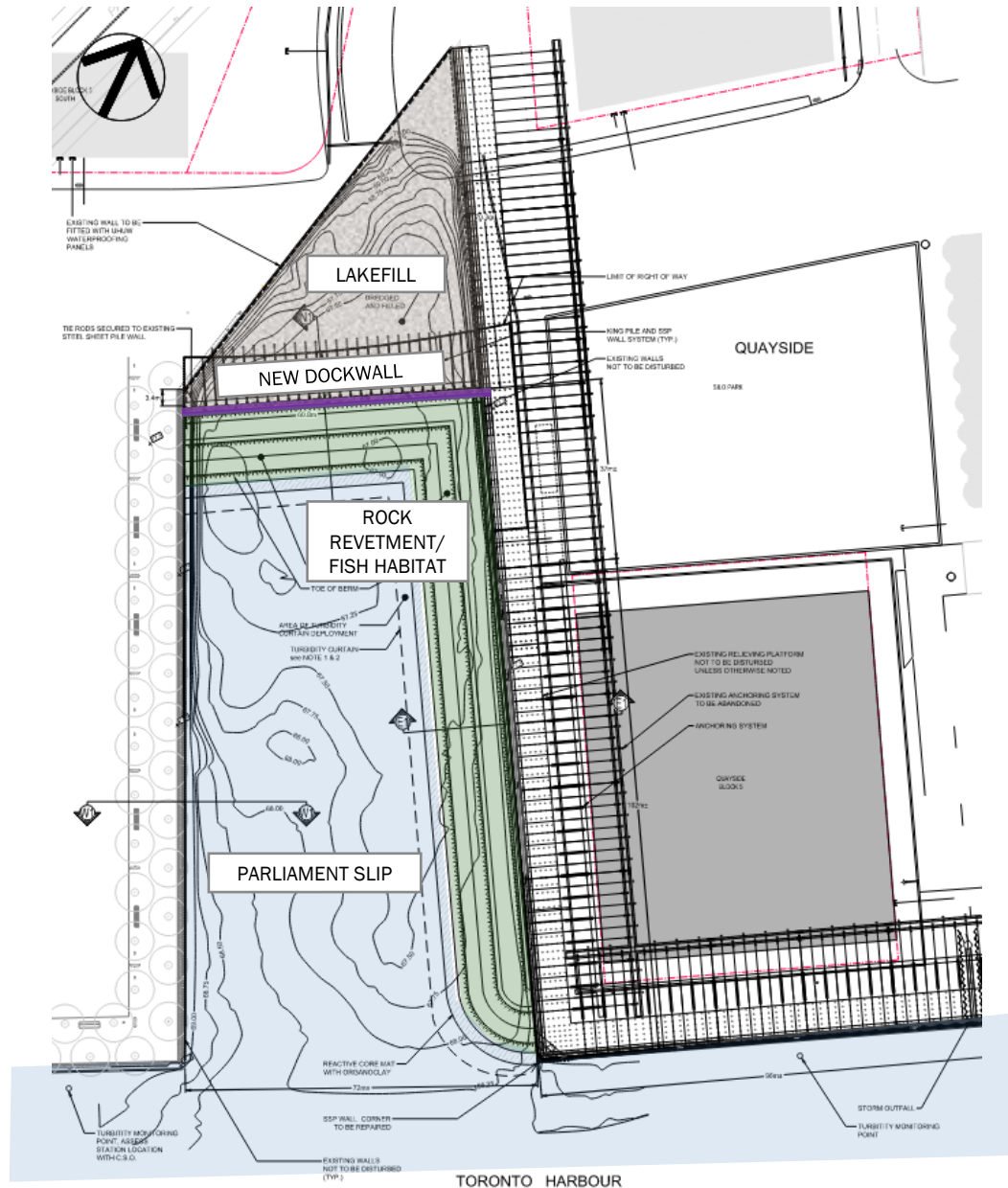
- 14** Silo Park

Queens Quay East Extension Lakefill - Project Scope

- The Project consists of the following elements:
 - Dredging of lakebed sediment (approximately 3 to 3.5 metres to bedrock)
 - 61 metres of new dockwall
 - Lakefill composed of imported granular material
 - Rock Revetment which will provide both structural support and required Fish Habitat Compensation



Queens Quay East Extension Lakefill Project - Project Scope



Queens Quay East Extension Lakefill - Project Timelines

| Task | Milestone Date |
|---|--------------------------------|
| 60% Design Drawings and Cost Estimate | April 2023 |
| FARM Committee & Board of Directors Capital Approval | May 29, 2023 & June 12, 2023 |
| Construction Sub-Contract Tenders | June 2023 – August 2023 |
| 90% Tender Ready Drawings | July 2023 |
| Issued For Construction Drawings | September 2023 |
| Commence Construction | September 2023 |
| Complete Construction (incl. Soil Consolidation) | January 2025 |

Queens Quay East Extension Lakefill Project – Required Approvals



Transport Canada Permit

- This is a Proponent led process which may require a permit to construct, place, alter, rebuild, remove or decommission works that are in, on, over, under, through or across any navigable water way
- Application was submitted in April 2023

Aquatic Habitat Protection Permit from Department of Fisheries and Oceans Canada

- This process is being undertaken in collaboration with Aquatic Habitat Toronto and TRCA. A permit is required for any in water works which may negatively impact fish habitat in the harbour
- Application has been submitted in April 2023

TRCA Permit

- TRCA is currently evaluating if any permits are necessary and TRCA will assist Waterfront Toronto if any permits are required.

Release for Construction

- This is required from the City of Toronto before construction can commence, City is being engaged via drawing circulations at each phase of the project to ensure that a timely release from construction can be obtained upon completion of the 90% drawing submission

Ports Toronto Authorization

- This permit is obtained by the Constructor prior to the start of construction.

FARM Committee & Board Capital Approval

- **Capital Approval is required in order to execute the construction work for the QQUE Lakefill Project (Construction)**
- **Waterfront Toronto's policies and procedures provide for Capital Approvals to be obtained from FARM Committee and Board of Directors:**
 1. **After design has reached 60% completion**
 2. **When planned investments exceed \$5 Million**
- **Capital Approval is required for \$34.4 Million as illustrated on the following slide.**
- **The Delivery Agreement for the Project between City of Toronto and Waterfront Toronto is being negotiated and is expected to be executed in June 2023.**

Forecast Project Costs and Sources of Funding

| Budget Allocation | Anticipated Project Cost (\$ Millions) |
|---|--|
| Hard Construction Costs (including escalation) | \$ 21.0 |
| Total Soft Costs (design, engineering, project management & approvals) 0-60% design previously approved \$2.3M June 24, 2021 | \$ 6.0 |
| Risk Contingency (Construction and Soft Cost) | \$ 9.2 |
| Non-recoverable Harmonized Sales Tax | \$ 0.5 |
| Total Project Budget | \$ 36.7 |
| Capital Approval Being Requested | \$ 34.4 |

- The QQEE Lakefill project is expected to be funded 100% by funding from the City of Toronto. This funding is Council approved, and staff are currently negotiating a Delivery Agreement (DA) for this funding. Proceeding with construction would be subject to execution of the DA between WT and the City of Toronto.

Interim Improvements to Risk Quantification and Budget Setting Process



Based on an initial Lessons Learned assessment of the Port Lands Flood Protection governance, oversight and risk management model, the following interim process improvements have been implemented in the Risk Assessment and Quantification procedures for both QQEE Lakefill and the broader Quayside Project:

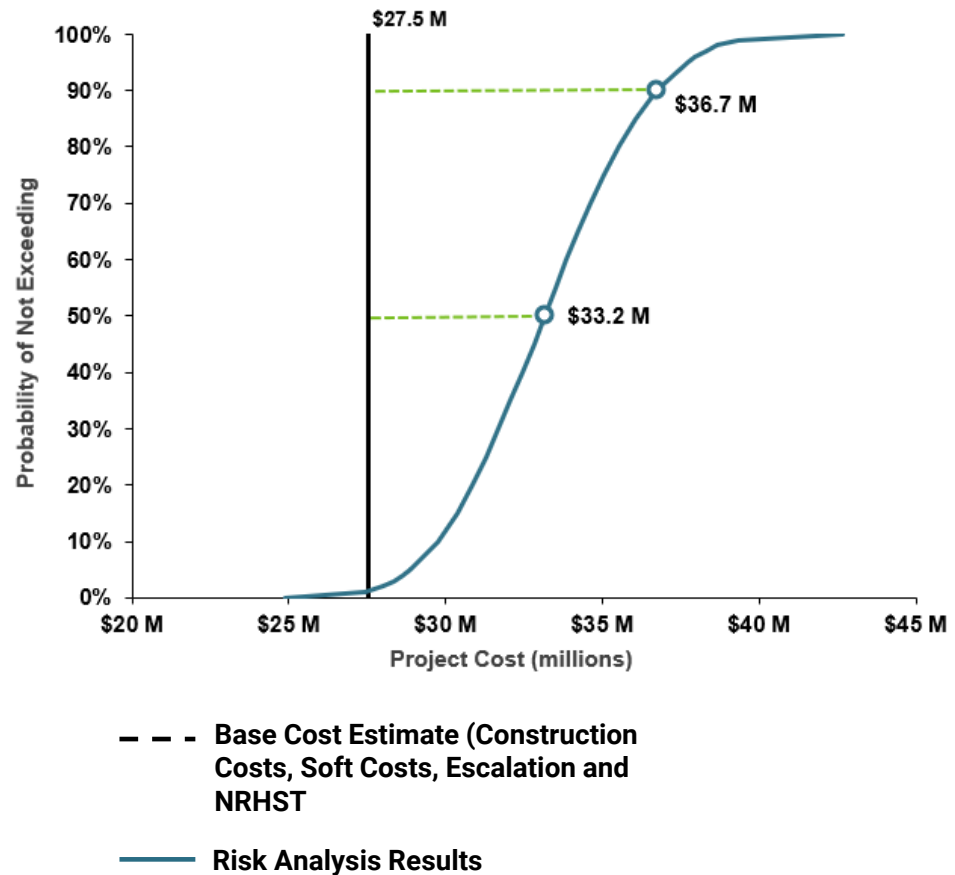
- **Capital Approval is being sought at the 60% design milestone to ensure drawings have been developed sufficiently to enable more complete costing (defined as Class 2 by The Association for the Advancement of Cost Engineering (AACE)). PLFP Budget Approval was obtained at the concept (less than 5%) design stage (Class 5 Estimate).**
- **Independent cost estimates were undertaken by the design team and the construction manager at the 60% design milestone. These two estimates were then reconciled by an independent third-party cost estimator retained directly by Waterfront Toronto and a consensus estimate agreed by all parties.**
- **Risk process leveraged risks identified during the PLFP project to ensure more thorough cataloguing of risks at this milestone.**
- **To account for the complexity of working on the waterfront, the Base Cost Uncertainty Risk (for unknown risks) selected is a range which represents a more conservative risk profile according to AACE. This results in a range of -5% to +15%.**
- **Excess Market Escalation Risk has been applied at a higher rate to account for anticipated higher than average escalation projections.**

Major Project Risks – Construction

| Risk Description | Potential Impact | Mitigation Strategy |
|---|-------------------------------------|---|
| Additional costs due to higher than planned escalation | Additional costs | An additional allowance for higher than planned escalation has included through the Risk Assessment Process. |
| Availability of qualified Marine Lakefilling / Subcontractors | Project delays and additional costs | Construction Manager has undertaken market soundings with qualified contractors to ensure alignment between the design and resources available within the local market. |
| Construction cost premium incurred due to extended work required in the winter season | Additional costs | Procurement will commence early to ensure critical works can be completed before winter. |
| Delay in obtaining approvals | Project delays and additional costs | Team is proactively coordinating with agencies to ensure approvals are obtained. |
| Unexpected site conditions (ie increased turbidity, unexpected bedrock elevation or presence of contamination/coal tar) | Project delays and additional costs | Site condition will be monitored during construction and installation of sheetpile dockwall early in the process will reduce impacts. |
| Marine Archeology Assessment may be required | Project delays and additional costs | Team is coordinating with Port Toronto to confirm the historical dredging of the slip to assess any archeological assessment requirements early in the process. |

Project Risk Tolerance

- This Corporation's Risk Appetite Statement establishes that its tolerance for risk is "low" in the area of cost overruns. This project is consistent with the Corporation's level of risk tolerance because:
 - Project costs have been separately estimated by the consultant team and Eastern Construction and have been consolidated by the third-party cost consultant based on 60% design drawings.
 - Contingency has been determined through application of a Monte Carlo simulation risk analysis undertaken by the Quayside Risk Management Consultant, HDR.
- Based on the above, the 90th percentile risk-based contingency is estimated at \$9.2 million (33% of base costs) and the total project is expected to cost \$36.7M at the 90th percentile.
- \$2.3M was previously approved by the Board of Directors at its June 2021 meeting and therefore Capital Approval is being sought \$34.4M



Quayside Infrastructure and Public Realm Update



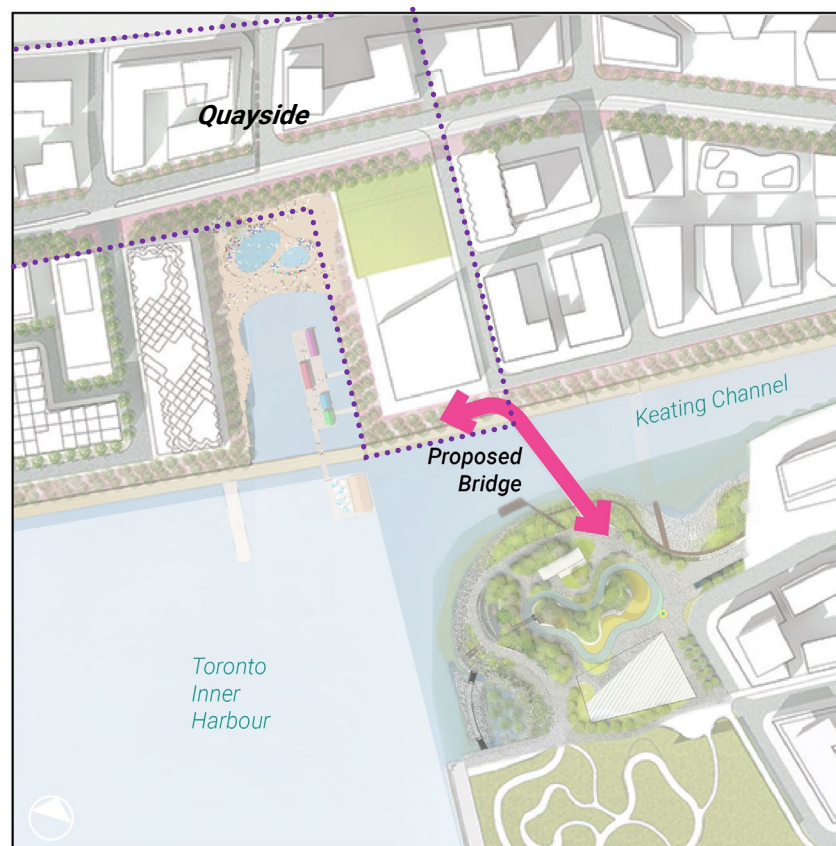
- In April 2023, the full Quayside Infrastructure and Public Realm project completed 30% design. At that time cost estimates were undertaken by the design consultant, the construction manager and a third-party cost estimator. A full Risk Assessment is been completed on the reconciled estimate in order to establish an appropriate contingency and escalation allowance.
- The 30% cost estimate is projected to exceed the estimate undertaken as part of the Due Diligence Report for the project (DDR) which was completed in 2021.
- The estimated increased costs can be attributable to the following factors:
 - Unprecedented Escalation (approximately 30% since DDR was completed 18 months prior) with a particularly high level of escalation realized on commodities such as granite, concrete unit pavers and silva cells
 - Modifications to the scope due to new information since having selected the Quayside Impact proposal
- Staff will further optimize the design, assess alternative construction sequencing that would adjust the cashflow and report back to the FARM and the Board of Directors at the 60% design milestone for Capital Approval, this is expected before the end of this fiscal year.

Construction Contractor Procurement

- In June 2021, the Board of Directors approved staff securing pre-construction services through the engagement of a construction manager. At that time, it was noted that subject to separate approvals, the construction manager would be authorized to move forward with the delivery of construction services for Quayside Public Realm and Infrastructure inclusive of the QQEE Lakefill.
- WT undertook a competitive procurement process to retain a construction manager and in June 2022 selected Eastern Construction Company Limited ("Eastern Construction") as the successful proponent.
- As part of the procurement, proponents were assessed both on the value of pre-construction services that were offered as well as on their qualifications and pricing for the construction and post-construction phases of the project
- Staff recommend working with Eastern Construction pursuant to their proposal and selection in June 2022 to provide construction and post-construction services for the full Quayside Public Realm and Infrastructure project, including QQEE Lakefill which is expected to commence in September 2023.

Keating Channel Pedestrian Bridge

- Waterfront Toronto has commenced the procurement for the design of the Keating Channel Pedestrian Bridge.
- Given the location of the bridge north landing (on the Quayside Site) and the delivery schedule for the bridge (before March 31, 2026) there are expected to be Ministry of Labour, Constructor issues if two different contractors are working in the same space and time.
- Staff are recommending that the Keating Channel Pedestrian Bridge be added to the scope of the construction manager for Quayside Infrastructure and Public Realm Project.



Management recommends that the Finance Audit and Risk Management Committee approve, for recommendation to the Board of Directors:

- **The capital expenditure of \$34.4 Million to complete the Queens Quay East Extension Lakefill project design and construction.**
- **The Quayside Infrastructure and Public Realm Project be constructed by Eastern Construction as construction manager under their existing contract with Waterfront Toronto.**
- **The Keating Channel Pedestrian Bridge be added to the scope of the Construction Management agreement for Quayside Infrastructure and Public Realm.**

FARM Committee and Board of Directors, approvals are conditional upon the execution of a bilateral Delivery Agreement for project funding between the City of Toronto and Waterfront Toronto.

Management to report back to the FARM Committee and the Board of Directors with a comprehensive update on the Quayside Infrastructure and Public Realm Project at the 60% design milestone which is anticipated for the March 2024 Board of Directors meeting.

ON MOTION duly made, seconded, and carried, be it RESOLVED that the Finance, Audit and Risk Management Committee recommends that the Board of Directors approve:

- 1. the Capital expenditure of \$34.4M to complete the Queens Quay East Extension Lakefill Design and Construction, conditional upon execution of a funding agreement with the City of Toronto;**
- 2. that the Quayside Infrastructure and Public Realm Project inclusive of the Keating Channel Pedestrian Bridge be constructed by Eastern Construction as Construction Manager pursuant to their existing contract with Waterfront Toronto.**

Thank You

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May 29, 2023

Port Lands Flood Protection Program Update

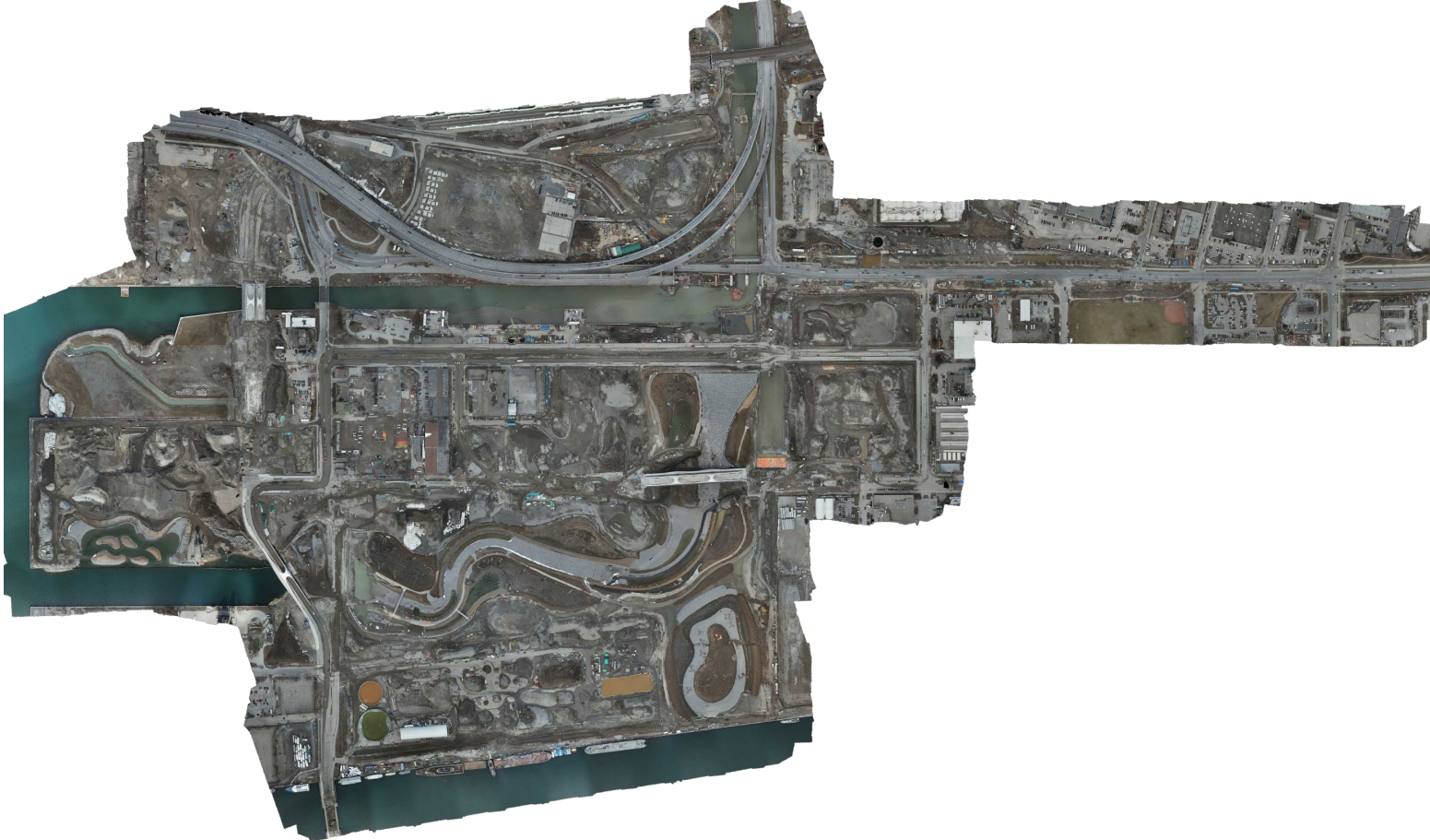
Presentation to the Finance, Audit and Risk Management Committee



All text information and images are confidential and cannot be shared.

Progress on Site

Port Lands Flood Protection: Construction Update





WATERFROMtoronto

Port Lands Flood Protection: Excavation by the West Plug



Port Lands Flood Protection: Ice Management Area



Port Lands Flood Protection: Commissioners Street Bridge Utilities



Port Lands Flood Protection: Wetland by the Ice Management Area



Port Lands Flood Protection: Fish Gate to the Wetland in the Ice Management Area

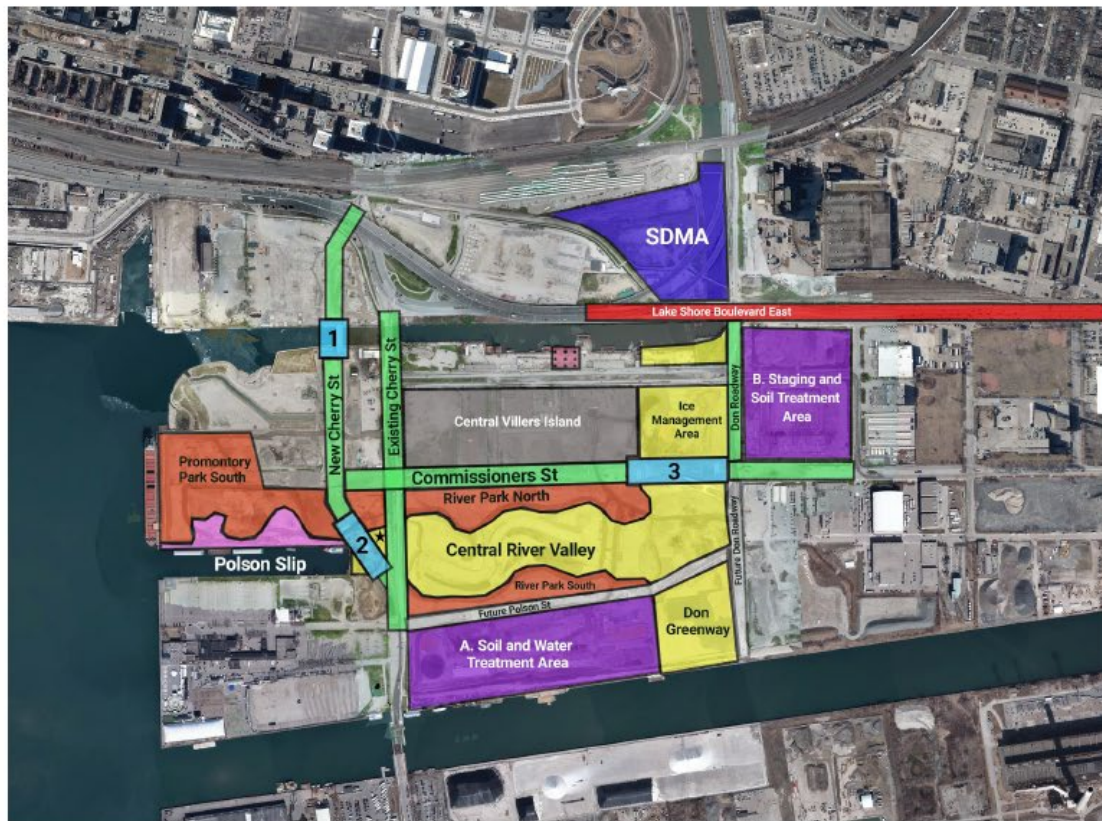


Port Lands Flood Protection: Don Greenway



Port Lands Flood Protection: Spring Construction Schedule

April-June 2023



- Roads**
 - New Cherry St & Lake Shore Intersection: open north side of the intersection
 - New Cherry St: install utilities, ground improvements, installation of green infrastructure, road base, paving.
 - Commissioners St: install utilities, ground improvements, paving.
 - Don Roadway & Future Don Roadway: ground improvements, flood protection landform, dockwall installation
- Bridges**
 - 1 Cherry St North Bridge: vehicular bridge concrete deck work, sidewalk concrete work and railings, road connection
 - 2 Cherry St South Bridge: Bench installation
 - 3 Commissioners St Bridge: additional concrete work, utility work, paving, benches, handrails
- Parks**
 - Promontory Park South: excavation, structural fill placement, surcharging
 - River Park North: surcharging, structural fill placement, park facilities infrastructure
 - River Park South: surcharging, structural fill placement, park facilities infrastructure
- River Valley**
 - Central River Valley: planting, install river finishes, install wetland habitat features, and dewatering. Dewatering and excavation at the west plug (*)
 - Ice Management Area: install river finishes, install wetland habitat features and dewatering
 - North Ice Management Area: subcontractor mobilization, site preparation
 - Don Greenway: excavation, dewatering, install fish gate, habitat boulders, planting
- Polson Slip Naturalization**
 - Canoe Cove islands construction and stone finishes
- Staging and Treatment Areas**
 - A: Water treatment and soil stockpiling and staging
 - B: Soil stockpiling and staging
- Sediment & Debris Management Area (SDMA)**
 - Dredging and dockwall works
- Central Villiers Island**
 - Fill placement, temporary soil stockpiling and construction staging
- Utility Connection**
 - Excavation, microtunnelling and utilities installation
- Lake Shore Boulevard East Project**
 - Ongoing eastbound bridge work
 - New watermain commissioning
 - Utilities installation between Don Roadway and Carlaw

Work Accomplished This Period: Q4 2022-2023– January 1 to March 31, 2023



Overall Program Update

| | |
|----------------|--|
| General | <ul style="list-style-type: none"> Budget Funding and Scope Options presented to: <ul style="list-style-type: none"> Canada/WT Oversight Committee January 23, 2023 Capital Peer Review Panel January 19, 2023 Funding and Scope discussions with three levels of government Update to FARM February 23, 2023: funding of \$169M to complete full PLFP scope at P90 subject to Council/Treasury Board/Ministerial approvals as follows: <ul style="list-style-type: none"> \$81.1M under the Canada Infrastructure Program (ICIP) \$87.9 M as an amendment to the Contribution Agreement Complete new draft baseline schedule (#4) with data date of March 1, 2023 |
|----------------|--|

Construction Procurement*:

| | | |
|---------------------|--------|------------|
| Awarded*: | 91.0 % | \$ 984.4 M |
| In Progress: | 1.3 % | \$ 14.0 M |
| Not Started: | 7.7 % | \$ 83.1 M |

Work Planned Next Period:

Q1 2023-2024 – April 1 to June 30, 2023

Overall Program Update

| | |
|----------------|--|
| General | <ul style="list-style-type: none"> • Complete and accept new baseline schedule #4 • Complete and present Semi-Annual Cost and Risk update based on results as of Q4 2022 (March 31, 2023) to stakeholders • Continue support for completion of full PLFP scope including ICIP Program and amendments to Contribution Agreement • Complete detailed review on an ongoing basis, with monthly updates of the Estimate at Completion (EAC), program schedule and risk register • Monitor and assess progress against those elements through Q1 2023/24 |
|----------------|--|

Construction Procurement*:

| | | |
|---------------------|--------|------------|
| Awarded: | 91.5 % | \$ 989.4 M |
| In Progress: | 2.5 % | \$ 26.9 M |
| Not Started: | 6.0 % | \$ 65.2 M |

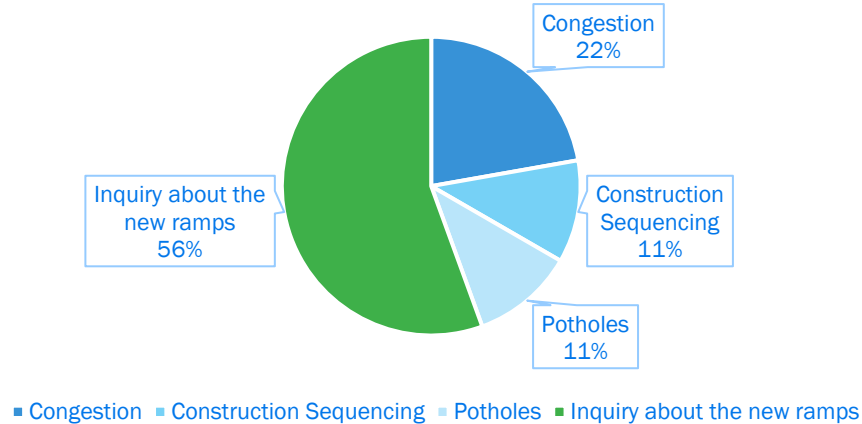
* Note: Includes Construction Procurements only

Complaints Tracking – PLFP

Report Period: January-March 2023

- 4 Complaints about LSBE
- 5 Inquiries about timelines and plans for the new ramps
- No complaints related to PLFP

Complaints Related to LSBE (4 total + 5 complaints disguised as inquiries)



Engagement with Indigenous Communities

Updates January to March 2023:

- Received agreement from MCFN on approach for proposed Indigenous Carvings process for Lake Shore Blvd Bridge
- Shortlist of Indigenous Artists notified for PLFP Public Realm process
- Continued outreach with MCFN regarding potential FPL involvement in monitoring opportunities
- Attend MCFN Historical Gathering Seminars February 2023
- RFP to shortlist of Indigenous Artists to be released in March 2023 for PLFP Public Realm and MCFN involvement in RFP development and selection.
- Issued RFP to designers for Indigenous Carvings on Lake Shore Blvd Bridge

Next Steps

- Continue outreach with MCFN regarding potential FLR involvement in monitoring opportunities
- Continue discussions with MCFN on carvings to Destination Play
- Anticipate MCFN Working Group Meeting April-May 2023
- RFP to designers for Indigenous Carvings on Lake Shore Blvd Bridge to close in April 2023

Communications and Public Engagement

Images from
CONTACT Festival
"Greenwork"



SPRING 2023

SUMMER/FALL 2023

- Planting resumes in river valley
- Excavation across Old Cherry Street continues

- Cherry North, Commissioners Street Bridges open
- Commissioners Street opens

- Habitat workshop with Waterfront Neighbourhood Centre
- CONTACT Photography Festival
- Doors Open, ULI Spring Meeting
- Drop-In Open House May 11-18

- Site tours, viewing platform activation
- Bridge/road openings (media event TBC when dates for opening confirmed)
- PLFP Science Fair

Thank you.

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| | |
|----------------------------------|---|
| Purpose | For Information |
| Areas of note/ Key issues | <p>The Q4 2022/23 Semi-Annual Cost Estimate Update is a key component of the Corporation's project risk management and governance framework. This report provides a status update on the budget and schedule for the Port Lands Flood Protection Project (PLFP) as at Q4 2022/23 (March 31, 2023).</p> <p>The Q2 2022/23 (September 30, 2022) Semi-Annual Cost Estimate Update projected the probability of delivering the PLFP for the budgeted \$1,185M was 0%. To increase the probability of completing the project to greater than 90%, additional funding in the amount of \$169M was requested from Stakeholders. With this additional contingency funding, the revised budget for the program is now \$1,354M.</p> <p>Additional funding is subject to government and Board approvals. As of May 12, funding approval has been obtained from the Waterfront Toronto Board of Directors, Province of Ontario, and Toronto City Council.</p> <p>The project schedule was re-baselined (Rev 03) with a data date of February 28, 2023. Achievement of flood protection and Substantial Completion of the PLFP is now December 31, 2024. Limited seasonally dependent work (planting and asphalt paths) will be completed in Promontory Park South in the spring of 2025.</p> <p>A quantitative risk analysis was completed using the updated Estimate at Completion (EAC) as of February 25 and the re-baselined schedule of February 28, 2023. The analysis determined that the probability of completion within the revised \$1,354M budget is 93.7% and that there is \$42M in contingency remaining to be allocated.</p> |
| Resolution/Next Steps | Q2 2023/24 will be the next Semi-Annual Cost Estimate Update presented to the FARM (Finance, Audit & Risk Management) committee. |

Port Lands Flood Protection and Enabling Infrastructure Semi Annual Cost Estimate Update March 31, 2023

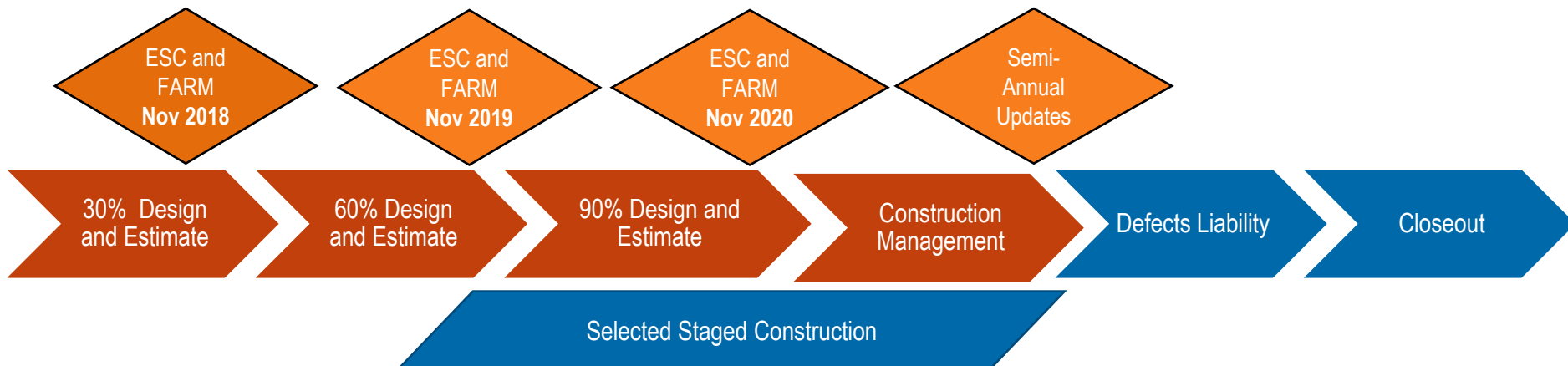
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May 29, 2023**

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6. Escalation Forecast Variance Analysis
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Process

- 30% Stage Gate design and cost estimates provided to Executive Steering Committee on November 21, 2018
- Project Charters and budgets developed from 30% cost estimates; executed April 2019
- 60% Stage Gate design and cost estimates provided to Executive Steering Committee (ESC) on November 12, 2019. ESC approved of the 60% Stage Gate Estimate at Completion
- 90% Stage Gate finalized, presented and approved at the ESC (December 9, 2020), Finance and Risk Management Committee (FARM) (November 26, 2020) and WT Board of Directors (December 10, 2020)
- Semi-Annual Cost Updates will be provided to the ESC, FARM and WT Board of Directors



Project Status Update

Project Budget

- The Q2 2022/23 (September 30, 2022) Semi-Annual Cost Estimate Update projected the probability of delivering the Port Lands Flood Protection Program for \$1,185M was 0%
- Additional contingency funding of \$169M requested to increase probability of completion to more than 90%
- Requires amendment to existing Contribution Agreement (in progress) to be funded by Waterfront Toronto, Province of Ontario and City of Toronto (\$87.9M)
- Requires additional funding through the Investing in Canada Infrastructure Program (ICIP) (draft application submitted to Governments on February 2, 2022) to be funded by Government of Canada and City of Toronto (\$81.1 million in total)

Project Schedule

- Project schedule re-baselined, Rev 03, data date of February 28, 2023
- Key milestones as follows:
 - Achievement of flood protection and PLFPEI Substantial Completion is now December 31, 2024
 - Limited seasonally dependent work (planting and asphalt paths) to be completed in Promontory Park South in Spring, 2025

Project Risks

- Quantitative Risk Analysis completed utilizing updated Estimate at Completion and re-baselined schedule as of March 31, 2023

Procurement

- Construction hard cost procurement status as of March 31, 2023
 - Awarded: 88.1%
 - In Progress: 4.3%
 - Not Started: 7.6%

Current Status – Earthworks, Marine and Parks



Design

- Design elements completed for all Earthworks and Marine components
- Advanced design of Firehall 30 building renovation funded by City of Toronto
- Value engineering options for bicycle bridges in River Park South
- Released Indigenous design elements Request for Proposals

Construction

- Completed Wet Land and River Valley pedestrian bridges
- Demobilized temporary water treatment plant used for utilities dewatering
- Completed backfill on top of concrete load transfer platform at Don Roadway and Commissioners intersection
- Progressed construction of new Don Roadway dock wall at North Plug
- Completed installation of drainage layer and RMM in the Elbow Area
- Completed construction of cut-off walls and progress excavation at west plug (25% complete)
- Continued with installation of river finishes in Central River Valley, Spillway and Ice Management Area
- Commenced dredging of Keating Channel for North Plug Revetment, Storm Water outfall and Lake Shore Bridge
- Completed construction of the islands in Canoe Cover
- Continued dock wall and dredging works in the Sediment and Debris Management Area (SDMA)
- Continued with hand-over process for watermain in SDMA
- Progressed wet utility construction and placement of cap standard fill in River Park North
- Start wet utility installation and progress removal of surcharge in River Park South

Procurement

- | | |
|----------------|--------|
| • Awarded: | 89.1 % |
| • In Process: | 5.7% |
| • Not Started: | 5.2 % |

Current Status – Bridges

Design

- Issued for Construction Lake Shore Boulevard and Bridge revised with Harbour Lead Line removed
- Issued for Construction design and award contract for demolition of existing Cherry Street lift bridge
- Enbridge completed design for temporary relocation of NPS 20 gas main
- Enbridge progressed design for permanent relocation of NPS 20 gas main
- Progressed design for THESL feeder relocation on Lake Shore bridge
- Finalized procurement and award contract for THESL feeder on Lake Shore bridge

Construction

- Completed concrete deck and ballast walls on north and south side of Cherry north vehicular bridge
- Completed and opened Cherry south bridge in advance of opening to traffic October 3
- Completed east and west abutments, installation of expansion joints and progress installation of balustrades on Commissioners bridge
- Completed east hydro vault at Commissioners street bridge
- Completed temporary dock walls and protection for eastbound Lake Shore bridge
- Completed construction of piers and abutments (except west 60%) for east bound Lake Shore and utility bridges
- Began construction of Keating Channel dock wall
- Coordinated with Enbridge for construction of temporary NPS 20 gas main

Procurement

- | | |
|----------------|--------|
| • Awarded: | 94.6 % |
| • In Process: | 5.1 % |
| • Not Started: | 0.3 % |

Current Status – Roads and Services

Design

- Finalized design for Villiers Street gas main crossing of the River Valley
- Finalized design for ground improvements for THESL chambers at Spillway crossing and for THESL permanent assets on Cherry and Commissioners Streets
- Finalized design for all elements of the dock wall modifications for the Storm Water Treatment outfall
- Advanced design for all remaining traffic controls for all major intersections and pedestrian crossings in PLFP
- Progressed Stage 2 and 3 street lighting design for Lake Shore Boulevard and Bridge
- Closed procurement for street and pedestrian lighting, signals and RESCU for Lake Shore Boulevard
- Procured all traffic controls

Construction

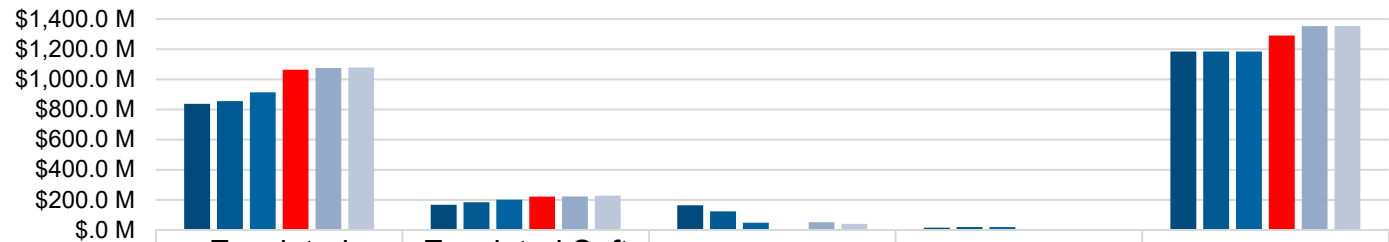
- Completed and opened vehicular section of New Cherry Street south of Commissioners October 3, 2022
- Completed construction, commissioning and city acceptance of new watermain, Cherry south of Commissioners
- Completed wet and dry utilities on Cherry street, north and south of Keating to Commissioners street
- Completed all micro-tunnelling activities
- Completed construction of wet utilities on Munitions, Saulter and Polson Streets
- Completed installation of rock anchors and walls within the Storm Water Treatment Facility and Oil Grit Separator (1)
- Complete wet utilities on the south side of Lake Shore Boulevard
- Completed installation of the temporary water main on Lake Shore Boulevard

Procurement

- | | |
|----------------|--------|
| • Awarded: | 84.0 % |
| • In Process: | 3.2 % |
| • Not Started: | 12.8 % |

PLFP – Q4 2022/23 EAC Forecast

Port Lands Flood Protection Q4 2022/23 Estimate at Completion (EAC) Forecast



| | Escalated Hard Costs | Escalated Soft Costs | Contingency | NRHST | Total |
|------------------------------|----------------------|----------------------|-------------|----------|-------------|
| ■ Due Diligence | \$837.2 M | \$167.8 M | \$164.0 M | \$16.0 M | \$1,185.0 M |
| ■ 30% Design/Approved Budget | \$855.4 M | \$184.6 M | \$124.5 M | \$20.5 M | \$1,185.0 M |
| ■ 90% Stage Gate | \$914.6 M | \$201.7 M | \$48.9 M | \$19.8 M | \$1,185.0 M |
| ■ Q2 2022/23 EAC Forecast | \$1,063.7 M | \$222.0 M | \$0.0 M | \$5.0 M | \$1,290.7 M |
| ■ Q4 2022/23 EAC Actual | \$1,075.1 M | \$222.5 M | \$51.4 M | \$5.0 M | \$1,354.0 M |
| ■ Q4 2022/23 EAC Forecast | \$1,078.8 M | \$228.5 M | \$41.7 M | \$5.0 M | \$1,354.0 M |

- **The Forecast EAC has increased from \$1.291 B to \$1.354 B.**
- Forecasted construction hard cost estimate has increased \$15.1M (1.4%) from the Q2 2022/23 Forecasted EAC. Details provided in next slides.
- Soft cost estimate has increased \$6.5M (2.9%) from the Q2 2022/23 Forecasted EAC related to:
 - Increase to Construction Administration Services and Builders Risk and Wrap Up Liability Insurance Extension

Q4 2022/23 Construction Cost Estimate Variance



The overall increase in the Construction Cost Estimate (Hard Costs) is \$15.1M (1.4%) from the Q2 2022/23 Forecasted EAC.

Major Variances from Q2 2022/23 Forecast by segment are summarized as follows:

| Program Segment | Due Diligence | 30% Stage Gate: Program Budget | 90% Stage Gate | Q2 2022/23 EAC Forecast | Q4 2022/23 EAC Forecast | Variance: Q4 2022/23 EAC Forecast to Q2 2022/23 EAC Forecast | |
|---|-------------------|--------------------------------|-------------------|-------------------------|-------------------------|--|--------------|
| | | | | | | \$ | % |
| Roads and Services | \$ 188.0 M | \$ 136.0 M | \$ 173.2 M | \$ 235.7 M | \$ 245.1 M | \$ 9.4 M | 4.0 % |
| Earthworks, Marine and Parks | \$ 604.3 M | \$ 577.3 M | \$ 599.6 M | \$ 686.1 M | \$ 685.6 M | (\$ 0.5 M) | (0.1 %) |
| Bridges | \$ 114.9 M | \$ 142.1 M | \$ 141.8 M | \$ 141.8 M | \$ 148.1 M | \$ 6.3 M | 4.4 % |
| Escalated Construction Cost Estimate | \$ 837.2 M | \$ 855.4 M | \$ 914.6 M | \$ 1,063.7 M | \$ 1,078.8 M | \$ 15.1 M | 1.4 % |

Q4 2022/23 Construction Cost Estimate Variance



The construction cost increase of \$15.1 M since the last report of Q2 2022/23 is attributed to the following factors:

| | |
|--|--------------------|
| General Conditions | \$ 4.6 M |
| Construction Manager and Consultant staff due to schedule extension | \$ 5.4 M |
| Reductions in monitoring costs | (\$0.8 M) |
| Bridges | \$ 4.8 M |
| Toronto Hydro enclosures on Lake Shore Bridge, cost above initial estimate | \$ 2.9 M |
| Changes to Lake Shore Bridge contract | \$ 2.0 M |
| Sink hole and dockwall repair | \$ 1.8 M |
| Extended durations, escalation | \$ 0.5 M |
| Toronto Hydro cost sharing (previously carried on LSBE) | (\$ 2.4 M) |
| Roads | \$ 7.1 M |
| Extended time and escalation claim by wet utilities contractor | \$ 3.0 M |
| Toronto Hydro assets – additional costs | \$ 1.8 M |
| Subgrade and groundwater issues (Commissioners St) | \$ 1.7 M |
| Extended time and escalation by tunnelling contractor | \$ 0.6 M |
| Earthworks and Parks | (\$ 2.4 M) |
| Maintenance dredging of Keating Channel for north plug, stormwater treatment facility outfall and LSBE | \$ 3.2 M |
| Reconciliation of earthwork quantities at Sediment And Debris Management Area | (\$ 0.5 M) |
| Earthworks design optimizations | (\$ 0.6 M) |
| Site preparations and demolition – contract reconciliation | (\$ 1.0 M) |
| Promontory Park South removal of lightweight fill optimization | (\$ 3.5 M) |
| CM Fees | \$ 0.9 M |
| Insurance | \$ 0.1 M |
| Total | \$ 15.1 M |

Q4 2022/23 Soft Cost Estimate Variance

Soft Cost EAC Forecast is \$6.5M (2.9%) higher than forecasted in Q2 2022/23 EAC.

Major Variances from Q2 2022/23 Forecast is driven by:

- WSP (Extended Construction Administration Services) \$2.9M
- Builders Risk and Wrap Up Liability Insurance Extension \$3.5M

Major Variances from Q2 2022/23 by segment are summarized as follows:

| Program Segment | Due Diligence | 30% Stage Gate: Program Budget | Q2 2022/23 EAC Forecast | Q4 2022/23 EAC Forecast | Variance: Q2 2022/23 EAC Forecast to Q4 2022/23 EAC Forecast | |
|-------------------------------------|-------------------|--------------------------------|-------------------------|-------------------------|--|-------------|
| | | | | | \$ | % |
| Roads and Services | \$ 23.9 M | \$ 22.0 M | \$ 31.5 M | \$ 35.1 M | \$ 3.6 M | 11.4% |
| Earthworks, Marine and Parks | \$ 120.4 M | \$ 131.3 M | \$ 159.3 M | \$ 161.6 M | \$ 2.3 M | 1.4% |
| Bridges | \$ 23.5 M | \$ 31.0 M | \$ 31.2 M | \$ 31.8 M | \$ 0.6 M | 1.9% |
| Escalated Soft Cost Estimate | \$ 167.8 M | \$ 184.6 M | \$ 222.0 M | \$ 228.5 M | \$ 6.5 M | 2.9% |

Contingency Drawdown

| | Hard Cost | Soft Cost | Contingency Balance |
|--------------------------------|------------------|----------------|---------------------|
| Approved 30% Budget (Mar 2019) | \$ 855,445,331 | \$ 184,565,460 | \$ 124,493,923 |
| 60% Stage Gate EAC (Nov 2019) | \$ 903,439,587 | \$ 193,796,549 | \$ 67,268,578 |
| 90% Stage Gate EAC (Nov 2020) | \$ 914,585,746 | \$ 201,737,170 | \$ 48,855,875 |
| Q4 2020/21 EAC | \$ 916,432,835 | \$ 202,869,859 | \$ 45,876,097 |
| Q2 2021/22 EAC | \$ 918,820,287 | \$ 203,106,363 | \$ 43,114,845 |
| Q4 2021/22 EAC | \$ 917,340,839 | \$ 205,717,968 | \$ 41,982,690 |
| Q2 2022/23 EAC | \$ 1,063,675,276 | \$ 222,312,752 | \$ 63,011,970 |
| September 2022 | \$ 247,894 | - | \$ 62,764,076 |
| October 2022 | \$ (129,911) | - | \$ 62,893,987 |
| November 2022 | \$ 467,888 | - | \$ 62,426,100 |
| December 2022 | \$ 2,765,585 | - | \$ 59,660,515 |
| January 2023 | \$ 5,306 | \$ 60,000 | \$ 59,595,209 |
| February 2023 | \$ 4,521,239 | - | \$ 55,073,970 |
| March 2023 | \$ 3,548,938 | \$ 87,845 | \$ 51,437,187 |
| Q4 2022/23 Actual EAC | \$ 1,075,102,215 | \$ 222,460,597 | \$ 51,437,187 |

Changes to Risk Register

- Compared to the previous analysis update, there is approximately **\$12.4 million** decreased cost risk and **1.3 months** of increased schedule risk, after implementing risk mitigation strategies
- The sum of schedule risks does not accurately represent potential schedule delays since it assumes all delays are cumulative and on the critical path. As a result, the schedule risks reported do not account for the ability to continuously adjust the schedule by accelerating and re-sequencing work

| Stage Gate | Cost Impacts | | Schedule Impacts | |
|--|-------------------|-------------------|------------------|---------------|
| | Pre-Mitigated | Mitigated | Pre-Mitigated | Mitigated |
| Current Analysis (Risk Register as of 4.12.23) | \$30.1 M | \$26.7 M | 14.7 mo | 11.7 mo |
| Previous Analysis (Risk Register as of 10.4.22) | \$42.3 M | \$39.1 M | 16.6 mo | 10.4 mo |
| Variance | (\$12.2) M | (\$12.4) M | (1.9) mo | 1.3 mo |

Values reflect probability-adjusted high estimates from the risk register.

Changes to Risk Register

Changes to Cost Risks

- **19** cost risks and **1** cost opportunity have been retired since last update, resulting in a **\$6.13M decrease** in probability adjusted high-cost impact. Top retired risks are:
 - CNS 900.79 soil disposal rate escalation: 100% probability with \$2M in cost impact
 - CNS 900.75 Claims for Ship Channel Dockwall Damage: 50% probability with \$2.9M in cost impact
- **2** major cost opportunities have been added, resulting in a **\$5.4M decrease** in probability adjusted high-cost impact.
 - FCCO 29: Tunnel Counterclaim: 75% probability with -\$0.5M to -\$3M in cost impact
 - CNS 50.47: Recoverable Keating Channel Dredging Costs: 100% probability with -\$3.2M in cost impact
- Adjustments/Additions of **42** cost risks and **2** cost opportunities accounted for an **\$0.93M increase** in probability adjusted high-cost impact

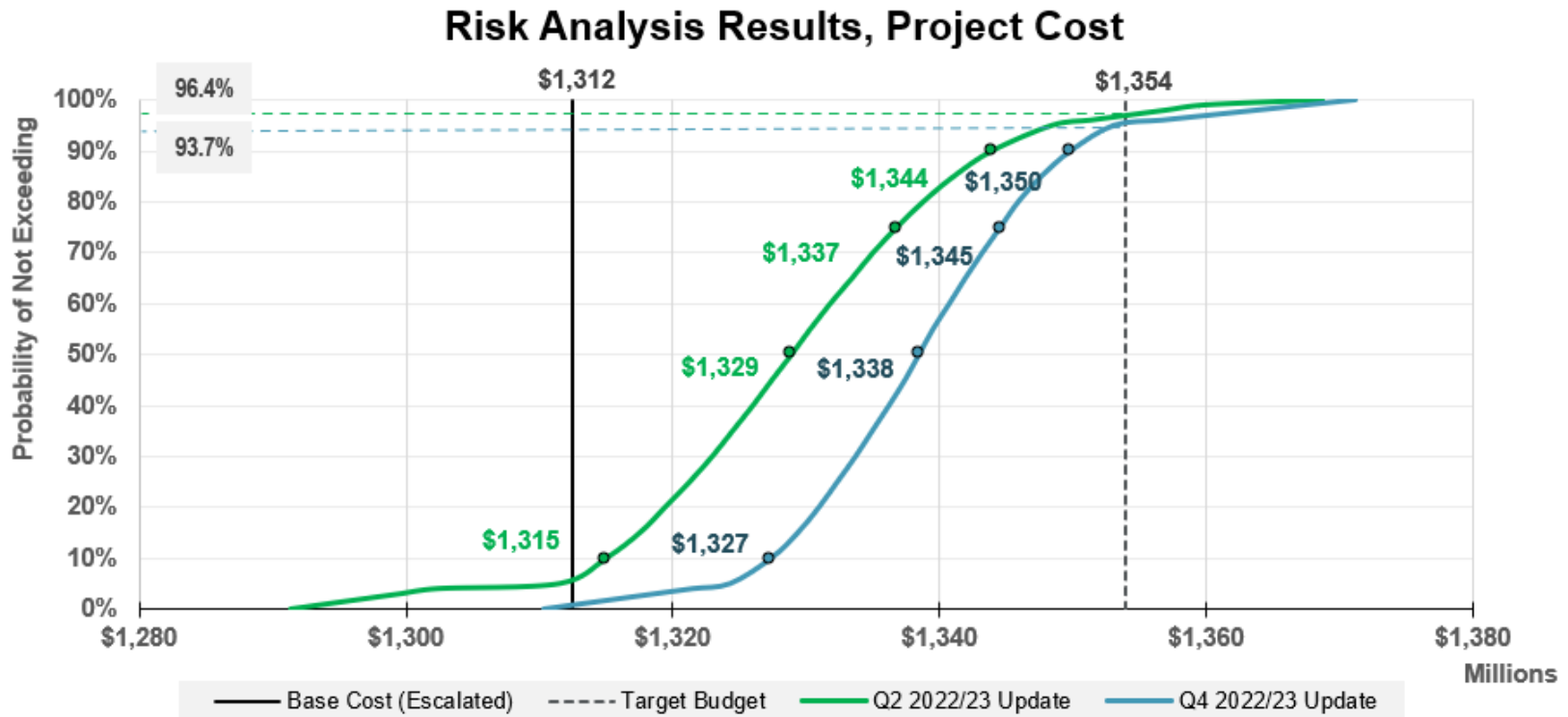
Changes to Schedule Risks

- Adjustments/Additions of **13** schedule risks account for the 1.3 month increase in probability adjusted high schedule impact

Cost Risk Analysis

Comparison to Previous Analysis Update

- Implementation of additional funding of \$169 million to the original \$1,185 million budget, for a new target budget of **\$1,354 million**
- Since the previous analysis update, the cost estimate at 90th percentile has increased \$5.8 million to **\$1,350 million**
- There is a **93.7%** chance of project not exceeding the target budget (\$1,354 million). The percent chance of not exceeding target budget was **96.4%** in the previous update



Note: Risk analysis results do not account for unknown unknowns that impact the project budget.

Risk Analysis Results

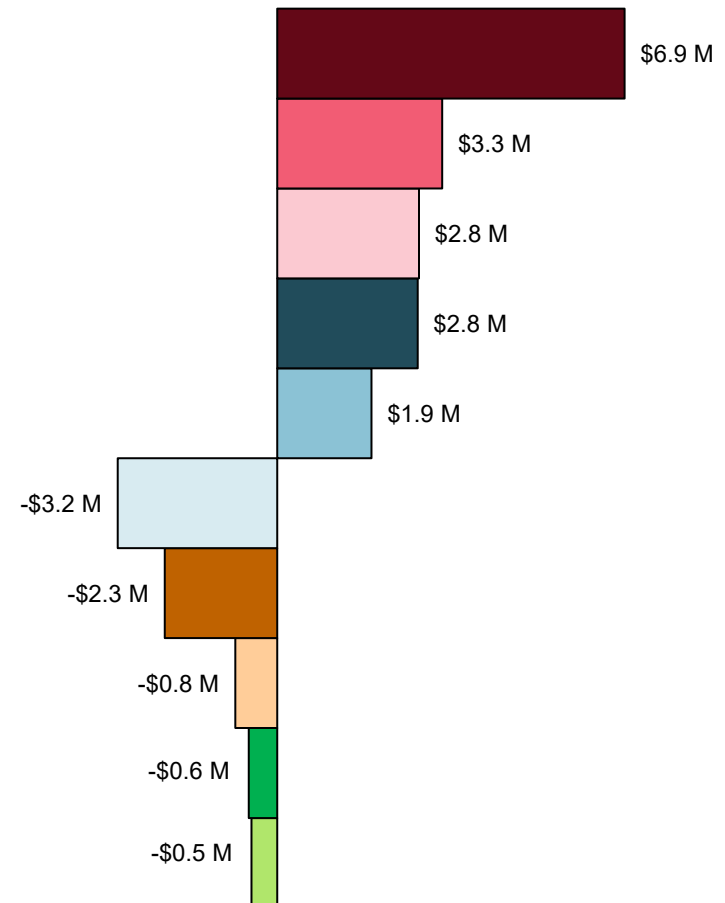
- Current base costs increased by **\$21.4 million** compared to the previous update
- Risk-adjusted cost estimate at the 90th percentile increased by **\$5.8 million**
- Percent probability of completing at or below **\$1,354 million** is 93.7% (2.7% less than Q2 2022/23 update)

| | Due Diligence | 30% SG | 90% SG | Q2 2022/23 Update | Q4 2022/23 Update | Variance Q2 2022/23 & Q4 2022/23 Updates |
|--|------------------|------------------|------------------|-------------------|-------------------|--|
| Hard Costs | \$837 M | \$855 M | \$915 M | \$1,064 M | \$1,079 M | +\$15.1 M |
| Soft Costs | \$168 M | \$185 M | \$202 M | \$222 M | \$229 M | +\$6.5 M |
| NRHST | \$16.0 M | \$20.5 M | \$19.8 M | \$5.0 M | \$5.0 M | \$0.0 M |
| Total Base Costs | \$1,021 M | \$1,061 M | \$1,136 M | \$1,291 M | \$1,312 M | +\$21.6 M |
| Total Budget | \$1,185 M | | | | \$ 1,354 M | +\$169 M |
| Estimated Remaining Contingency | \$164 M | \$124 M | \$48.9 M | (\$106.0) M | \$42 M | +\$148 M |
| P90 Cost Risk Estimate | \$1,185 M | \$1,220 M | \$1,206 M | \$1,344 M | \$1,350 M | +\$5.8 M |
| Target Budget | \$1,185 M | | | \$ 1,354 M | | - |
| Probability of Achieving Target with Current Contingency | 90% | 73% | 70% | 96.4% | 93.7% | (2.7%) |

Top 10 Cost Risks and Opportunities

| Risk | Probability | Low | High | Estimated High Impact* |
|---|-------------|----------|----------|------------------------|
| External Market Forces In Excess of Cost Escalation | 75% | \$5.6 M | \$9.3 M | \$6.9 M |
| Increased Offsite Disposal (Quality Criteria not met) | 30% | \$1.6 M | \$11.0 M | \$3.3 M |
| NRHST Rebate - Municipal | 50% | \$5.7 M | \$5.7 M | \$2.8 M |
| Increase to Soil Disposal Rate | 65% | \$1.4 M | \$4.3 M | \$2.8 M |
| Additional SDMA Dredging During Construction | 20% | \$6.3 M | \$9.4 M | \$1.9 M |
| (Opp) Recoverable Keating Channel Dredging Costs | 100% | -\$3.2 M | -\$3.2 M | -\$3.2 M |
| (Opp) Tunnelling reconciliation | 75% | -\$3.0 M | -\$0.5 M | -\$2.3 M |
| (Opp) Settlement repair on tunnel alignment | 60% | -\$1.4 M | -\$1.1 M | -\$0.8 M |
| (Opp) Steel Tonnage Reconciliation | 95% | -\$0.6 M | -\$0.6 M | -\$0.6 M |
| (Opp) SDMA Dockwall Stone Disposal | 75% | -\$0.7 M | -\$0.2 M | -\$0.5 M |

Top Risks Impacting Project Cost
Probability Adjusted High Impacts (\$M)

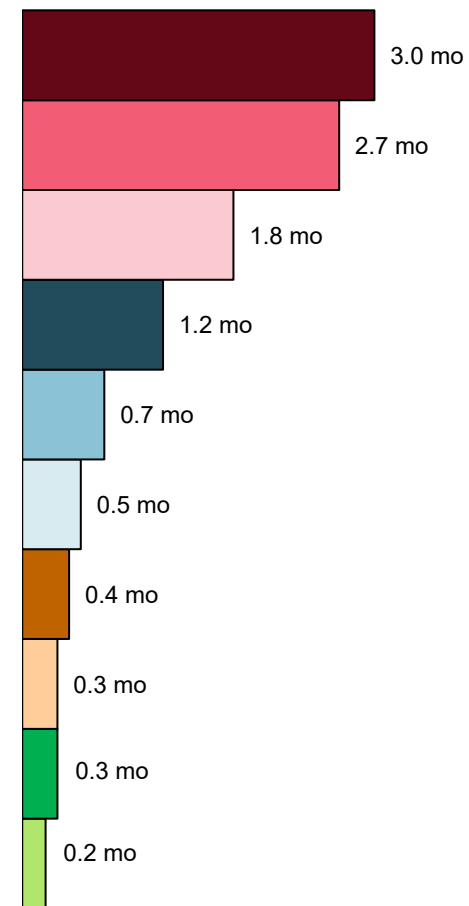


Top 10 Schedule Risks

- Schedule risk results do not account for the ability to continuously adjust the schedule by accelerating and re-sequencing work

| Risk | Probability | Low | High | Estimated High Impact* |
|---|-------------|--------|--------|------------------------|
| | | Months | | |
| Enbridge 20" Relocation | 50% | 4.0 mo | 6.0 mo | 3.0 mo |
| AECON Delay Claims | 30% | 3.0 mo | 9.0 mo | 2.7 mo |
| Electrical Package Design Changes - Cherry and Commissioners St | 60% | 1.0 mo | 3.0 mo | 1.8 mo |
| Migratory Bird Nesting | 20% | 0.5 mo | 6.0 mo | 1.2 mo |
| Fisheries Window Issues | 35% | 1.0 mo | 2.0 mo | 0.7 mo |
| Delays to Traffic Signaling Design | 50% | 0.5 mo | 1.0 mo | 0.5 mo |
| Bell Permanent Works - Cherry St. | 20% | 0.5 mo | 2.0 mo | 0.4 mo |
| Wood Crib Wall Degradation | 10% | 1.0 mo | 3.0 mo | 0.3 mo |
| Planting Schedule Delays | 10% | 1.0 mo | 3.0 mo | 0.3 mo |
| Ship Channel Carp Gate Settlement | 10% | 2.0 mo | 2.0 mo | 0.2 mo |

Top Risks Impacting Project Schedule
Probability Adjusted High Impacts (Months)



Thank you / Questions

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| | |
|--------------------------------------|---|
| Purpose | <p>For information: to support Committee oversight of the Port Lands Flood Protection (PLFP) Capital Project on technical matters related to the budget, scope, and schedule.</p> |
| Areas of note/ Key issues | <p>The Independent Capital Project Monitoring & Assurance Services Consultants' Quarterly Report #19 (Q4/2022/23), key findings:</p> <ul style="list-style-type: none"> • Budget: <ul style="list-style-type: none"> ○ The current “Approved Budget” was approved by the Executive Steering Committee on October 19, 2020 in the amount of \$1.185Bn. An updated Budget will be adopted to reflect the current macroeconomic impacts in the construction industry, updated construction cost estimates, recent tendered packages as well as potential risk items run in the latest risk analysis (Please refer to our Report No. 17 for comments). The project dashboard for March 2023 indicates an EAC of \$1.354Bn which represents an increase of \$169.0M. We have been informed by the CPMO that this figure is for information purposes only and that it will be updated once additional funding is secured. This is closely being monitored. ○ It is our understanding based on the evidence presented and the different discussions with the WT CPMO that the current Budget of \$1.185Bn will not suffice to complete the current scope of works. ○ We understand that EAC alternatives were presented to the PLFP Executive Steering Committee seeking direction, at this point we have not been informed (formally) of any change in the Approved Budget, however, it is our understanding that a process to secure additional funding is in place. We will monitor this and report accordingly when more information is available. • Schedule: <ul style="list-style-type: none"> ○ A revised baseline was issued by EllisDon in February 2023 with a follow-up update in March 2023. ○ Based on the March 2023 Schedule Updated issued by EllisDon (Update No. 63) critical dates are scheduled to be achieved as follows: <ul style="list-style-type: none"> • PLFPEI Substantial Performance (Seasonal Dependent Work) PLFPEI-MLS-1055 on December 31, 2024 • PLFPEI Close-Out PLFPEI-MLS-1059 on June 30, 2025 ○ The schedule update for March 2023 indicates there has been no slippage in the month on any critical activities or elements in the schedule. |

| | |
|---------------------------------|---|
| | <ul style="list-style-type: none"> • Scope: No changes, and no Project Charter revisions were executed. • Risk: The Project Dashboard for the month of March 2023 indicates a 'red' risk level, which means a high likelihood of risks occurring that may impact the schedule/budget. • The WT CPMO's approach and work performed at this moment counts as the best possible effort to assess risk and cost impacts to the project given the current circumstances and the uncertainty reflected in the construction industry. |
| Resolution or Next Steps | BTY will provide our Independent Capital Project Monitor and Assurance Services Report #20 at the September 2023 FARM Committee meeting. |



INDEPENDENT CAPITAL PROJECT MONITORING &
ASSURANCE SERVICES CONSULTANT

WT Port Lands Flood Protection Project

REPORT NO. 19.0 (PERIOD ENDING
MARCH 31, 2023)

MAY 16, 2023

Prepared for:

Waterfront Toronto (FARM) Committee

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| Prepared By | Reviewed By | Date |
|---------------|----------------------------|--------------|
| Luis Castillo | Sean Mooney Marie Foley | May 16, 2023 |

1.0 Independent CPMAS Consultants' Project Dashboard

1.1 DASHBOARD

| Site Visit | Details | Comments |
|-------------------|---|--|
| Date of Visit | April 28, 2023 | Our next inspection will be on or after June 2023. |
| WT PLFP Project | Details | Independent CPMAS Consultant Comments & Risk |
| Objective | | Our Quarterly Report No.19 provides an assurance review for Q4 2022/23 (period January 1, 2023 to March 31, 2023), based on our discussions with the FARM Committee, as follows: Budget, Schedule, Risk Management, and Scope. |
| Project Artefacts | | Please refer to Section 2.6 in Appendix 1 of this Report for the list of Project Artefacts received by BTY during this period. |
| Risk Coding | | BTY observations of the Project Artefacts are colour coded to reflect our opinion on any associated risk, as follows: Green - None, Amber - Medium, Red - High |
| Budget | Approved Budget | <p>i. Approved Budget: The current "Approved Budget" was approved by the Executive Steering Committee on October 19, 2020 in the amount of \$1.185Bn. An updated Budget will be adopted to reflect the current macroeconomic impacts in the construction industry, updated construction cost estimates, recent tendered packages as well as potential risk items run in the latest risk analysis (Please refer to our Report No. 17 for comments). The project dashboard for March 2023 indicates an EAC of \$1.354Bn which represents an increase of \$169.0M. We have been informed by the CPMO that this figure is for information purposes only and that it will be updated once additional funding is secured. This is closely being monitored, please refer to section 3.0 for further commentary.</p> <p>ii. It is our understanding based on the evidence presented and the different discussions with the WT CPMO that the current Budget of \$1.185Bn will not suffice to complete the current scope of works.</p> <p>iii. We understand that EAC alternatives were presented to the PLFP Executive Steering Committee seeking direction, at this point we have not been informed (formally) of any change in the Approved Budget, however, it is our understanding that a process to secure additional funding is in place. We will monitor this and report accordingly when more information is available.</p> |
| | Cost Optimization | The WT CPMO reported on one Cost Optimization item. Please refer to section 5.3 for comments. |
| | Contingency | <p>i. The Contingency carried out in the current Budget was significantly reduced and a balance of only \$1.6M remains at this moment (all based on the approved Budget of @1.185Bn).</p> <p>ii. An increased Contingency needs to be carried out in the EAC once a new Budget is adopted.</p> <p>iii. The current Risk Analysis result shows a Cost Estimate based on P93.7 that includes \$42M in contingencies (based on the proposed EAC of \$1.354Bn).</p> |
| | Total Commitments incl. Procurement & Change Orders | The current commitments as presented in the March 2023 PLFP Dashboard total \$1.121Bn. This represents an increase of \$7M compared to Q3 2022/23. Based on the current Budget, the commitments represent 94.6% of the Approved Budget of \$1.185Bn and 82.8% when compared to the current EAC. Change Orders: As of the end of the last quarter, eight hundred sixty-seven (867) CO's had been issued totalling \$107.3M (based on ED PO list). This is approximately +/-12.5% of the Hard Costs Commitments (based on the approved Budget and the Ellis Don's PO 2044 commitment values). Refer to section 3.6.3 for more details. |

| | | |
|----------|------------------------|---|
| | Risk | <p>Budget Risk Impact: Based on the December PLFP Dashboard, of the twenty-two (22) sub-projects, four (4) are identified by WT CPMO to have a medium impact to budget, eight (8) are identified to have a high impact, and the remaining ten (10) sub-projects are low risk. Refer to the 'Risks' section.</p> <p>Based on the March 2023 Dashboard, the WT CPMO indicates that the project may come in over budget by \$169M representing an increase of 14.3% when compared to the approved Budget.</p> <p>Included in the current Semi-Annual Cost Estimate Update, the current EAC of \$1.354Bn represents a 93.7% probability of achievement including a contingency of \$42M based on the latest Risk Analysis.</p> <p>We have been informally told by the WT CPMO that the Steering Committee is yet to approve this scenario but that is confident based on current discussions that it will be adopted.</p> |
| | Risk | Different Top Schedule Risks and Opportunities are presented in the Risk Analysis issued in the current period. Please refer to section 6.2.2 for future details regarding the "Top 10 Schedule Risks and Opportunities". |
| | Substantial Completion | <p>A revised baseline was issued by EllisDon in February 2023 with a follow-up update in March 2023.</p> <p>Based on the March 2023 Schedule Updated issued by EllisDon (Update No. 63) critical dates are scheduled to be achieved as follows:</p> <ol style="list-style-type: none"> PLFPEI Substantial Performance (Seasonal Dependent Work) PLFPEI-MLS-1055 on December 31, 2024 PLFPEI Close-Out PLFPEI-MLS-1059 on June 30, 2025 <p>The schedule update for March 2023 indicates there has been no slippage in the month on any critical activities or elements in the schedule.</p> |
| | Critical Path | There has been no slippage in the month on any critical activities in the schedule, however, it is noted that after the issuance of the revised Base Line in February 2023 a significant number of activities have become critical. |
| Schedule | Project Charters | WT CPMO has confirmed that there were no revisions issued to the Project Charters during the quarter ending March 2023. |
| | Overall Risk Status | The Project Dashboard for the month of March 2023 indicates a 'red' risk level, which means a high likelihood of risks occurring that may impact the schedule/budget. Please refer to section 6.0 for comments on the top Risks. |
| Risk | | <ul style="list-style-type: none"> Exclusions: BTY has not undertaken a review of the Project Artefacts for Project ID PFP08-01 Lake Shore Boulevard East Bridge & Public Realm ("LSBE Modifications"). Whilst this is referenced and/or included in some of the PLFP Project Artefacts, these works are outside of the scope of the PLFP Project. BTY will continue to monitor these works in terms of any impact on the Port Lands Flood Protection Project only. Best Practice Review: The general technical aspects presently known have been assessed against the experience of large-scale complex infrastructure projects. The processes are found to be in accordance with standard industry practices. Schedule: Please refer to section 4.0 for further details. |

1.2 PLFP PROJECT SUMMARY: QTR-ON-QTR COMPARISON OF BUDGET-SCHEDULE-RISK

The following table indicates WT CPMO's assessment/comment of the risk status for budget-schedule-risk management based upon the likelihood of impact to the overall project budget/schedule against the original current baseline schedule; kindly note that this is based on the current Budget and is subject to revisions once a new EAC is approved.

| Project | ID | WT CPMO Status Summary (December 2022) | | | WT CPMO Status Summary (March 2023) | | | BTY Comment |
|--|-----|--|----------|--|-------------------------------------|----------|-------|---|
| | | Budget | Schedule | Risks | Budget | Schedule | Risks | |
| PFP03-01 Commissioners Str W to New Cherry St. | 15A | | | | | | | |
| PFP03-02 Commissioners Str E to Saulter St. | 15C | | | | | | | |
| PFP03-03 Cherry Street Re-Alignment | 14A | | | | | | | |
| PFP03-05 Don Roadway North | 7A | | | | | | | |
| PFP03-06 Hydro One Integration | 18 | | | | | | | |
| PFP03-07 Site Wide Municipal Infrastructure | 5 | | | | | | | Delays associated with extensive design coordination with Toronto Water might cause delays in procurement |
| PFP04-01 Cherry Street North Bridge | 14B | | | | | | | |
| PFP04-02 Cherry Street South Bridge | 14C | | | | | | | |
| PFP04-03 Commissioner Street Bridge | 15B | | | | | | | |
| PFP04-04 Lakeshore Road & Rail Bridge Mods. | 13 | | | | | | | |
| PFP04-05 Old Cherry St Bridge Demo | 14D | | | | | | | |
| PFP05-03 River Valley System | 3 | | | | | | | |
| PFP05-04 Don Greenway & Spillway | 4 | | | | | | | |
| PFP05-05 Keating Channel Modifications | 16 | | | | | | | |
| PFP05-06 Polson Slip Naturalisation | 2 | | | | | | | |
| PFP05-07 Don Roadway Valley Wall Feature | 8 | | | | | | | |
| PFP05-08 Eastern Avenue Flood Protection | 12 | | | | | | | |
| PFP05-10 Flow Control Weirs | 11 | | | | | | | |
| PFP05-11 Sediment & Debris Management Area | 10 | | | | | | | |
| PFP05-12 Villiers Island Grading | 19 | | | | | | | |
| PFP06-01 River Valley Park North | 20 | | | | | | | |
| PFP06-02 River Valley Park South | 21 | | | | | | | |
| PFP06-03 Promontory Park South | 17B | | | | | | | |
| WT CPMO Overall Project | | | | | | | | |
| BTY Summary (based on WT CPMO 'Risk Criteria') | | | | | | | | |
| Budget | | Schedule | | Risk Management | | | | |
| +10% over Approved Budget | | Over 6-months behind | | High likelihood &/or impact to budget /schedule | | | | |
| Up to 10% over Approved Budget | | Up to 6-months behind | | Medium likelihood &/or impact to budget / schedule | | | | |
| Within Approved Budget | | On Schedule | | Low likelihood &/or resolution without impact to budget/schedule | | | | |

1.2.1 INDEPENDENT CPMAS CONSULTANT OPINION ON THE QUARTERLY STATUS

Based on the Project Artefacts received in Q4 2022/23, we opine:

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1. **Budget:** A 'high risk' status for the overall Budget is shown in the March 2023 Monthly Program Dashboard. We agree with this 'high risk' status designation, please refer to section 3.0 of this report for additional commentary. It is our understanding based on the information shared by the WT CPMO that the EAC will be revised and that "the project may come in over budget by 14.3% (\$169M)".
2. **Schedule:** The schedule risk is shown as 'low risk' in the March 2023 Monthly Program Dashboard. It is our understanding that the WTCPMO is anticipating the Substantial Performance to be achieved on December 31, 2024. The anticipated date to achieve Substantial Performance of the Flood Protection is showing December 31, 2024. Please refer to Section 4 for additional commentary.
3. **Risk:** WT has assigned a 'high risk' in the March 2023 Monthly Program Dashboard. Please refer to section 6.0 for more details.

2.0 Introduction & Methodology

2.1 INSTRUCTIONS RECEIVED

BTY Consultancy Group Inc. ("BTY" or "Independent CPMAS Consultant") has been retained to perform Independent Capital Project Monitoring and Assurance Services on the Port Lands Flood Protection ("PLFP") project in support of the governance and oversight function of Waterfront Toronto ("WT") Board of Directors and its Finance, Audit and Risk Management ("FARM") Committee.

As per the terms of our engagement and the direction received from the FARM Committee on May 23, 2019, BTY is required to independently monitor, analyze and advise upon:

- The completeness and relevance of the monthly updated Project Artefacts.
- The robustness of the processes in place to manage budget/costs, schedule, scope, and risks.
- Verification of the status of the Project, in terms of the budget, schedule, scope, and risks through the construction delivery phase, on a sampling basis of at least 20% of the sub-projects of the PLFP Project compared to the available project reporting by WT CPMO and the Construction Manager ("CM" or "EllisDon"); and
- Attend the FARM Committee and provide any technical advisory related to the development and construction activities required by the Committee.

Please refer to our finalized Project Execution Plan dated August 16, 2019.

2.2 REPORT RELIANCE

This report has been prepared in accordance with the scope of work contained in the Professional Services Agreement (# 2150) between Toronto Waterfront Revitalization Corporation and BTY Consultancy Group Inc., dated August 27, 2018 and is subject to the terms of that Agreement. BTY, its Directors, staff, or agents do not make any representation or warranty as to the factual accuracy of the information provided to us by Waterfront Toronto, third-party consultants, or agents, upon which this report is based. BTY will not be liable for the result of any information not received which, if produced, could have materially changed the opinions or conclusions stated in this report.

Any advice, opinions, or recommendations within this document should be read and relied upon only in the context of this report in its entirety. The contents of this report do not provide legal, insurance or tax advice or opinion.

Opinions in this report are not an advocate for any party and if called upon to give oral or written testimony, it will be given on the same assumption.

2.3 REPORTING QUALIFICATIONS

This report has been prepared based on information provided to us by WT Capital Program Management Office (“WT CPMO”) up to the date of issue of this report. BTY does not accept accountability for the Project Artefacts (information) that has not been provided to us or is not available at the time of preparing this report.

BTY has reviewed the Project Artefacts provided to us by WT CPMO. We note that this Independent CPMAS Quarterly Report presents a snapshot of time review of the project fundamentals in a ‘live’ project environment. This means that ‘Project Artefacts’ provided may be draft, be inconsistent and/or subject to change due to timing of the reporting cycle.

BTY has not undertaken an independent evaluation of viability of PLFP Project budget-schedule-risk.

2.4 PROJECT DESCRIPTION

The Port Lands Flood Protection and Enabling Infrastructure Project (“the Project” or “PLFP Project”) is a comprehensive plan for flood protecting southeastern portions of downtown Toronto including parts of the Port Lands, South Riverdale, Leslieville, south of Eastern Avenue and the First Gulf/Unilever development site, which are at risk of flooding under a provincially defined Regulatory Storm event. As a result, these areas are within a provincially designated Special Policy Area and are effectively undevelopable and economically under-utilized until the flood risk is removed.

The PLFP Project comprises of 23* sub-projects, these projects fall into four (4) categories of work:

- i. Roads and Services,
- ii. Bridges and Structures,
- iii. Flood Protection, and
- iv. Parks/Public Realm.

* We note that sub-projects 3 and 4 are combined, and subsequently, our report refers to 22 sub-projects throughout rather than 23. This is consistent with WT CPMO’s approach and does not reflect a change to the scope of the PLFP Project.

Each sub-project of the PLFP Project is described within the Project Charters v.5 approved by the Executive Committee for the PLFP Project on April 29, 2019 and /or Project Charters v.6 approved in July 2019 (refer to the Table in Appendix 4, Section 5.2 of this report).

There has been no formal change to the Project Charters approved, and therefore the Project Scope remains unchanged for the current quarterly reporting period.

2.5 METHODOLOGY & APPROACH

This report is based upon Project Artefacts received from the WT Capital Program Management Office (“WT CPMO”) relevant to the period Q4 2022/23 (January 1, 2023 to March 31, 2023).

BTY, as independent monitor, engaged with the WT CPMO Office, the WT Chief Project Officer, and EllisDon in order to prepare this report.

In addition, we have reviewed and substantiated the data reported by WT CPMO Office and the Construction Manager related to budget/costs, schedule, scope, and risk management in the Project Artefacts listed in Section 2.6 of Appendix 1 to this report.

Our independent findings and recommendations related to the Project Artefacts are discussed within the Executive Summary, with further details in the appendices to this report.

2.6 PROJECT ARTEFACTS RECEIVED

The following Project Artefacts for the reporting period ending March 31, 2023 (Q4 2022/23) were received from the WT CPMO and reviewed and analysed by the Independent CPMAS Consultant team, as follows:

- a. Project Monthly Status Reports;
 - i. PFP_Combined Project Status Report March 2023;
 - ii. PFP_Combined Project Status Report February 2023;
 - iii. PFP_Combined Project Status Report January 2023;
 - iv. Ellis Don Monthly Report of March 2023;
 - v. Ellis Don Monthly Report of February 2023;
 - vi. Ellis Don Monthly Report of January 2023;
- b. Budget documents and 90% Cost Estimates including:
 - i. Mar.2023 Sep.2022 EAC Summary_REV1
 - ii. PLFP_Summary EAC-2023-04-25 Final R1;
 - iii. 2023-05-09 Semi Annual Cost Update INFC_March 2023
- c. Procurement documents including:
 - i. Ellisdon PO 2044 CO list_Mar 31 2023;
 - ii. Ellisdon's contract procurement log_31Mar2023;
 - iii. PLFP_WT_Procurement log_31Mar2023;
 - iv. PO 2044 Lines Mar.31 2023;
- d. Program Schedule including:
 - i. Overall Schedule Update #61_Jan_2023_Draft_V.00.pdf;
 - ii. Overall Schedule Update #62_Feb_2023_Draft_V.00.pdf;
 - iii. Overall Schedule Update #63_Mar_2023_Draft_V.00.pdf;
 - iv. Overall Schedule Update #61_Jan_2023_Draft_V.00.xer;
 - v. Overall Schedule Update #62_Feb_2023_Draft_V.00.xer;
 - vi. Overall Schedule Update #63_Mar_2023_Draft_V.00.xer;
- e. Risk Register including:
 - i. 2023_2.16.23 Risk Register.xlsx;
 - ii. 2023_3.16.23 Risk Register.xlsx;
 - iii. 2023_4.3.23 Risk Register.xlsx;
- f. Updated Project Charters: Not received.

The Project Artefacts are provided by WT CPMO and reflect the activities underway during any given reporting period. BTY are not responsible for any additional information that may be available but not provided by WT CPMO and/or the PLFP Project team via WT CPMO. This includes information that had it been received, would have materially changed the opinions contained in this report.

2.7 EXCLUSIONS

The following are excluded from our review and reporting, except should any become a monitored risk with the potential to impact schedule, budget or scope:

- Regulatory approvals including permits, licences and approvals.

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- Public and Stakeholder Communications.
- Indigenous Consultation.
- Health & Safety.
- Environmental matters.
- Site Conditions.
- Design review and compliance.
- Status of construction period payments.
- Disputes, claims or liens.
- Changes in Law.
- Warranties.
- Maintenance plans.

2.8 NEXT STEPS

We expect our next report to be a monitoring report of the technical aspects of the PLFP Project being executed based on the Project Artefacts for the period April 1, 2023 to June 30, 2023. Our next report is due in September 2023, the actual date is to be determined.

2.9 FURTHER INFORMATION

Should the reader have any queries regarding the content of this report, please contact either of the following:

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3.0 Budget / Cost Management

3.1 INTRODUCTION AND APPROACH

Our role is to provide a review of the cost management process implemented by the project team and provide opinion on whether the process is being performed in line with expected professional industry standards and best practices.

During Q4 2022/23 (period January 1, 2023 to March 31, 2023), we undertook a general review of the Project Artefacts related to budget and financial summaries, to confirm the budget reporting. In addition to the PLFP Monthly Program Dashboard and Monthly Status Reports for each sub-project, BTY received additional project artefacts to support the cost estimates, contingency, committed costs (procurement and change orders) and the current EAC forecast.

The goal of our review is to monitor the reporting prepared by WT CPMO to confirm that it is prepared in accordance with good industry practices and that a sample was checked for accuracy.

3.2 APPROVED BUDGET

3.2.1 APPROVED BUDGET

Kindly note that the WT CPMO is working on an updated EAC which is subject to securing additional funding. Please refer to section 6.2.2 for details. At the time this report is written, the approved Budget remains at \$1.185Bn.

3.3 BUDGET / COST MANAGEMENT PROCESS

3.3.1 COST ESTIMATE FINALISATION PROCESS

Based on discussions held with the WT CPMO, we understand that a revised Estimate at Completion is under development, pending on confirmation of additional funding. The current Budget of \$1.185Bn. does not meet the needs to complete the current scope of work. Currently, the WT CPMO team forecast additional funding will be required to complete the project works, a conservative estimate of \$169M has been indicated, which would exceed the current budget by 14.3%.

The process for this risk analysis is based on current costs known by the WT CPMO, tender results, escalation/inflation, and current market conditions.

In our opinion, this methodology is reasonable given the current circumstances and the previous comments from the WT CPMO regarding possible costs overruns in the project.

Please refer to section 6.3 to additional comments on the Cost Estimate process and the risks associated to it.

3.3.2 SCOPE FINALISATION AND BUDGET IMPACT

As indicated in our Report No. 17, different scenarios were presented to the Steering Committee seeking additional funding. We have been informed that a process to secure additional funding is in place, however, at this point, we have not been informed of any change in the Approved Budget.

3.4 EAC - RISK ANALYSIS

Please refer to section 6.0 for additional comments.

3.4.1 UPDATED EAC FORECAST

The following table provides an overview of the budget movement between previously approved Budget and the current information (March 2023) included in the quarterly Project Artefacts, as follows:

| Budget | Escalated Hard Costs | Escalated Soft Costs | Contingency | NRHST | Total |
|---|----------------------|----------------------|-------------|----------|------------|
| 90% Stage Gate (Approved)* | \$911.9 M | \$201.7 M | \$51.5 M | \$19.8 M | \$1,185 Bn |
| Post-90% SG: EAC @ December 31, 2022 | \$959.2 M | \$212.2 M | \$8.6 M | \$5.0 M | \$1,185 Bn |
| Post-90% SG: EAC @ March 31, 2023 | \$966.4 M | \$212.0 M | \$1.6 M | \$5.0 M | \$1,185 Bn |
| Difference QTR-on-QTR | \$7.2 M | -\$0.2 M | -\$7.0 M | \$0.0 M | \$0 M |

Please note that the above indicates the information received based on the information provided by the WT CPMO and does not reflect the EAC included in the project artifacts. We want to point out that this EAC has not been approved yet. We will continue reporting only on the approved Budget. These figures are reported for information purposes only.

3.4.2 UPDATED EAC FORECAST - RISK ANALYSIS

Please refer to section 6.0 of this report.

3.5 COMMITMENTS

3.5.1 TOTAL COMMITMENTS

For the current reporting period we have limited our comments to the following information based on the March 2023 Monthly Program Dashboard.

Total Commitments are \$1.121Bn, which can be divided as follow:

- i. Roads and Services: \$234.19M*
- ii. Bridges and Structures: \$171.17M*
- iii. Flood Protection Features: \$620.96M
- iv. Parks and Public Realm: \$95.14M

Please note that these figures are provided by the WT CPMO and are based on the current scope of work and the approved Budget.

*Commitments for Roads & Services as well as Bridges & Structures appear lower than in the previous quarter. The WT CPMO explained that this was due to the first NRHST refund received was processed in addition to some cost allocation for third-party reimbursements.

3.5.2 PROCUREMENT

Trade packages are tendered for the Project as a whole; however, the Budget is monitored against the individual projects. This means that the tender award value is apportioned across the relevant sub-projects of the PLFP based on the discretion and judgement of WT CPMO [and Ellis Don]. Whilst BTY has not completed a detailed review of the WT CPMO reported 'Total Commitments' for the PLFP Project, we observe that the reporting generally aligns with the WT CPMO reported 'Procurement' (tenders awarded).

A Procurement Log, inclusive of the contract award has been provided. WT CPMO provided a Procurement Log (ref: 'PLFP_WT_Procurement log_31Mar2023') where Commitments are allocated across the individual sub-projects of the PLFP works.

3.5.3 CHANGE ORDERS

Eight hundred sixty-seven (867) Change Orders ("CO's") had been issued totalling approximately \$107.28M and distributed across different tender packages, representing +/-12.5% of the Hard Cost Commitments to-date (based on the current Budget).

We received and reviewed the 'Ellisdon PO 2044 CO list_Mar31 2023' document, which details the executed CO's to date issued against the Contract #2044 (we understand this reference is for the Port Lands Flood Protection project in its entirety). It is our understanding based on the current information that these changes do not represent major changes in the scope of work.

3.6 CONTINGENCY

3.6.1 CONTINGENCY PROCESS

The Contingency process needs to be clarified since significant changes are expected to occur once a new EAC will be adopted.

A Process that includes Contingency allocations for Hard Costs, Soft Costs, and the overall Program should be established.

3.6.2 CONTINGENCY STATUS

The total, unused Contingency is \$1.6M at the end of the reporting period based on the Approved Budget of \$1.185Bn. Adjustments and commitments (+/-) in different projects have been noted. The Contingency was reduced by +/- \$7.0M this period.

Please note that this comment does not reflect the Contingencies included in the proposed EAC of \$1.354Bn. We will report on it once the new Budget gets approved.

3.6.3 OPINION ON CONTINGENCY

The remaining contingency based on the Approved Budget is low. It will not suffice to complete the project. The contingency will need to be adjusted and increased upon approval of the new EAC as commented in section 3.6.1.

4.0 Schedule Management

4.1 INTRODUCTION AND METHODOLOGY

During the month of February 2023, Ellis Don produced a new Base Line BL4 (R03) which was developed following a review of the previous baseline schedule BL3.1 and subsequent discussions during March and April 2023. BL4.3 is the latest accepted baseline.

4.2 SCHEDULE

4.2.1 CURRENT SCHEDULE: #63

A copy of the Schedule update for November 2022 (#63) was received from EllisDon. The data date for the schedule update is indicated as March 31, 2023.

There are still many activities in the schedule that have excessive durations. Some of these are critical path activities. The schedule update for March 2023 indicates those activities with durations of 20 weeks or more. It is noted that several activities have durations greater than 52 weeks (1 year) with a few over 100 weeks. The schedule has also been filtered to remove completed activities. It is not considered good scheduling practice to have individual activities of such duration as it does not provide sufficient detail and could hinder accurate progress reporting. Activities should generally be broken down wherever possible into the different trade packages with their own specific installation durations and sequencing of no more than 6 to 8 weeks EllisDon has indicated previously that in many instances, the durations of these activities are determined by external sources and are therefore not controlled by them. In addition, they have suggested that there is more detailed supporting documentation. EllisDon needs to provide an explanation for why activities with excessive duration still exist in the schedule

4.3 COMPLETION DATES (MILESTONES)

As in previous baseline schedules, the activities relating to the PLFP Project and the Lake Shore Bridge East Modifications ("LSBE Modifications") are combined in the latest baseline schedule BL4.3.

The completion milestones for the PLFP Project and the Lake Shore Bridge East Modifications are identified in the revised baseline schedule and updated schedule for March 2023 as follows:

| Description | Baseline Schedule (March 2023) | WT Risk Status |
|--|--------------------------------|----------------|
| PLFPEI Substantial Performance (Seasonal Dependent Work) | December 31, 2024 | |
| PLFPEI Close-Out | June 30, 2025 | |
| LSBE Substantial Performance Completion | September 18, 2025 | |

**Please note that the overall Project Completion including the works for the Lake Shore Bridge Modifications should be read as September 18, 2025.*

4.4 CRITICAL PATH OBSERVATIONS

The status of the project can be determined by reviewing the critical path through the schedule. The critical path should begin at the first activity and end at the last activity with a clearly defined critical path established between them. The critical path should be defined by activities that have 0 total float.

The schedule update for March 2023 indicates that EllisDon has defined the critical path as those activities with 160 hours or less of total float. This does not represent a true critical path since it includes near-critical activities. The schedule has therefore been recalculated to define critical activities with 0 total float.

With regard to the critical path sequence for the flood protection works, the critical path extract from the schedule for the critical path indicates a continuous critical path starting at the data date with activity PLFPEI-CON-2176 and ending at activity PLFPEI-CON-2544 and the milestone for the achievement of flood protection.

The first critical path activity in the schedule update for March 2023 starts on 7th May 2021, approximately 45 months after the beginning of the project. This represents a significant period between the start of the project (September 2017 and the first critical activity (May 2021). In scheduling terms, this is not acceptable and should be addressed. However, this is now historical, therefore, being reasonable we should consider the status of the critical path moving forward from the current revised baseline BL4 data date (28th February 2023).

4.5 CURRENT PROGRESS

Current progress, as expected is in accordance with the current baseline schedule. We visited the site on April 28, 2023.

4.6 CONCLUSION

The schedule update for March 2023 indicates there has been no slippage in the month on any critical activities or elements in the schedule. This is not surprising considering that this is the first schedule update since the issue of the revised baseline schedule BL4. However, it is evident that a significant number of activities have become critical in 1 month since the baseline schedule BL4 was established. This is concerning and suggests that either the critical path through the baseline schedule BL4 was not represented correctly or there is already strain on the project dates, even after 1 month. Although the current milestone dates are being met, the status of the project will need to be monitored over subsequent months so that the progress trend can be established and mitigation put in place in a timely manner should delays become apparent.

5.0 Scope Management

5.1 INTRODUCTION AND METHODOLOGY

During the current reporting period, BTY undertook a review of the Project Artefacts in relation to scope management. The objective of our review was to substantiate the reporting by WT CPMO and the Construction Manager.

5.2 PROJECT CHARTERS

No revisions to the Project Charters have been provided as part of the Project Artefacts for the period ending March 31, 2023. The status of the Project Charters is noted to be as follows:

| Project Charter | Revision 5 Executed Date | Revision 6 Executed Date |
|---|--------------------------|--------------------------|
| PFP03-01 Commissioners St West to New Cherry St | May 6, 2019 | July 2019 |
| PFP03-02 Commissioners St East to Saulters St | May 6, 2019 | July 2019 |
| PFP03-03 Cherry St Re-Alignment | May 6, 2019 | - |
| PFP03-05 Don Roadway North | May 6, 2019 | - |
| PFP03-06 Hydro One Integration | May 6, 2019 | - |
| PFP03-07 Site Wide Municipal Infrastructure | May 6, 2019 | - |
| PFP04-01 Cherry St North Bridge | May 6, 2019 | - |
| PFP04-02 Cherry St South Bridge | May 6, 2019 | - |
| PFP04-03 Commissioners St Bridge | May 6, 2019 | - |
| PFP04-04 Lakeshore Road and Rail Bridge Modification | May 6, 2019 | - |
| PFP04-05 Old Cherry St Bridge Demolition | May 6, 2019 | - |
| PFP05-03/04 River Valley System & Don Greenway and Spillway | May 6, 2019 | - |
| PFP05-05 Keating Channel Modifications | May 6, 2019 | - |
| PFP05-06 Polson Slip Naturalization | May 6, 2019 | - |
| PFP05-07 Don Roadway Valley Wall Feature | May 6, 2019 | - |
| PFP05-08 Eastern Avenue Flood Protection | May 6, 2019 | - |
| PFP05-09 East Harbour Flood Protection | May 6, 2019 | July 2019 |
| PFP05-10 Flow Control Weirs | May 6, 2019 | - |
| PFP05-11 Sediment and Debris Management | May 6, 2019 | - |
| PFP05-12 Villiers Island Grading | May 6, 2019 | - |
| PFP06-01 River Park North | May 6, 2019 | - |
| PFP06-02 River Park South | May 6, 2019 | - |
| PFP06-03 Promontory Park South | May 6, 2019 | - |

We have been verbally advised by the WT CPMO team that there are no PLFP Project scope revisions in the current reporting period.

5.3 COST OPTIMISATION – SCOPE IMPACT

As per previous Stage Gates, design and cost optimizations were evaluated by the design team. Measures were approved by the Executive Steering Committee on October 19, 2020. For clarity, the optimizations are not scope changes and do not impact the Project Charters or the Contribution Agreement, as confirmed by WT CPMO.

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The WT CPMO team informed us that there was one Cost Optimization item in the last quarter, it relates to the implementation of lightweight fill against MT35 in PPS. The team reported savings of approximately \$4.5M.

5.4 APPROVED CHANGES (CONSTRUCTION PHASE) AND PENDING SCOPE REVISIONS

At this point, we have not been informed of any official change in the Approved Budget and do not have sufficient information to provide an analysis regarding scope changes or confirmation. We will monitor the situation and will provide comments once the Steering Committee decides which scenario is adopted.

5.5 CONCLUSION: INDEPENDENT CPMAS CONSULTANT FINDINGS – SCOPE ANALYSIS

BTY understands that a revision to the EAC will be adopted by the Steering committee and therefore changes to the scope of work may arise. We will comment once more information in this regard is available.

6.0 Risk Management

6.1 INTRODUCTION AND METHODOLOGY

During the quarterly reporting period to September 30, 2022, BTY undertook a review of the Risk Analysis Results issued by HDR on November 8, 2022. This Risk Analysis included three scenarios based on a 90% probability of occurrence where alterations to the EAC and the scope of works were considered.

We understand that Risk Analysis was used to present the different scenarios to the Steering Committee seeking additional funds. We will not comment on this matter until more information is provided to us regarding this matter.

For the current quarterly reporting period to March 31, 2023, BTY carried out a review of the Project Artefacts for risk management including the updated Risk Register. The objective of our review was to understand what has been analyzed for risk by WT CPMO and the Construction Manager, and that the process of risk management is undertaken in accordance with best practices.

To the best of our knowledge, the process undertaken by the WT CPMO given the special circumstances is in accordance with the industry's best practices.

6.2 RISK MANAGEMENT PROCESS

6.2.1 RISK REGISTER

The primary process for risk management is based on the establishment of a Risk Register: All risks are listed within the risk register, and the probability of the risk occurring is agreed upon and based on the probability of its occurrence the expected budget/schedule impact is assessed. We understand that if a risk has occurred or is forecast to have a 100% probability of occurrence it is transferred to the budget and/or schedule.

The risk register is actively managed each month for new risks and/or updated assessments of risk impacts (cost/schedule) and probability. Further, risks that have been mitigated, inactive, or retired are identifiable.

6.2.2 RISK REPORTING: INCORPORATION OF RISK REGISTER IN BUDGET

The Risk Register ('RR') is actively managed and updated monthly, and the WT CPMO monthly project status reports and dashboard reflect the updated RR 'top risks'. Further, the risks that are considered to have a 100%

probability prior to October 2020 were quantified and included in the approved 90% Stage Gate. This is unchanged.

As mentioned in our last report, the different scenarios based on risk were presented to the Steering Committee for analysis and approval. We understand that a process to secure additional funding is in place to increase the funding of the project based on the P93.7 results, however, at this point, we will limit our comments to the risk analysis performed during the current period as presented by the WT CPMO.

6.2.3 IDENTIFICATION OF 'TOP RISKS' IN OTHER PROJECT ARTEFACTS (OVERALL)

The 'top risks' are 10 budget and 10 schedule risks, which were identified by WT CPMO in the PLFP Project Dashboard for the period ending March 31, 2023. We understand that the identification of a 'top risk' is based on the likelihood of the risk occurring and the largest impact.

This means that some of the risks with larger indicative costs and/or schedule impact, should the risk occur, may not feature in the 'top risks' if the probability of its occurrence is low. This approach is normal practice, and we note that the WT CPMO continually monitors all risks included within the Risk Register until each risk is realized, mitigated, and/or retired. The following 'Top Risks' are identified in the Project Artefacts:

| Risk ID | Key Risks / Opportunities by Category | Risk Impact Assessment by WT CPMO | |
|--|---|-----------------------------------|----------|
| | | Budget | Schedule |
| Roads & Services | | | |
| FCCO 29 | Microtunnel Contractor, Counterclaim | -\$1.3M | |
| UTL 20.43 | Recovery of Settlement and Voiding Costs (Western MT Alignment) | -\$0.8M | |
| CNS 900.93 | Electrical Package Design Changes - Cherry and Commissioners St | | +11.7wks |
| DES 60.11 | Delays to Traffic Signaling Design | | +1.6wks |
| Bridges & Structures | | | |
| CNS 900.60 | Steel Tonnage Reconciliation | -\$0.6M | |
| UTL 10.03 | Enbridge 20" Relocation (Schedule Risk) | | +1.4wks |
| Parks & Public Realm & Marine Structures | | | |
| CNS 50.47 | Recoverable Keating Channel Dredging Costs | -\$3.2M | |
| CNS 50.48 | Additional Maintenance Dredging for Stormwater Treatment Facility Outfall | -\$0.6M | |
| CNS 50.29 | Keating Channel Sediment Removal | \$0.0 | |
| CNS 30.10 | Planting Schedule Delays | | +19.6wks |
| CNS 50.40 | Ship Channel Carp Gates Settlement | | +0.9wks |
| CTR 900.01 | Coordination of Contract Activities | | +0.7wks |
| CNS 900.63 | Wood Crib Wall Degradation | | +2.8wks |
| CNS 30.05 | Fisheries Window Issues | | +2.3wks |
| ENV 60.01 | Migratory Bird Nesting | | +9.6wks |
| Other | | | |
| CTR 50.14 | Water treatment contractor consumable escalation | \$3.7M | |

| | | | |
|------------|---|--------|--|
| CTR 50.01 | External Market Forces In Excess of Cost Escalation | \$5.6M | |
| CNS 900.37 | NRHST Rebate - Municipal | \$2.8M | |
| CNS 70.73 | Increased offsite disposal - does not meet quality criteria | \$2.2M | |

6.3 OTHER ISSUES

For the current period, BTY is focusing its comments on the current budget situation and the risks associated with it. We understand that the WT CPMO is actively working to find the right alternatives to deliver the project not only in a timely matter but also with the smallest budget impact possible.

Unfortunately, the current global situation has a significant impact on the Canadian construction industry; we have observed notable industry trends that are affecting both, residential and infrastructure projects across the country. We notice that as inflation continues to rise and global supply chain issues remain unfixed, the risks associated with cost overruns and delays in delivering projects have significantly increased.

The WT CPMO's approach and work performed at this moment counts as the best possible effort to assess risk and cost impacts to the project given the current circumstances and the uncertainty reflected in the construction industry. Please note that there will always be a potential for cost increases beyond the risk analysis. The impact and mitigation strategies need to be closely monitored to avoid surprises.

INDEPENDENT CERTIFICATION

WT Port Lands Flood Protection Project

APPENDICES

Appendix 1: Photo Report (April 28, 2023)

Appendix 2: BTY Independent Assurance Report No. 19

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APPENDIX 1

Photo Report (April 28, 2023)

2 PAGES



RVPN – Geofoam installation to help with sagging in progress;



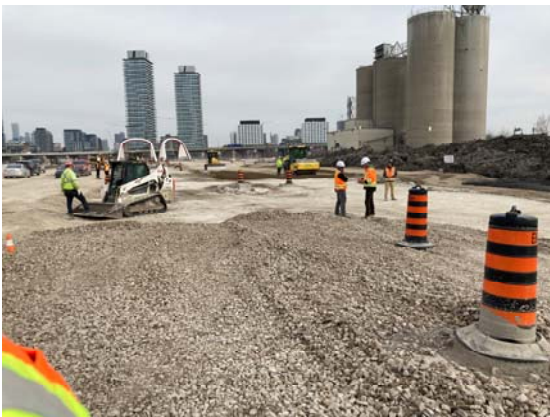
SDMA at River Channel – Armour stone installed;



Commissioners Street – New Road works in progress;



Future River – Canoe cove armor stones placed;



Cherry Street North – New Cherry Street Road works in progress;



West Plug – Excavation has started;



Promontory Park – Road works ongoing;



River Valley – Bank planting in progress;



Wetlands – Planting in progress;



Polson Slip – Canoe Cove works nearing completion;



Commissioners Bridge. – Electrical works underneath the bridge ongoing;



Municipal Infrastructure – Works in progress;



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|--------------------------------------|---|
| Purpose | <p>For Committee Information.</p> <p>To complete the annual review of the Corporation's insurance program, which is part of Waterfront Toronto's Enterprise Risk Management framework.</p> |
| Areas of note/ Key issues | <ul style="list-style-type: none"> • The Corporation uses a competitively procured insurance broker, HUB International HKMB Limited (HUB), to secure all insurance coverage. HUB assisted Waterfront Toronto in completing its annual insurance renewal program for the 2023/24 year. • The August 2022 recommendations of third-party insurance risk advisor (Intech Risk Management Inc.) were considered and implemented where appropriate from a cost-benefit perspective. • Overall, while Waterfront Toronto was able to successfully maintain existing coverages, we experienced premium increases in some areas, namely Cyber and Crime (up 45% and 14% respectively due to increase in cybercrimes globally), and Commercial General Liability (up 7% due to WT's claims history). However, these were offset by a decrease in property insurance (due to sale of four Quayside properties), containing WT's overall enterprise-wide insurance premium increase to 3% for FY 2023/24 (total premium \$270K). The premium for Directors & Officers insurance (total coverage of \$20M for individuals) did not change. <p>The attached Insurance Summary lists the potential risk exposures and the insurance coverage that mitigates that risk.</p> |
| Resolution or Next Steps | <ul style="list-style-type: none"> • The FARM Committee is expected to update the Board regarding Waterfront Toronto's insurance program at the June 12, 2023 meeting. • The next insurance program review for 2024/25 fiscal year will be completed by the FARM Committee in May 2024. |

Waterfront Toronto Insurance Summary

Updated as of May 9, 2023

The summary below identifies potential enterprise and project-specific risk exposures and the insurance coverage that mitigates that risk. In addition, Waterfront Toronto utilizes indemnification language in contracts and requires contractors to provide performance bonds and insurance certificates to mitigate risk.

A. Enterprise-wide risk exposures (no change in coverage limits)

| Potential Loss Exposure | Insurance Policy | Coverage Limit FY 2022/23 | Coverage Limit FY 2023/24 |
|---|--|------------------------------|------------------------------|
| Management Liability Loss Exposures (including litigation) <i>(Directors' & Officers' Liability (D&O))</i> | <ul style="list-style-type: none"> D&O Insurance (Not for Profit) <i>(Including Employment Practices Liability)</i> Insurer - AIG | \$10.0M | \$10.0M |
| | <ul style="list-style-type: none"> Excess D&O Insurance (Not for Profit) <i>(Including Employment Practices Liability)</i> Insurer – Great American Insurance Group (GAIG) | \$5.0M | \$5.0M |
| | <ul style="list-style-type: none"> Excess D&O Insurance (Not for Profit) <i>(Only covers individuals)</i> Insurer - Chubb | \$5.0M | \$5.0M |
| Property Loss Exposures <i>(Losses caused to damage to WT's office and portfolio of properties including sudden and accidental breakdown of all boilers, pressure vessels, mechanical and electrical machinery and apparatus)</i> | <ul style="list-style-type: none"> Property Insurance <i>(Includes coverage for rental income loss)</i> Insurer – Intact <i>(note: Royal and Sun Alliance/RSA in 2022/23)</i> Note: RSA merged with Intact in 2023. | \$17.4M | \$4.7M ¹ |
| | <ul style="list-style-type: none"> Boiler & Machinery Insurance Insurer - The Boiler Inspection and Insurance Company | \$10.0M | \$10.0M |
| Liability Loss Exposures Premises & Operations Liability <i>(Losses where organization is held liable because of bodily injury or property damage caused by either accident occurring on the premises or accident occurring away from premises if it is organization's ongoing operations)</i> | <ul style="list-style-type: none"> Commercial General Liability ("CGL") Insurance Insurer – Lloyd's of London through Howden Specialty | \$2.0M | \$2.0M |
| | <ul style="list-style-type: none"> Umbrella Liability Insurance <i>(Aggregate follow form underlying CGL policy)</i> Insurer – Lloyd's of London through Howden Specialty | \$8.0M | \$8.0M |
| Fraud & Cyber Crime Loss Exposures <i>(Losses caused by employees by way of theft, forgery, frauds, property damage & cyber crimes)</i> | <ul style="list-style-type: none"> Crime Insurance | Note 2 | Note 2 |
| | <ul style="list-style-type: none"> Cyber Insurance | Note 2 | Note 2 |

Notes:

1. Decrease is on account of removal of four Quayside Lands as they were sold on March 1, 2023.
2. Refer to Closed Session agenda Item 12 for Crime and Cyber Insurance coverages.

B. Property/ Project specific exposures (overall same limit)

| Potential Loss Exposure | Insurance | Coverage Limit FY 2022/23 | Coverage Limit FY 2023/24 |
|--|--|---------------------------|---------------------------|
| Environmental or Pollution Liability | <ul style="list-style-type: none"> 7 Queens Quay East (Losses caused by environmental damages such as pollution or biodiversity) | \$10.0M | \$10.0M |
| | <ul style="list-style-type: none"> 54 Commissioners St. (Losses arising from bodily injury, property damage and other remediation costs from pollution incidents at, on, or emanating from the covered location) | \$10.0M | \$10.0M |
| | <ul style="list-style-type: none"> Contractors Pollution Liability Insurance (Losses caused as a result of pollution conditions (sudden/accidental or gradual) arising from contracting operations performed by the contractor) | \$10.0M | \$10.0M |
| | <ul style="list-style-type: none"> East Bayfront Pollution and Remediation Liability (Losses resulting from any pollution condition on, at the covered location including any remediation expenses) | \$25.0M | \$25.0M |
| Builders Risk (All Risks or Direct Physical Loss or Damage including but not limited to Flood, Earthquake, Windstorm, Boiler & Machinery but excluding maintenance cover and Delayed Start Up) | <ul style="list-style-type: none"> The Port Lands Flood Protection (coverage: 71% of the loss) | \$876.3M | \$1.007B |
| Wrap Up Liability (Losses arising from all liability exposures typically associated with the construction projects including bodily and property damage) | <ul style="list-style-type: none"> Wrap Up Liability Insurance - Port Lands project | \$50.0M | \$50.0M |
| | <ul style="list-style-type: none"> Excess Wrap Up Liability – Port Lands project | \$50.0M | \$50.0M |
| Professional Liability (Losses arising from any claim or claims made for any error, omission or negligent act committed in the conduct of the business) | <ul style="list-style-type: none"> Primary Professional Liability Insurance - The Portlands Toronto | \$10.0M | \$10.0M |
| | <ul style="list-style-type: none"> 1st XS Professional Liability Insurance - The Portlands Toronto | \$5.0M | \$5.0M |
| | <ul style="list-style-type: none"> 2nd XS Professional Liability Insurance - The Portlands Toronto | \$2.5M | \$2.5M |
| | <ul style="list-style-type: none"> 3rd XS Professional Liability Insurance- The Portlands Toronto | \$2.5M | \$2.5M |

Closed Session

Item 13 Draft Minutes of the Closed Session – February 23, 2023 FARM Committee Meeting

ON MOTION duly made by [●] and seconded by [●] and carried, be it RESOLVED that the Minutes of the Closed Session of the Finance, Audit and Risk Management Committee held on February 23, 2023 be approved as tabled.

Item 15b Lake Shore Boulevard East (LSBE) Bridge and Public Realm Phase 2

ON MOTION duly made by [●] and seconded by [●] and carried, be it RESOLVED that the FARM Committee recommends that the Board of directors approve the Lake Shore Boulevard East - Bridge and Public Realm (LSBE) Phase 2 matters recommended by Management of the Corporation.

Item 16 2022/23 Integrated Annual Report (IAR) Report

ON MOTION duly made by [●] and seconded by [●] and carried, be it RESOLVED that the FARM Committee recommends that the Board of Directors approve the 2022/23 Integrated Annual Report substantially in the form presented, with such changes thereto as the Board may approve.

The 2022/23 Integrated Annual Report will be presented to the Board for approval on June 12, 2023.

2023 BOARD & COMMITTEE SCHEDULE UPCOMING MEETINGS

| S/N | Date (2023) | Board/Committee | Key Agenda Item(s) include: |
|-----|--|-----------------|--|
| 1. | Thursday, February 23 | FARM | • Per FARM Committee workplan |
| 2. | Wednesday, March 8 (3:00 – 5:00p.m.) | HRGSR | • Per HRGSR Workplan |
| 3. | Thursday, March 9 | IREC | <ul style="list-style-type: none"> • Quayside Update • Detailed Status Report on all Development Projects • Other Projects (if any) • Real Estate Acquisitions and Divestitures (if any) • Other Acquisitions (if any) |
| 4. | Monday, March 27 | Board | • Reports of the IREC, FARM and HRGSR committees |
| 5. | NEW: Thursday, May 18 ———— (1:30-3:30pm) Friday, June 9 (10a.m. – 12:00p.m.) | IREC | • Per IREC Work Plan |
| 6. | NEW: Monday, May 29 ———— (9:00am-12:00pm) Thursday, May 25 | FARM | • Per FARM Work Plan |
| 7. | Thursday, June 1 | HRGSR | • Per HRGSR Work Plan |
| 8. | Monday, June 12 (1:00-4:30p.m.) | Board | <ul style="list-style-type: none"> • Reports of the HRGSR, IREC, and FARM committees • Approve 2022/23 Annual Report • Approve 2022/23 audited financial statements • Year-end Performance Assessment for CEO and approval of compensation for 2023/24 |
| 9. | Thursday, September 14 | HRGSR | • Per HRGSR Work Plan |
| 10. | Thursday, September 21 | FARM | • Per FARM Work Plan |
| 11. | Thursday, September 28 | IREC | • Per IREC Work Plan |
| 12. | Thursday, October 12 | Board | <ul style="list-style-type: none"> • Report of the HRGSR, IREC, and FARM committees • 2024 Board and Committee Meeting Calendar |
| 13. | Thursday, November 9 | HRGSR | • Per HRGSR Work Plan |
| 14. | Thursday, November 16 | IREC | • Per IREC Work Plan |
| 15. | Thursday, November 23 | FARM | • Per FARM Work Plan |
| 16. | Thursday, December 7 | Board | <ul style="list-style-type: none"> • Report of the HRGSR, IREC, and FARM committees • Approval of 2023/24 Corporate Plan |