

**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 22, 2024 at 9:00 a.m.**

PRESENT: Kevin Sullivan (Chair)
Drew Fagan
Laurie Payne

REGRETS: None

ATTENDANCE: WATERFRONT TORONTO

George Zegarac - Chief Executive Officer
Ian Ness - General Counsel
Lisa Taylor - Chief Financial Officer
David Kusturin – Chief Project Officer
Meg Davis - Chief Development Office
Chris Glaisek – Chief Planning & Design Officer
Kevin Greene - Chief Operating Officer
Julius Gombos - SVP, Project Delivery
Pina Mallozzi - SVP, Design
Kristina Verner – SVP, Strategic Policy & Innovation
Cameron MacKay - VP, Communications & Public Engagement
Rose Desrochers – VP, Human Resources & Administration
Cheryl Roddick - Philanthropic Advisor
Marciana Boboc - Director, Procurement
Ed Chalupka - Director, Government Relations
Sampada Chandane - Director, Financial Management
Alma Pjetra Director - Director, Program & Cost Management
Mary Anne Santos - Director, Financial Planning
Chris Shiers – Director, Information Technology
Ella Liu - Senior Analyst, Corporate and ESG Reporting
Vicky Ma - Senior Analyst, Risk Management and Data Analytics
Natasha Tolkunow - Senior Project Manager, Project Delivery
Parmit Chhasiya - Program Reporting Analyst
Ann Landry – Administrative Assistant
Charmaine Miller - Executive Assistant to the CEO & Board Admin

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

- Jack Winberg, Director, Waterfront Toronto Board
- Jeanhy Shim, Former Director, Waterfront Toronto Board
- Vania Emerson, Anamika Srivastava, Reena Gumaste, Stephanie Alessi, Infrastructure Canada
- Cory MacDonald, Ezaz Uddin, Jonathon Vita, Ontario Ministry of Infrastructure

- Jay Paleja, Project Manager, Waterfront Secretariat, City of Toronto
- Louis Castillo, BTY Consulting
- Veronica Bila, Reena Patel, MNP LLP
- Rob Clause, Jeff Barratt, 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 9:01 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 Drew Fagan, 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) **2024 FARM Committee Workplan and Annual Mandate Review**

Lisa Taylor, Chief Financial Officer outlined that the FARM Committee 2024 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 2024 Workplan. The Committee also reviewed the FARM Committee mandate and proposed no changes at this time.

ON MOTION duly made by Laurie Payne, seconded by Drew Fagan, and carried, it was **RESOLVED** that the Finance, Audit and Risk Management Committee approves the 2024 FARM Committee Workplan.

c) Draft Minutes of Open Session November 23, 2023 FARM Committee Meeting

ON MOTION duly made by Drew Fagan, seconded by Laurie Payne, and carried, it was **RESOLVED** that the Minutes of the November 23, 2023 FARM Committee meeting be approved as presented.

Items 4 d, e, f & g

Q3 2023/24 Macro Dashboard including Corporate & Project Reporting Dashboards:

The FARM Committee took most of the consent agenda items as read (namely dashboards related to 2023/24 corporate plan performance, audit, liquidity, capital project – including a new dashboard for Quayside infrastructure and public realm, procurement, regulatory compliance, and environmental social governance, together with the December 31, 2023 interim financial statements), and sought highlights and clarifications from management in certain areas.

For the enterprise risk dashboard it was noted that one risk area remains assessed as high residual risk this quarter, namely Project Delivery – Non-Port Lands projects (due to the impact of unprecedented escalation on Quayside infrastructure, for which management is mitigating through phasing and is covered under a separate agenda item), and that Management is actively working with governments to address the Corporation’s financial sustainability risk.

The Corporation’s five-year cash flow forecast continues to indicate a strong cash position for the next 12 months, with a need to draw down on the line of credit facility starting in early 2025 to support the Quayside municipal infrastructure and public realm, and Bayside water’s edge promenade projects (to be repaid with land sale revenues).

5. Port Lands Flood Protection (PLFP) Update

a) PLFP Project Update

David Kusturin, Chief Project Officer provided a visual progress report for the PLFP project, including the latest drone video which showed the new river had been filled with water.

b) Report of the Independent Capital Monitor

BTY Consulting LLP (BTY) presented their **22nd report** as Independent Capital Monitor for the PLFP project and noted that:

- The project remains on budget (\$1.354 million) comprising:
 - a) Port Lands Flood Protection: \$1,272.9M, and

- b) Parks Finishes: \$81.1M
- o The remaining contingency of \$28.5 million (8.6% of the remaining project budget) is considered healthy, of which \$26.8M/ 10% is for PLFP and \$2.7M/ 3.7% for Parks Finishes.
- o An updated project schedule was not issued by Ellis Don this quarter; the substantial completion and project completion dates remain as December 31, 2024 and June 30, 2025, respectively.
- o Overall “green” risk level indicating low likelihood of risks impacting the project budget or schedule.
- o The risk management process implemented by WT continues to be robust and in line with industry best practices.

There was a question raised by one of the government partners regarding whether the \$2.7M contingency remaining for Parks was sufficient. WT responded and BTY concurred that there is no concern given the work relates to “top finishes” and has all been procured.

6. Quayside Infrastructure and Public Realm Update – 60% Design

Management provided an update regarding the 60% design cost estimate process for the Quayside Infrastructure and Public Realm program. While not yet complete, the 60% design cost estimate is expected to exceed the \$314 million 30% design cost estimate, and as a result the \$86 million existing funding gap (reported to FARM Committee & Board in September and October 2023), is anticipated to increase.

In response, Waterfront Toronto staff have prepared a long list of value engineering and other path-to-budget solutions to eliminate the overage and are in discussions with City Staff and the developer to assess feasibility of options. Management will report back to the FARM Committee and Board in May and June 2024 with an update, together with the request for Capital Approval required to commence construction of the infrastructure.

Management also provided an update regarding the related delivery and funding agreement with the City of Toronto of \$142 million, for which execution has been delayed due to an additional City requested clause requiring Waterfront Toronto to implement risk management measures that exceed what has been budgeted. The issue has been escalated and Management aim to execute the Delivery Agreement prior to further capital approval requests (anticipated in May 2024).

7. 2023/24 External Audit Plan

Representatives from Waterfront Toronto’s external auditor, BDO LLP presented their Planning Report for the upcoming audit of the Corporation’s March 31, 2024 year-end financial statements. Consistent with last year, audit planning materiality has been set at \$4.5 million (approx. 2% of expenditures), in line with CPA Canada auditing standards.

The FARM Committee approved the 2023/24 External Audit Plan. The audited financial statements will be presented to the Board for approval at the June 24, 2024 Board meeting.

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 External Audit Plan for the year ending March 31, 2024.

8. Internal Audit Update

Veronica Bila, Assurance Partner, MNP LLP (MNP) provided an update on the status of the Corporation's internal audit plan, noting that MNP had completed a total of six audits (out of seven planned) over the last four years. This includes the most recent audit on accessibility which assessed Waterfront Toronto's compliance with the Accessibility for Ontarians with Disabilities Act, 2005 (AODA).

MNPs overall conclusion on the accessibility audit was that Waterfront Toronto demonstrated a high level of compliance with an overall score of 97% (94 of 97 areas). The key area of non-compliance related to WT's web content, which is a similar challenge faced by many organizations. Management has a remediation plan to address MNPs recommendations over the next 12 months and in advance of the AODA full compliance deadline of January 1, 2025. In support of the remediation plan, the FARM Committee approved additional internal audit fees of up to \$5,000 for MNP to complete an inventory of all non-compliant web content to be addressed.

ON MOTION duly made by Drew Fagan, seconded by Laurie Payne, and carried, it was **RESOLVED** that the Finance, Audit and Risk Management Committee provides approval to engage MNP LLP for website inventory analysis related to the accessibility audit with fees of up to \$5K, on an as required basis.

9. Motion to go into Closed Session

In accordance with By-Law No. 2 of the Corporation and **ON MOTION** duly made by Drew Fagan, seconded by Laurie Payne and carried, the Committee **RESOLVED** to go into Closed Session to discuss items 10(a), (b), (c), (d) & (e), 11, 12, 13 and 14 of the agenda. The exception relied upon for the discussion for item 10(a) is provided in the minutes of the Open Session November 23, 2023 FARM Committee meeting under item 4(c) of this agenda, for items 10(b), 10(d) & 11 is Section 6.1.1(a), for item 10(c) is Section 6.1.1(k), for item 10(e) is Section 6.1.1(l), for items 12, 13 & 14 is Section 6.1.1(k) 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.

10. Consent Agenda

- a) **Draft Minutes of the Closed Session – November 23, 2023 FARM Committee Meeting**
- b) **Annual Review – Risk Appetite Statement**

- c) **Financial System Update**
- d) **Risk Governance & Internal Audit Contract Update**

- e) **Yonge Slip Activation Proposal**

11. Cyber Security Updates

12. Quayside Revenue Allocation Update

13. Fundraising Strategy Update

14. Tri-Government Engagement Update

15. Motion to go into Open Session

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

The meeting continued in Open Session.

16. Resolution(s) Arising from the Closed Session

Item 10a Draft Minutes of the Closed Session – November 23, 2023 FARM Committee Meeting

ON MOTION duly made by Laurie Payne and seconded by Drew Fagan and carried, it was **RESOLVED** that the Minutes of the Closed Session of the Finance, Audit and Risk Management Committee held on November 23, 2023 be approved as tabled.

Item 11b Cybersecurity Follow up items

ON MOTION duly made by Laurie Payne and seconded by Drew Fagan and carried, it was **RESOLVED** that the Finance, Audit and Risk Management Committee authorizes management to engage MNP Digital to conduct a cybersecurity tabletop exercise as an extension of their internal audit scope at a cost of \$15,000.

17. Termination of the Meeting

There being no further business, **ON MOTION** duly made by Drew Fagan, seconded by Laurie Payne and carried, it was **RESOLVED** that the meeting be terminated at 11:13 a.m. local time.

18. Directors Only Discussion

Committee Chair

Secretary