

West Don Lands (WDL)

Registration of the Phase I Plan of Subdivision occurred December 15, 2009. This is a significant milestone for WDL and allows for the transfer of development blocks to Toronto Community Housing Corporation (“TCHC”) and Urban Capital in 2010. The Province, the City and Waterfront Toronto (“WT”) worked very hard to ensure the registration timeline was met. The agreements negotiated as part of this effort will form the basis for the Phase 2 Plan of Subdivision which will contain all of the Pan Am blocks. Consequently, it is anticipated that the future process will be considerably smoother going forward.

The Ministry of Environment (“MOE”) has provided final comments on the Risk Assessment/Risk Management (“RARM”) submitted by Ontario Realty Corporation (“ORC”) in the fall of 2009. Significant additional work is required. ORC is in the process of re-procuring a consultant to undertake this work. A new consultant should be in place by early April, 2010.

The TCHC Agreements have been amended to extend the closing deadline to February 24, 2010 so that TCHC can undertake the additional environmental work needed to satisfy itself that a Record of Sight Condition (“RSC”) for residential uses can be obtained. Government funding for this project requires that construction commences by February 26, 2010 and occupancy occurs no later than January, 2012.

Urban Capital’s initial marketing efforts for River City have resulted in approximately 40% of the units being sold in the first phase. A sales office is expected to be open by the end of February, 2010. Urban Capital would like to commence construction in September, 2010, however the requirement for an RSC prior to construction may impact that timeline.

ORC has advised that the Flood Protection Landform (“FPL”) completion is further delayed until the end of 2011. This will impact TCHC’s funding requirement for occupancy (January, 2012), and the FPL must be completed by December 15, 2011.

The Phase 2 Plan of Subdivision (“POS”) is the focus of WT and City staff over the next number of months. It is anticipated that the POS will receive Draft Approval in June, 2010. Due to the timing of the fall municipal election, there will be no Council meetings between August and January, 2011 so June Council Meeting date for Draft Approval is key for meeting the Pan Am Games schedule.

WT is working closely with Infrastructure Ontario (“IO”) to establish a partnership for delivering the Pan Am Games Athlete’s Village on time, on budget and with the community legacy anticipated in the WDL Precinct Plan.

Sustainability

WT has been working with the Clinton Climate Initiative, through the Climate Positive Development Program, preparing strategies on advancing sustainability and innovation within the waterfront and for the Lower Don Lands. The Program Director, Seth Schultz, travelled from Washington, D.C. to attend meetings with WT and City of Toronto (January 7 and 8) to discuss specific initiatives for achieving Climate Positive Development.

WT has developed a draft work-plan that includes priorities, strategies and activities for working towards Climate Positive (carbon reductions) for the Lower Don Lands, while also identifying opportunities to learn from experience in WDL and East Bayfront (“EBF”). The expertise brought to us through the Climate Positive advisors has provided us access to other developers’ experience. We are currently getting advice in areas including district energy and soil management.

An overview of the work-plan is provided in Section 4 and will be presented at the Board meeting.

Toronto Port Authority (TPA)

On January 6, 2010, we had a meeting with the TPA to finalize the term sheet between the TPA and WT re: water’s edge protocol. We also had the opportunity to meet their new President and CEO, Geoffrey Wilson who was very supportive and engaged in resolving any outstanding issues. In particular, we discussed the following issues: schematic design of the water’s edge; operation and maintenance of promenade/boardwalk/piers; fee simple or long term lease of the water-lots; and mooring of vessels. The next step is to review a revised term sheet which we expect to receive from the TPA shortly.

Communications - Influencer Strategy

We are implementing the influencer strategy as per our presentation to the Board in October, 2009. WT staff has met with individual Board members who expressed an interest in identifying, facilitating and attending influencer meetings with WT executives. Meetings are now being arranged. The new vision brochure and other communications materials including top line messaging regarding progress on waterfront revitalization will be used as part of the influencer outreach.

Federal Government: Federal Sunset Extension

We have initiated pro-active discussions with Minister Flaherty’s office regarding an extension of the program from March 31, 2011 to, at a minimum, March, 2013. Our rationale is based on timing that would allow the most effective expenditure of federal funds and the most efficient delivery of federal project priorities on the waterfront (i.e. Canada Square at Harbourfront Centre, Don River Park, George Brown College – our joint venture with George Brown to deliver parking lot – and Underpass Park in the West Don Lands. As of December 31, 2009, approximately \$275 million of the total \$500 million in federal funding has flowed to WT. An extension is critical to ensure federal funding does not lapse. These discussions continue.

Provincial Government: Meeting with Minister Phillips

The Chair and CEO met with Minister Phillips on January 15, 2010 to discuss roles in the delivery of the Athlete’s Village. This meeting followed extensive, pro-active engagement by provincial board members, staff and community members on the issue. The meeting was positive. The Minister indicated that IO would likely have overall responsibility for the Village delivery given the province’s concerns about cost containment and on-time delivery of the Village and its venues, however, he also recognized as another Pan Am Village goal, the legacy aspects that needed to be delivered. The Chair took the opportunity to highlight WT’s key strengths including the ability to engage private sector residential developers and to leverage public sector investment with private sector dollars. The Minister was receptive to WT’s suggestion that IO and WT partner to develop an implementation model for MEI review that will bring all the required skill sets to the table to ensure that the Village delivers on both the specific needs of the Games and that it becomes, ultimately, a legacy for the WDL and waterfront revitalization.

The Hon. Brad Duguid has assumed responsibility of the Ministry of Energy and Infrastructure following the January 18, 2010 cabinet shuffle. As part of the transition, the Chair and CEO have been invited to an introductory meeting with Minister Duguid on February 10, 2010. A verbal update on the outcome of the meeting will be provided at the Board meeting.

Port Lands and Designated Waterfront Area

The majority of the contracted scope for the Leslie Street Greening (related to intersection improvements, sidewalks, curbs, grading and Martin Goodman Trail) was substantially completed before the December 8, 2009 shutdown, with landscaping and asphalt work remaining to be completed in spring 2010. The City of Toronto has requested that WT maintain sufficient funds within the project to implement driveway and trail changes should the City elect to proceed with the additional scope related to the works yard improvements.

In cooperation with WT and the City, Toronto Port Lands Company (“TPLC”) is undertaking a study to create an Employment Opportunities Strategy for Eastern Port Lands, east of the Don Roadway, as well as for the lands between Lakeshore and Eastern Avenue. Although Eastern Port Lands is designated a Regeneration Area contemplating mixed use residential in the Central Waterfront Secondary Plan, this is a long term proposition and as such the study is needed to develop a strategy for attracting interim employment uses over the short and mid-term (20-30 years). This was also a recommendation of the Port Lands Implementation Strategy presented to the WT Board in May, 2009.

Lake Ontario Park (LOP)/Coatsworth Cut

The class Environmental Assessment (EA) process for siltation/deposition control and boat club relocation from the Coatsworth Cut has been put on hold due to the increase in preliminary costing from Toronto and Region Conservation Authority (“TRCA”). WT and partner agencies are reviewing other possible options in relation to the LOP Master Plan and established Long Term Funding Plan budget.

Soil Management Facility

TPLC (formerly TEDCO) has approved the submission of the Part V Application to MOE. The formal submission has been made and has recently been posted on the Environmental Bill of Rights (“EBR”) Environmental Registry web site for a 30 day public comment period. TPLC and WT are currently working on a detailed phasing program that will allow for the transfer of portions of the site to WT on an as-needed basis to accommodate opportunities including WT’s pilot program for soil treatment. This will also permit TPLC the opportunity to earn revenue on an interim basis as WT’s soil management program develops. The Pilot Program RFP was released January 11, 2010 and closes February 26, 2010. Evaluation and award will take place from March 22- April 1, 2010. It is expected that the winning proponents will mobilize on site by June 1, 2010 and demobilize by December 31, 2010.