

A FARM Committee meeting was to be held on November 30, 2017, however the Committee was not able to meet due to lack of quorum. Members of the FARM Committee who were not able to attend the meeting were asked to provide their comments, if any, on the meeting materials, and no comments have been received. On November 30, I met with Jeanhy Shim and together we reviewed the FARM Committee meeting materials with management.

Because the FARM Committee did not meet, for the business of the Committee requiring Board approval, approval is being requested without a review and recommendation by the FARM Committee, but supported by our November 30 review and discussion.

I wish to report on five items:

- i) Interim Financial Statements – September 30, 2017;
- ii) Appointment of an Enterprise Risk Advisor and Internal Auditor;
- iii) Financial Instruments Policy;
- iv) Capital Approval for Port Lands Flood Protection and Enabling Infrastructure; and
- v) Corporate and Project Reporting.

i. Interim Financial Statements – September 30, 2017

- The Interim Financial Statements for the six months ending September 30, 2017 were reviewed on November 30 with management, and there were no significant items of note.
- Supported by our November 30 review and discussion with management, and the fact that no comments were received from other FARM Committee members, I recommend that the Interim Financial Statements for the six months ended September 30, 2017 be approved by the Board.

ii. Appointment of an Enterprise Risk Advisor and Internal Auditor

- The FARM Committee mandate provides for the FARM Committee to approve the appointment of an internal auditor, including their compensation; however, because the FARM Committee was not able to meet on November 30, Board approval is being requested.
- Management conducted a competitive procurement process for an Enterprise Risk Advisor and Internal Auditor in November 2017 and, following from this process, management is recommending the appointment of MNP LLP.
- Supported by our November 30 review and discussion with management, and the fact that no comments were received from other FARM Committee members, I recommend that MNP LLP be appointed by the Board as the Corporation's Enterprise Risk Advisor and Internal Auditor for an initial 28-month term (Dec 1, 2017 - March 31, 2019) for the compensation proposed.

iii. Financial Instruments Policy

- The Financial Instruments Policy (the Policy) proposed by management is a risk management tool that sets out the key principles and appropriate hedging strategies for mitigating currency risk.
- While historically currency risk has not been a significant risk for Waterfront Toronto, management has indicated that the Corporation now has at least one major foreign vendor for which it believes it to be more prudent and cost effective for Waterfront Toronto to manage the associated currency risk directly.
- Advice from the Corporation's external auditors was obtained during the development of the Policy and the auditors also have reviewed Policy and have pronounced it appropriate and responsible.
- Supported by our November 30 review and discussion with management, and the fact that no comments were received from other FARM Committee members, I recommend that the Financial Instruments Policy be approved by the Board.

iv. Capital Approval for Port Lands Flood Protection and Enabling Infrastructure

- The Capital Approval proposed by management relates to a further investment of \$24.4 million – to be funded from the City's 1/3rd funding share - in the continuation of the project management, design and engineering and preconstruction services related to the Port Lands Flood Protection and Enabling Infrastructure project (Port Lands).
- The Board previously granted Capital Approval for this project in the amount of \$15.6 million (again from City funding), pending execution of three separate Contribution Agreements (CA) with each order of government, which was anticipated to occur by Dec 31, 2017.
- It has since been determined that one tri-government Contribution Agreement will be executed on/before March 31, 2018.
- In order for the Corporation to continue work on the Port Lands project throughout 2017/18, the City has agreed to fund an additional \$24.4 million of its 1/3rd funding commitment in advance of the execution of the tri-government CA, and the required City Council approval of the funding is expected.
- Supported by our November 30 review and discussion with management, and the fact that no comments were received from other FARM Committee members, I recommend that, subject to City Council approval being secured, Capital Approval for Port Lands Flood Protection and Enabling Infrastructure in the amount of \$24.4 million be approved by the Board, for a total Capital Approval of \$40 million (\$15.6 million + \$24.4 million).

v. Corporate and Project Reporting Information items

The following additional Corporate and Project Reporting Information was also provided by management, reviewed on November 30, and has been included for your information in the Board materials at Appendix II:

- 2017/18 Corporate Plan Performance Reports
- Quarterly Cash Flow Forecast
- Update on Enterprise Resource Planning Implementation
- Update on Enhanced Risk Framework
- Q2 Project – Financial Variance Report
- Q2 Project – Work Package Risk/ Status Report

There are no issues or concerns to highlight based on the information provided in the package.