

MINUTES of the Board of Directors of the Toronto Waterfront Revitalization Corporation held at 20 Bay Street, Suite 1310, Toronto, Ontario on Thursday, September 14, 2017 at 8:30 a.m. local time.

PRESENT: Helen Burstyn, Chair
Mohamed Dhanani
Julie Di Lorenzo
Meric Gertler
Susan Henderson (via telephone)
Ross McGregor
Denzil Minnan-Wong
Mazyar Mortazavi
Sevaun Palvetzian
Janet Rieksts-Alderman
Jeanhy Shim
Steve Diamond

ABSENT:

The following additional persons were in attendance throughout the meeting, or unless otherwise indicated: Will Fleissig, President and Chief Executive Officer; Marisa Piattelli, Chief Strategy Officer; Meg Davis, Chief Development Officer; David Kusturin, Chief Project Officer; Chris Glaisek, Executive Vice President Planning & Design; Ian Beverley, General Counsel; Lisa Taylor, Chief Financial Officer; Kristina Verner, Vice President, Innovation, Sustainability & Prosperity; and Rose Desrochers, Director, Human Resources and Administration.

Also in attendance was George Zegarac, Deputy Minister – Ontario Ministry of Infrastructure, Siri Agrell of the City of Toronto, and Lynn Kekanovich and Maryam Moadel of the federal Ministry of Infrastructure.

The Chair, Helen Burstyn, took the chair and appointed Ann Landry to act as secretary of the meeting.

With notice of the meeting having been sent to all Directors in accordance with the Corporation's By-laws and a quorum of Directors being present, the Chair declared the meeting duly constituted for the transaction of business.

1. Motion to Approve Agenda

ON MOTION duly made by Meric Gertler, seconded by Susie Henderson and carried, it was **RESOLVED** that the Agenda for the September 14, 2017 Board meeting, as tabled, was approved.

2. Declaration of Conflicts of Interest

There were no conflicts declared.

3. Chair's Remarks

The Chair welcomed everyone to the meeting and spoke about this being an exciting time for the Corporation in terms of the recent funding announcement for the Port Lands Flood Protection Project and the implementation of the current projects underway. She provided a brief overview of what would be discussed throughout the meeting and acknowledged the concerns of the Board regarding the tardiness of Board and Committee materials.

The CEO agreed that materials should arrive within the appropriate and agreed upon timeframe, and assured the Board that in the future, materials will arrive on time. Comments and suggestions by Board members were noted, including:

- Draft minutes should be circulated one week after each meeting;
- The volume of materials is an issue - perhaps limit the number of pages per meeting;
- Perhaps livestream the public portion of the meeting; and
- Before considering livestreaming meetings, an appropriate and measured review should take place.

4. Consent Agenda

ON MOTION duly made by Sevaun Palvetzian, seconded by Meric Gertler and carried, it was **RESOLVED** that the Consent Agenda comprising the minutes of the June 13, 2017 meeting of the Board of Directors were approved.

5. Committee Chair Reports

a) Chairs Committee

1) Transition to Waterfront 2.0

The CEO provided the context for the discussion regarding the next phase of waterfront revitalization, including the strategic priorities of the organization; the organizational resiliency plan and the strategy for the next phase of revitalization.

Mr. Fleissig's presentation highlighted the following:

- Waterfront Toronto has been working on the foundational pieces to create a culture that includes purpose, values, priorities, execution and measures;

- The 2017/18 Corporate Plan (“the Plan”) was adopted on December 2016 and reaffirmed the broad goals contained in the original 2001 legislative mandate. The document:
 - identified the core purpose and updated context for the 2016 waterfront which includes a vibrant market, completed infrastructure, Waterfront Toronto execution, continued community buy-in and support, governments’ alignment in terms of our response to climate change, affordable housing, enhanced mobility, job creation focused on green technologies and production;
 - The plan highlighted five “pluses”; and
 - Prioritized projects and strategic initiatives with associated staffing, budgets and anticipated schedules.
- There have been many changes since the fiscal year began in April, 2017, including the Port Lands funding announcement, Bayside milestones, Quayside RFP response, the private sector interest in the waterfront, and organizational optimization;
- The capital investment plan and funding plan to 2024;
- The next stage in Waterfront Toronto’s 2.0 rollout, including:
 - An Organizational Resiliency Plan that includes managing the delivery of the Port Lands project;
 - Completing the Business Implementation Plan for the Port Lands;
 - A Quayside announcement and Phase I work commencement,
 - Waterfront Toronto’s role and governance changes, including:
 - MOU and CA’s with three governments;
 - Extending Waterfront Toronto’s term to 2028 (automatic) and beyond (legislative);
 - Private sector revenues;
 - Borrowing term and amount; and
 - The creation of corporate affiliates or subsidiaries;
- Ongoing organizational enhancements including:
 - Refining the priority project pipeline and strategic initiatives;
 - Identifying internal capacity and partnership opportunities;
 - Board action on governance changes, updated Waterfront Toronto narrative, Committee roles and alignment, and interface between the Board and Management team: and
- Government shareholders - enhanced coordination with Ministries, IGSC and Secretariats;
- Integrated strategic, Long Term Plans, and Corporate Plans;
- Organizational initiatives including:
 - Human Resources support & enhancements;
 - The coordination of Core Functions within the CEO Office;
 - Project governance, reporting and risk resilience;
 - Broader design vision;
 - Board interaction and a review of Committee structures; and
 - Waterfront Toronto narrative & engagement+ framework.

The following comments, questions and/or suggestions were tabled by the Board members:

- Does the Corporation have an indication of the timing of the Contribution Agreements (“CAs”)? – To date we have received \$15 million from the City for flood protection and are working with governments on the larger funding envelope. We anticipate execution of the CAs in December.
- Has a new Memorandum of Understanding (“MOU”) with governments been executed? - Management is working with City staff to articulate the roles and responsibilities of the respective organizations. Upon completion, the MOU will go to the Intergovernmental Steering Committee (“IGSC”) for review.
- Were any conditions placed on the funding from governments? – None, Waterfront Toronto has been asked to take the lead on creating an organizational reporting structure that, once agreed upon, will be embedded into the MOU.
- The fact that the governments are funding a project without conditions shows confidence in Waterfront Toronto but also places a great deal of responsibility on the Corporation to deliver.
- There was discussion around staffing – full time employees (“FTE’s”) and/or contract positions. Management advised that in order to be nimble, the Corporation only hires FTE’s for core positions with all other roles being contract positions
- It was noted that we must have the right people in the right place and in order to do so, it is very important to flush out exactly what the project is and what is needed to implement it successfully.
- It was further noted that Management must come to the Board without being worried about the numbers. Awareness, clarity and candor are key when communicating to the Board.

2) 2017/18 Corporate Plan Amendment

Lisa Taylor presented the 2017/18 Corporate Plan Amendment and provided an overview, highlighting the following:

- When the original plan was approved in December, 2016, it was acknowledged that the plan was in transition and that our strategy was evolving.
- Management committed to presenting an updated plan in 2017.
- Three significant events in 2017 have a material impact on the original plan:
 - Tri-government funding commitment of \$1.185 billion to the Port Lands Flood Protection project;
 - The successful Quayside funding and innovation partner selection process; and
 - The development of an organizational resiliency plan – a comprehensive project prioritization and capacity/skill set gap review to ensure that Waterfront Toronto continues as a functional and effective organization.
- These changes are material (more than 10% of the approved budget or \$5 million, whichever is less) and require Board approval as they exceed Waterfront Toronto’s threshold.

- The Port Lands Flood Protection project has a significant impact relative to our existing WT 1.0 projects. Previously we were managing a \$350 million budget for the next 7 years and this has now increased to \$1.6 billion over the same period. This does not include capital investment for infrastructure via the Quayside development or private/public capital investment for the Port Lands. This is expected to materially impact future capital investment plans.
- The Corporation also works on “shadow” capital projects that unlock capital dollar investments but are not included in the budget. There is a great deal of work associated with these projects. This is significant as approximately half of all project staff time is spent on managing our 10+ multi-billion development partnerships. There is also significant project team resources spent on planning initiatives such as the Transit Reset and Union Station Link which will result in capital investment at a future date.
- The key components of the Plan include the five priority initiatives, the organizational resiliency plan, the amended project deliverables and the amended capital investment plan.
- The Corporate Plan Amendment is required to enable the Corporation to build the scale needed to undertake the projects – people, processes and technology.
- The five priority initiatives include: the Port Lands Flood Protection and Enabling Infrastructure, Quayside Development, Waterfront Precincts and Complete Communities, Public Realm, and Eastern Waterfront Transit.
- The new Organizational Resiliency Plan which builds scale internally, manages risk and delivers on expectations through project delivery, operational effectiveness, governance and accountability, and strategic initiatives.
- Project deliverables progress report on the 10 key project deliverables in the original plan.
- The Capital Investment Plan, including: Revised Funding Plan; Revised Corporate Operating Budget; Corporate Capital Budget; Corporate Operating Budget – 2018/19 and 2019/20.
- The key messages include:
 - The amended plan will take the next 6 months to implement and is about building scale;
 - The investments will serve the Corporation for the next 5-10 years;
 - The corporate operating costs are low, and are decreasing, in terms of the percentage of the capital investment plan;
 - The corporate operating budget has been constant at \$12.4 million for the last 5 years; and
 - There will be additional initiatives in 2018/19 and 2019/20.

Ms. Taylor responded to questions from the Board and noted comments and suggestions, including:

- The Plan, which addresses the Corporation’s staffing requirements in light of the recent tri-government funding commitment and the successful Quayside funding and innovation partner selection process, will provide assurance to the governments that Waterfront Toronto has the capacity to deliver projects.

- The Board asked if the Plan was brought through a Committee such as the Finance, Audit and Risk Management (“FARM”) Committee, before tabling it at the Board meeting? – The Chair of the Board advised that the Plan was reviewed by the Chairs Committee on September 11, 2017 because the FARM Committee meeting scheduled in August had to be cancelled and rescheduling prior to the Board meeting was not possible. The Chair advised that the Chairs Committee (made up of the Chairs of each of the Board Committees) reviewed the document through the lense of their respective Committee Mandates and also provided feedback from the perspective of each Committee. It was felt that this was a wholistic review of the Plan. The protocol around capital approvals was discussed with the threshold being a 10% increase of the original budget and/or \$2 million. It was recommended and noted that more clarity around governance and process should be given in the future when asking for approvals outside of the Board-approved process. It was agreed that a FARM Committee meeting would be convened to review

The CEO tabled an Organizational Chart showing the Corporation’s transition to an adaptive organization. He provided a brief overview, highlighting: the enhanced CEO’s office; the executive team; integrated decision making; and Board and advisory enhancement.

The following questions, comments and/or suggestions from the Board were noted:

- Within the layers of the organization, where does risk reside? – The CEO advised that there is a significant increase in project focus which will incorporate risk resilience. A project management office (“PMO”) is being created along with the implementation of a new Enterprise Resource Planning system that will assist in creating project workflows that result in integrated reporting, risk management, performance indicators, milestone and approval tracking, etc.
- Is Waterfront Toronto coordinating projects in terms of ensuring that one project doesn’t affect another - for example work on the Gardiner and the Port Lands Flood Protection project or the Quayside project? – Management advised that the work is coordinated through Waterfront Toronto and the City of Toronto.
- How many of the new FTE’s are executives? – Of the 11 new positions proposed, 2 are considered executive positions.
- Will the project be completed within the lifetime of the Corporation as set out in the TWRC Act – The CEO advised that the Corporation would be seeking the 5-year extension contemplated in the Act and possibly further extensions.
- Deputy Mayor Denzil Minnan-Wong requested a brief summary of the roles and responsibilities of the executive team and Management agreed to provide this to him.

Further discussion was not required, and **ON MOTION** duly made by Susie Henderson, seconded by Julie Di Lorenzo, amended by Steve Diamond, and carried, it was **RESOLVED** that the Board of Directors approve the 2017/18 Corporate Plan Amendment, subject to review and approval of the proposed \$2.3 million for Corporate Capital Improvements by the FARM Committee and that the Chair of the FARM Committee report the results of such review to the Board Chair and the Board Chair report further to the Board, if there are any material concerns.

b) Investment and Real Estate Committee (“IREC”)

Julie Di Lorenzo, Chair of the IREC, advised that at its meeting on September 13, 2017, Management advised that Waterfront Toronto is developing a model to assess the potential of having the private sector deliver affordable rental housing in a mixed-income housing pilot in the waterfront with limited reliance on government capital subsidies. She advised that the model will address housing affordability issues and the inability to deliver sufficient affordable rental units, which has caused a significant housing gap. She advised that Management and/or the IREC will continue to report on this item as the initiative is developed.

6. CEO Report

Will Fleissig referred to his report which updated the Board on the following matters and which is posted publicly on the Corporation’s website:

West Don Lands (“WDL”)

- West Don Lands Development
- Surplus Land Circulation
- Public Art

East Bayfront

- Bayside
- Waterfront Innovation Centre (Blocks 1 &2)
- George Brown College (“GBC”) Block 3
- Quayside
- Public Art

Port Lands

- Port Lands Flood Protection and Enabling Infrastructure
- Cherry Street Stormwater and Lakefilling Project
- Regulatory Approvals and Technology Testing
- Port Lands Planning Framework/Villiers Island Precinct Plan/Transportation and Servicing Master Plan EA
- Public Art

Other

- Health and Safety
- The Bentway
- Jack Layton Ferry Terminal Phase IA

- Jack Layton Ferry Terminal Master Plan
- Gardiner East EA
- Lower Yonge Precinct
- Ontario Place Park
- Waterfront Toronto Design Review Panel Update
- Portland Slip Pinch-Point
- Waterfront Transit Reset

7. Capital Approvals

a) *East Bayfront and West Don Lands Stormwater and East Bayfront Sanitary Servicing Infrastructure Request for Supplementary Capital Approval*

David Kusturin presented a capital approval request which included the following information:

- An update on the status of the East Bayfront and West Don Lands Stormwater and East Bayfront Sanitary Servicing Infrastructure projects.
- Background on the original June 25, 2014, \$46.9 million capital approval for these stormwater and sanitary infrastructure projects including the project requirements as defined by the City of Toronto.
- The current status of the Stormwater Servicing Infrastructure.
- The current status of the Sanitary Servicing Infrastructure.
- Supplementary Capital Approval is required in order to complete the EBF and WDL Stormwater and Sanitary Infrastructure Projects:
 - Waterfront Toronto's standard procedures provide for Capital Approvals to be sought after design has progressed to a stage where project costs can be estimated to a reasonable level of certainty (generally not before 20% design has been achieved);
 - Prior to commencing design to determine the specific requirements and costs of this project, Toronto Water required City Council approval to accelerate and fund the project. Details and costs submitted for City Council approval were therefore developed based only on a conceptual understanding of the project requirements and were not fully-informed;
 - Therefore, the original Capital Approval was sought based on the budgets and funds approved by City Council as these represented the available budget and funding allocated for the project; and
 - As reported to the FARM Committee on September 8, 2015, tenders received for the Cherry Street Stormwater Facility were over budget and exceeded the available funding. This risk was identified in the original Capital Approval request.
- Pursuant to the Risk Mitigation strategy included in the original Capital Approval, the FARM Committee endorsed that implementation of certain non-time sensitive aspects of the stormwater infrastructure contemplated in the June 2014 Capital Approval (i.e., the in-water pipes between Sherbourne Common and Bayside and installation and commissioning of stormwater treatment equipment within the Cherry Street Stormwater Facility) would be deferred.

- Deferred work would be value-engineered to the extent possible and reissued for tender at a later date pending necessary additional funding becoming available and to eliminate the assumed Pan-am Games construction price premium.
- A significant portion of the servicing infrastructure has been constructed over the last 2 years, however continued deferral of the work will result in additional maintenance and operating costs as well as increased construction costs due to escalation and phasing premiums.
- Funding has now been identified to allow for the construction of the remaining scope and outstanding project components included in the original Capital Approval.
- Additional capital approval is required to complete the construction of the infrastructure, and to address ongoing maintenance and operating costs of the various facilities until final assumption by the City.
- The status of the current capital budget.
- The proposed capital budget.
- The sources of funding.
- Project risks.

Mr. Kusturin responded to questions from the Board and **ON MOTION** duly made by Julie Di Lorenzo, seconded by Susie Henderson, and carried, it was **RESOLVED** that the Board of Directors approve an additional capital expenditure of \$19.64 Million, for a total capital expenditure of \$66.54 Million, to complete the implementation of the EBF Stormwater and Sanitary Servicing Infrastructure.

This approval is granted subject to the following condition(s):

1. Receipt of formal commitment of \$17.01 million in additional funding through the execution of a Delivery Agreement Amendment between the City of Toronto and Waterfront Toronto.
2. In the event that the timing and/or total amount of Section 37 funding is not in accordance with the Corporation's Long Term Funding Plan and the amended Delivery Agreement, funding should be reallocated from Work Package EBF04-08 Boardwalks (\$26.5M in funding currently allocated).

Mohamed Dhanani abstained from voting.

b) Port Lands Flood Protection and Enabling Infrastructure – Bridge Design and Construction Mobilization – Request for Supplementary Capital Approval

David Kusturin presented a capital approval request which included the following information:

- Context and status of the Port Lands Flood Protection and Enabling Infrastructure (“PLFPEI”) Project.

- To obtain Board approval to invest \$5.6 million to begin bridge-related schematic design and limited construction of Cherry Street north bridge over the Keating Channel in coordination with the Cherry Street Landfilling construction, to the limit of available funding.
- The federal, provincial and municipal governments have each identified a funding and financing solution for 1/3 of the \$1.25B required for the Port Lands Flood Protection and Enabling Infrastructure Project (PLFPEI).
- Full funding approval for the PLFPEI project was announced June 28, 2017.
- Toronto City Council has approved the City of Toronto's 1/3 share of the funding for the PLFPEI project through its 2017 Capital Budget and 10-Year Capital Plan. Additional approval of the final cash flow is required from City Council in December 2017.
- The City of Toronto allocated \$10M to the PLFPEI project from the approved 2017 Capital Budget, and has now put forward an additional \$5.6M to accelerate bridge design and limited construction work as part of early works associated with the project.
- A Development Agreement between the City of Toronto and Waterfront Toronto has been executed, which will allow us to proceed with incremental works.
- Project scope and schematic design elements.
- Project budget and risks.
- The City of Toronto has included \$15.6M in the approved 2017 City Capital Budget to allow Waterfront Toronto to advance the design of the project so that the project schedule can be maintained.
- Waterfront Toronto's draft 2017/2018 Annual Corporate Plan has been amended to reflect the full scope of initial design and construction work, reflecting an adjusted total approval to \$15.6 million.
- Project procurement will commence on execution of the Delivery Agreement between the City and Waterfront Toronto.

Mr. Kusturin responded to questions from the Board and **ON MOTION** duly made by Meric Gertler, seconded by Ross McGregor, and carried, it was **RESOLVED** that the Board of Directors hereby approve the expenditure of \$5.6 million to commence the Port Lands Flood Protection and Enabling Infrastructure schematic design and implementation work relating to new bridges.

Be it further **RESOLVED** that Management will commence the procurement process but will not award contracts pending execution of the Delivery Agreement between Waterfront Toronto and the City of Toronto.

8. Q1 2017/18 Corporate Reporting

It was agreed that there was no urgency in reviewing the materials associated with this item and therefore it was agreed that the item would be deferred to the FARM Committee for an in-depth review.

9. Q1 Project Reporting

David Kusturin advised that the reports summarize the budget, commitment, current costs, forecast costs, budget variance and risk status of each active project at the close of the 1st fiscal quarter. He further advised that there were no variances from the last quarter at the present time.

10. Design Review Panel (“DRP”) Information Session

Mazyar Mortazavi, the Board Liaison to the Design Review Panel, advised that Management and the DRP is looking at a new protocol to streamline and move projects forward. He advised that the new protocol must and will be aligned with City processes. He further noted that Management is also looking at what mandates are set at the Board for the DRP to follow through on. Mr. Mortazavi advised that a Working Group is required between the Board and the DRP. The CEO then introduced the new Chair of the Board, Paul Bedford, who briefly addressed the Board.

Chris Glaisek advised that two projects reviewed by the Panel went on to receive awards for design excellence at the City of Toronto Urban Design Awards. He then provided an overview of the DRP, highlighting the following:

- A Panel summary;
- The Panel’s jurisdiction;
- The Panel structure;
- An example of Panel impact including some of the feedback from the Panel;
- The growing role of the Panel including; liaison with Waterfront Toronto Board of Directors; alignment with City processes; early engagement; and broadening the Panel’s skill set and membership.
- The stages of project review including: issues identification; schematic design – preliminary draft plan; design development – final draft plan; and construction documents;
- Introduction of the current Panel members, new positions and panel skills matrix;
- The process around a call for new members and the identification of new members and their respective backgrounds; and
- Next steps include finalizing draft By-laws and Handbook with the City; Board endorsement of By-laws and Handbook; and filling the remaining vacant positions on the Panel.

Mr. Glaisek responded to questions from the Committee and the following comments and/or suggestions were made by the Committee:

- Diversity among the Panel members is lacking and does not fully reflect the Corporation’s commitment to diversity. - a fulsome discussion ensued and the CEO committed to ensuring that Waterfront Toronto fulfills its commitment to inclusiveness and diversity when looking to fill the vacant positions on the Panel.

- There are no lay members on the Panel and perhaps a lay person could bring a unique perspective to the discussions.

11. Motion to go into Closed Session

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

The Chair indicated to members of the public present and Management (with the exception of the Chair) that it was in order for them to depart the meeting. Members of the public and Management left the meeting at 12:00 noon.

Closed Session 12:00 noon

12. Organizational Discussion

A confidential discussion in accordance with Section 190.2(b) of COTA and Section 6.1.1(b) of By-Law No. 2 (personal matters about an identifiable individual, including employees of the Corporation).

The Chair led this confidential discussion.

13. Motion to go into Open Session

In accordance with Section 190 of COTA and By-Law No. 2 of the Corporation, and the closed session discussions having been completed, **ON MOTION** duly made by Sevaun Palvetzian, seconded by Ross McGregor and carried, the Board **RESOLVED** to go into Open Session. The Chair indicated that it was now in order for members of the public to return to the meeting. Members of the public returned to the meeting at 11:45 a.m.

Public Session 11:45 a.m.

14. Resolutions Arising during the Closed Session

No motions were passed during the closed session discussion.

15. Termination of the Meeting

There being no further business, **ON MOTION**, duly made by Meric Gertler, seconded by Susie Henderson and carried, it was **RESOLVED** that the meeting be terminated at 12:30 p.m. local time.

Chairman

Secretary of the Meeting

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