

MINUTES of the Board of Directors of the Toronto Waterfront Revitalization Corporation held at 20 Bay Street, Suite 1310, Toronto, Ontario on Tuesday, October 25, 2016 at 8:30 a.m. local time.

PRESENT: Mark Wilson, Chair
Steve Diamond
Denzil Minnan-Wong
Mohamed Dhanani
Susan Henderson
David Johnson
Ross McGregor

ABSENT: Helen Burstyn
Julie Di Lorenzo

The following additional persons were in attendance throughout the meeting, unless otherwise indicated: Will Fleissig, President and Chief Executive Officer; Marisa Piattelli, Chief Administrative Officer; David Kusturin, Chief Operating Officer; Meg Davis, Chief Development Officer; Chris Glaisek, Vice President Planning & Design; Ian Beverley, General Counsel; Lisa Taylor, Interim Chief Financial Officer; Andrew Hilton, Director Communications and Public Engagement; Sonya Pead, Associate Legal Counsel; and Simon Karam, Senior Project Manager.

Also in attendance was David Stonehouse of the City of Toronto and Tara Dobson of the Province of Ontario.

The Chair, Mark Wilson, 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, seconded and carried, it was **RESOLVED** that the Meeting Agenda was approved.

2. Declaration of Conflicts of Interest

There were no conflicts declared.

3. Consent Agenda

A question was raised regarding the minutes of the Board and Committee meetings and the way in which discussions are captured in the minutes. The Chair advised that consensus concerns and decisions were captured as well as action items, however it is not the Board's practice to capture discussions word for word. It was agreed that Board members will advise the Corporate Secretary when they would like specific comments/concerns noted in the minutes.

The Partnership Committee Mandate was tabled and the Chair advised that the Mandate was reviewed and approved (for recommendation to the Board) by the Partnership Committee at its meeting of September 12, 2016.

The draft 2017 Board/Committee Schedule was tabled and Board members were asked to review and advise the Corporate Secretary of any issues or concerns with the schedule.

Further discussion was not required and **ON MOTION** duly made by Ross McGregor, seconded by Susie Henderson and carried, it was **RESOLVED** that the Consent Agenda consisting of: the draft Minutes of the September 14, 2016 Board Meeting; the Partnership Committee Mandate; and the draft 2017 Board/Committee Meeting Schedule, as presented to the meeting, be accepted and approved.

4. 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")

- WDL Development
- Public Art
- Construction Liaison Committee ("CLC")
- WDL Memorandum of Understanding ("MOU")

East Bayfront

- Bayside
- Quaryside
- Waterfront Innovation Centre (Blocks 1 &2)
- George Brown College ("GBC") Block 3
- Public Art
- Waterfront Transit Reset

Port Lands Flood Protection and Enabling Infrastructure

- Due Diligence Report
- Early Works – Essroc Quay Lakefilling Project

Other

- Expo 2025
- Health and Safety
- Environment and Innovation
- The Bentway
- Jack Layton Ferry Terminal and Harbour Square Park Master Plan
- Gardiner East EA
- Lower Yonge Precinct
- Communications and Public Engagement
- Government Relations

Mr. Fleissig advised that Management presented the Port Lands Flood Protection Due Diligence Report to Minister Chiarelli on October 19, 2016 and received positive feedback from the Minister. Mark Wilson and Ross McGregor also attended the meeting.

Mr. Fleissig provided an overview of the discussion with the Minister including:

- the cost of flood protection and assurances around potential risks;
- the larger economic benefits of spurring innovation, economic growth and jobs while at the same time addressing the province's climate change objectives;
- outcomes that are aligned with the provincial government's jobs and prosperity agenda; and
- the reinvestment of future West Don Lands land sale revenues and the Minister's desire to resolve the issue.

Mr. Fleissig advised that the Minister also suggested that Management establish a more frequent and regular meeting schedule with the Minister's office and invited Waterfront Toronto to take the lead in convening a high ranking meeting of the three orders of government to help advance the funding discussion and implementation of that larger scope of work for Port Lands Flood Protection.

It was suggested and agreed that Management send a follow-up letter to Minister Chiarelli confirming their discussion at the October 19th meeting and that, as a practice, future meetings with government officials are followed up with a confirmation letter.

5. Port Lands Flood Protection – Due Diligence Report

David Kusturin provided an in-depth presentation regarding the Due Diligence Report for the Port Lands Flood Protection Project, highlighting the following:

- An overview of the project and the need to complete Due Diligence to allow governments to make a more informed decision on funding;
- The project scope and the individual components of the project;
- Due diligence deliverables and key findings, including:
 - Cost estimate - \$1.25 billion;
 - 90% probability of completion within \$1.25 billion;

- Major risks/cost drivers – site conditions (flowing sand, compressible peat), no established regulatory approval process for creating a river in brownfield;
- Cost estimate includes a 30% contingency;
- Seven year construction period;
- Procurement/delivery recommendations
- The results of a peer review undertaken by Rijkswaterstaat (the Netherlands Ministry of Infrastructure and Environment) and private contractor Kiewit, which found that the Due Diligence undertaken was appropriate for the Project, and which supported the key Due Diligence findings.

Throughout the presentation Board members provided comments and Mr. Kusturin responded to questions regarding the following:

- *Project cost overruns and how these will be managed* – as a result of Due Diligence, the project is carrying a 30% contingency, and there is 90% certainty (as calculated through probabilistic computer modelling) that the project can be delivered for \$1.25 billion or less;
- *How does completion of the project enhance the value of the land* – flood protection of the land will result in the “HOLD” on the area being lifted by the province, allowing for the land to be developed and investment to take place;
- *Does the cost include transit* – no, but the project includes placeholder areas for a public transit right-of-way for easier integration of future public transit service such as Bus Rapid Transit or Light Rail Transit;
- *What are the major risks associated with the project* – key risks include: the Community Based Risk Assessment (“CBRA”) environmental approval process - the Ministry of the Environment and Climate Change (“MOECC”) has to be involved all the way through the CBRA process and all works must be completed before the MOECC is able to provide their review and approval, which can cause major scheduling delays and costs; the poor state of the soil in the area – confirming the regulatory requirements with respect to soil contaminants (there is an opportunity with the Essroc Quay project to get some information and certainty on the soils); and poor subsurface conditions – each of the risks are rated within the Monte Carlo model which informed a probabilistic risk assessment simulation model utilized as part of the Due Diligence work.
- *Will the private sector accept the risks associated with the project* – the private sector will only assume the risks on a project where they can manage those risks – in this case, the risks associated with the excavation of the river valley, the management of those soils and the environmental approvals process could not be managed by the private sector in the context of a P3 or risk-transfer model. This caused some concern among Board members.
- *Can the project be divided into separate phases for construction* – the project cannot be phased, as all works must be completed prior to review and approval by the MOECC as part of the CBRA process.

- *Was a Value for Money (“VFM”) process conducted on the present scope – a VFM was conducted, however it did not include all of the risks associated with this project – the Infrastructure Ontario (“IO”) template did not fit this project.*
- *Did the team look at Public-Private Partnerships (“P3s”) – Yes they did.*

Mr. Kusturin advised that the team reviewed a broad range of delivery options, including the potential for a P3 approach. He reported on the key considerations that informed the review which included:

- limitations on risk transfer, especially relating to soil and groundwater issues;
- lack of established environmental regulatory approval process for excavating the river valley further limits risk transfer potential;
- retaining sufficient control over design process to achieve promised vision; and
- preserving flexibility to respond to changes, such as those required to coordinate with other projects.

Mr. Kusturin advised that the needs of this unique and multi-faceted project demand a customized project delivery solution, and the project team worked with IO on comprehensive procurement principles to guide the development of a procurement approach specific to this Project. He advised that in applying principles, the team will incorporate elements of the Construction Manager/General Contractor approach, along with looking carefully at parts of the project that could be appropriate for a P3/Alternative Financing and Procurement (“AFP”) approach.

Further discussion was not required and **ON MOTION** duly made, seconded and carried, it was **RESOLVED** that the Board of Directors acknowledge receipt of the Port Lands Flood Protection Due Diligence Report and endorse Waterfront Toronto approaching the three orders of government to request the funds required to complete the Port Lands Flood Protection Project as estimated in the Due Diligence Report.

6. Essroc Quay Lakefilling

David Kusturin provided a presentation to the Board of Directors regarding the Essroc Quay Lakefilling Project (“EQLP”). He advised that the three levels of government jointly announced a \$65 million contribution for the implementation of the project, which is a stand-alone project, but is also part of the broader Port Lands Flood Protection project. He provided the scope of work and the current status of the project. He provided an overview of the risks associated with the project as well as the capital budget for the project.

He responded to questions from the Committee and **ON MOTION** duly made, seconded, and carried, be it **RESOLVED** that the Board of Directors hereby approve the commencement of the Essroc Quay Lakefilling project with the procurement of the required consultants for the design of the project, conditional upon City Council approval of the project and commitment to funding for the project and with a total initial commitment value not to exceed \$2 million.

7. 2017/18 Corporate Plan Update

Will Fleissig provided the second in a series of updates regarding the 2017/18 Corporate Plan and the visioning exercise undertaken by the staff at Waterfront Toronto. The presentation highlighted the following:

- a review of Waterfront Toronto's original mandate & public policy goals and critical challenges and opportunities;
- the strategic visioning process, timeline and next steps;
- priority projects and initiatives; and
- project prioritization matrix.

Lisa Taylor then provided an overview of the Annual Corporate Plan process and responded to questions from the Board members.

The presentation received positive feedback from the Board regarding the clear identification of priority projects. Mr. Fleissig provided the rationale for the chosen priority projects which is based on the Corporation's ability to successfully complete the projects in terms of funding, resources, skills and authority, as well as the importance of the projects in meeting Waterfront Toronto's strategic objectives.

It was agreed that the measurement framework is a work in progress. It was suggested that Management review the strategy throughout the 2017/18 fiscal year and provide quarterly updates to the Board. It was also suggested that the review and measurement framework be discussed within context of Waterfront Toronto's performance in 2016/17.

8. Environmental Issues

Ian Beverley advised that there were no new environmental issues to report.

9. 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(c) of the City of Toronto Act ("COTA") and Section 6.1.1(c) of By-Law No. 2 of the Corporation (*a proposed or pending acquisition or disposition of land*).

The Chair indicated to members of the public present that it was in order for them to depart the meeting. Members of the public left the meeting at 11:45 a.m.

Closed Session
11:45 a.m.

10. Committee Chair Reports

Investment and Real Estate Committee (“IREC”)

George Brown College – Block 3

Steve Diamond, a member of the IREC, tabled an in-depth confidential report regarding George Brown College and their proposal for the City-owned land known as Block 3. He provided an overview of the report and the details of the transaction. He then responded to questions from the Board.

A motion for approval will be tabled during the open session of the meeting.

Mr. Diamond also provided brief updates on Project 2016A and the sale of the Parking Concession at George Brown College. He advised that the updates were provided for information purposes only.

11. 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 David Johnson, seconded and carried by Susie Henderson, 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 11:55 a.m.

Public Session
11:55 a.m.

12. Resolutions Arising during the Closed Session

As a result of the closed session discussion, the following resolution was proposed and voted on in the open session:

ON MOTION duly made by Steve Diamond, seconded by Susie Henderson and carried, be it **RESOLVED** that the Board of Directors hereby approve Waterfront Toronto entering into a Development Agreement with George Brown College and an Undertaking Agreement with the City of Toronto for the City-owned land known as Block 3 of the Dockside district for the purpose of building an academic facility focused on innovation, technology and related sectors, and a childcare centre, subject to the terms and conditions described in the Term Sheet.

13. Termination of the Meeting

There being no further business, **ON MOTION**, duly made by Mark Wilson, seconded and carried by David Johnson, it was **RESOLVED** that the meeting be terminated at 12:05 p.m. local time.

Chairman

Secretary of the Meeting

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