

MINUTES of the Board of Directors of the Toronto Waterfront Revitalization Corporation held at 20 Bay Street, Suite 1310, Toronto, Ontario on Friday, February 10, 2017 at 8:30 a.m. local time.

PRESENT: Helen Burstyn, Chair
Steve Diamond
Denzil Minnan-Wong
Mohamed Dhanani
Susan Henderson
David Johnson
Sevaun Palvetzian
Janet Rieksts-Alderman
Meric Gertler
Julie Di Lorenzo
Ross McGregor
Mazyar Mortazavi

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 Administrative 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; Kristina Verner, Director Intelligent Communities; Julius Gombos, Senior Project Director; and Sonya Pead, Associate Legal Counsel.

Also in attendance was Roger Soler, Senior Leader – Federal Department of Innovation, Science and Economic Development Canada, and George Zegarac, Deputy Minister – Ontario 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 Revised Agenda

ON MOTION duly made by Susie Henderson, seconded by David Johnson and carried, it was **RESOLVED** that the revised Meeting Agenda for the February 10, 2017 Board meeting, as tabled, was approved.

2. Declaration of Conflicts of Interest

Steve Diamond declared a conflict regarding a personal connection to Menkes Developments as the company relates to the Waterfront Innovation Centre. It was agreed that he would remove himself from the meeting prior to any material discussions regarding Menkes and the Waterfront Innovation Centre.

3. Chair's Remarks

The Chair provided a quick overview of some organizational changes that have been made in terms of Board meetings and Committee membership. She introduced a new Committee (Chairs Committee) that will combine the human resources oversight function as well as assist in planning and agenda development of Board meetings. She also advised that Mazyar Mortazavi will serve as the Board Liaison to the Waterfront Design Review Panel ("DRP"), which will provide an opportunity for communication and exchange of ideas between the Board and the Panel. She further advised that Environmental Issues will be moved into the Consent Agenda with the CEO reporting only if there are issues to report.

4. Consent Agenda

The Chair tabled the minutes of the December 12, 2016 meeting of the Board of Directors and a proposed list of Board Committees and membership. It was noted that materials for Board and Committee meetings were not arriving with a suitable amount of time for review and it was agreed that materials will be sent out when ready for review instead of waiting until all materials have been compiled. It was agreed that receiving some materials on time (1 week before meeting) was preferable to receiving all materials late. The way in which closed session discussions are noted in the Minutes was questioned. The Chair advised that a governance review will be conducted by the Governance Committee over the course of the next couple of months and this issue will be looked at as part of the review. **ON MOTION** duly made by Meric Gertler, seconded by Mohamed Dhanani and carried, it was **RESOLVED** that the Consent Agenda comprising the minutes of the December 12, 2016 meeting of the Board of Directors, and the proposed Board Committee membership, was approved.

5. 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
- Construction Liaison Committee ("CLC")
- WDL Memorandum of Understanding ("MOU")

East Bayfront

- Bayside
- Bayside Public Realm
- Waterfront Innovation Centre (Blocks 1 & 2)
- George Brown College ("GBC") Block 3

- East Bayfront Transit
- Quayside

Port Lands

- Regulatory Approvals and Technology Testing
- Early Works – Cherry Street Lakefilling Project
- Government Relations with regard to a tri-government funding commitment to Port Lands flood protection

Other

- Health and Safety
- The Bentway
- Jack Layton Ferry Terminal and Harbour Square Park Phase 1A
- Gardiner East EA
- Lower Yonge Precinct
- Central Waterfront – Waterfront Public Realm Standards, Portland Slip Sidewalk Extension and Central Waterfront Ice Breakers
- Ontario Place/Exhibition Place Bridge Pre-Engineering & Costing Study
- Waterfront Design Review Panel Update
- Public Engagement – Ice Breakers
- “Going to Scale” Summit

The CEO responded to questions from the Board and advised that the report was tabled for information purposes only.

6. Committee Chair Reports

The Chair asked that Committee Chairs provide a brief overview of their respective committees in terms of oversight responsibility, work plans and goals.

At the conclusion of the Committee overviews, a presentation was made regarding the Waterfront Innovation Centre.

Investment and Real Estate Committee

Waterfront Innovation Centre

Meg Davis advised that the Waterfront Innovation Centre project was reviewed by the Investment and Real Estate Committee on February 1, 2017 and provided the Board with an in-depth presentation regarding the Waterfront Innovation Centre, including the following:

- Waterfront Toronto’s public policy objectives include job creation and economic development on the waterfront;
- Waterfront Toronto can drive innovation uses through supporting key economic clusters such as digital media, intelligent community technology, film and television production and biotech;

- This approach leverages the Corporation's open access high-speed broadband infrastructure;

Ms. Davis provided the history of this project dating back to June, 2013 when a development strategy was presented to the Board. She then provided an overview of the Menkes Development Proposal, highlighting the following:

- Menkes has provided a comprehensive proposal for the WIC, which includes commercial space in two buildings, connected above grade over Dockside Drive:
 - The Nexus is an "urban room" that will bring the city into the building and will provide publicly accessible space with potential for programming to foster innovation and collaboration. It will provide spectacular views of the city and water and provide flexible open space with opportunities for seating, informal gathering, and more formal activities such as speaking engagements and events. There is potential for the Nexus to accommodate unique pop-up retail, shared resources (such as a presentation theatre and conference centre. This is a distinctive alternative to standard office lobby space that is designed only as a place to pass through;
 - The Hive is an approximately 27,000 sf flexible and adaptive floorplate space that will feature advanced building systems and provide flexibility and opportunities for tenant-focused office space;
 - The Exchange, is an approximately 13,500 sf-floorplate sculpted, semi-public building that is sufficiently flexible to allow tenants space to showcase creativity, products and technology. The space will also facilitate human interaction, supporting collaboration between tenants. This type of environment will encourage the cross-pollination of ideas and tenant-to-tenant, tenant-to-public, and public-to-public relationships.
- Advanced Sustainability Objectives with a minimum target of LEED® Gold (although aiming for Platinum) certification and Waterfront Toronto's Minimum Green Building Requirements;
- Advanced Design that accommodates contemporary shifts in workplace culture and tenant needs, by introducing building systems and a modular design that will facilitate efficient and cost-effective reconfigurations;
- An award winning Architect - lead architect for the project will be Sweeny & Co. The project has been considered by the Waterfront Design Review Panel for concept design. Menkes has made considerable revisions to the concept in response to the Design Review Panel comments and anticipates that the building design will ultimately evolve to respond to tenant needs;
- A target of a minimum of 60% innovation tenants through a sophisticated, focused marketing campaign led by CBRE, global leaders in commercial real estate services and investment;
- At the time of RFQ/RFP, City direction was for these lands to involve a 99-year term ground lease, based on a long standing City policy of maintaining City land in public ownership;

- The City's standard ground lease includes a payment schedule for the term of the lease;
- Waterfront Toronto, as recipient of the revenues from the lease, is recommending that Menkes provide an up-front payment to Waterfront Toronto rather than a stream of payments over time; and
- In addition to the ground lease offer, Menkes will submit a fee-simple offer for City Council to consider.

Management responded to the following questions:

- What is Waterfront Toronto's definition of "innovation"?
Kristina Verner advised that the selected innovation uses considered within the scope of the Innovation Centre development directly align with the City of Toronto's strengths in economic clusters which are growing, including the information and communication technology sector, biotechnology, film and television production/post production and interactive digital media. Additional disciplines such as robotics and nanotechnology are also considered to fall into this category.
- How does the Waterfront Innovation Centre compare to MaRS?
Ms. Davis advised that the Waterfront Innovation Centre is not an incubator as is MaRS. It will house mid-stage innovative companies, not start-ups. Also, the Waterfront Innovation Centre is not publicly funded.
- How did the Corporation come up with the 60% innovative tenants?
Ms. Davis advised that this was an economic decision – without government funding, it was felt that 60% would allow for the project to be viable but still be in keeping with Waterfront Toronto's objectives for the site. She further advised that the rest of the space (40%) is typically made up of tenants that service the innovation sector.
- Who underwrites the risk of tenancy?
Ms. Davis advised that the risk is underwritten by the developer.
- Is there any tenant too big?
Ms. Davis advised that this is a collaborative space and all tenants will be welcome provided they meet the requirements as set out, and agreed upon, in the development agreement.

The following comments were noted:

- MaRS is currently bursting at the seams and the Innovation Centre will be very complementary.
- The building design needs some work which will most likely be done once an anchor tenant is identified.
- The building must be functional, not just a flashy design.
- The design should be looked at in terms of the outcomes of the experience - programming is integral to the design of the building.

It was agreed that Management would provide the Board with a one-page information sheet on the Waterfront Innovation Centre.

The Chair advised that the meeting will now move into a closed session for discussion regarding the financial terms of the development deal.

7. 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 10:10 a.m.

Closed Session
10:20 a.m.

8. Committee Chair Reports – Investment and Real Estate Committee
Waterfront Innovation Centre

A confidential report in accordance with Section 190.2(c) of COTA and Section 6.1.1(c) of By-Law No. 2 (A proposed or pending acquisition or disposition of land)

Meg Davis provided a confidential overview of the financial offer made by Menkes, Waterfront Toronto’s due diligence, and appraisal results. She then tabled Management and the Investment and Real Estate Committee’s recommendations for consideration.

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

9. 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, seconded 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 10:50 a.m.

Public Session
10:50 a.m.

10. 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 Ross McGregor, seconded by Julie Di Lorenzo and carried, be it **RESOLVED** that the Board of Directors hereby authorize Waterfront Toronto to enter into a Development Agreement with Menkes and an Undertaking Agreement with the City of Toronto for the City-owned land known as Blocks 1 and 2 in Dockside, subject to the financial terms as set out in a confidential attachment and any other terms as set out in the report presented in open session, and to complete and execute such other documentation and attend to such other matters as is necessary to complete this transaction.

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(g) of the City of Toronto Act (“COTA”) and Section 6.1.1(g) of By-Law No. 2 of the Corporation (*educating or training of its members if, at the meeting, no member discusses or otherwise deals with any matter in a way that materially advances the business or decision-making of the Corporation*).

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 11:00 a.m.

Closed Session 11:00 a.m.

12. Board Information Session

A confidential report in accordance with Section 190.2(g) of the City of Toronto Act (“COTA”) and Section 6.1.1(g) of By-Law No. 2 of the Corporation (educating or training of its members if, at the meeting, no member discusses or otherwise deals with any matter in a way that materially advances the business or decision-making of the Corporation).

Waterfront Toronto’s Management team provided the Board Members with an educational and training presentation covering the mandate, priorities and projects of the Corporation as well as how the Directors and staff work together.

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, seconded 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 12:30 p.m.

Public Session
12:30 p.m.

14. Termination of the Meeting

There being no further business, **ON MOTION**, duly made by Helen Burstyn, seconded by Steve Diamond 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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