

MINUTES of a public meeting of the Finance, Audit and Risk Management Committee of the Toronto Waterfront Revitalization Corporation held at the Offices of Toronto Waterfront Revitalization Corporation, 20 Bay Street, Suite 1310, Toronto, Ontario on Thursday, November 27, 2014, 9:00 a.m., local time.

PRESENT: Janet Graham, Chair
David Johnson
Joe Pantalone

The following additional persons were in attendance throughout the meeting or only for particular business items as noted in these minutes: John Campbell, President and CEO; David Kusturin, Chief Operating Officer; Chad McCleave, Chief Financial Officer; Kevin Newson, Director Procurement; Sandra Tran, Director Finance and Enterprise Risk Management; and Sampada Chandane, Corporate Controller.

The Chair, Janet Graham, took the chair and with the consent of the Committee members, appointed Ann Landry to act as secretary of the meeting.

The Chair declared that a quorum of Committee Members was present and that notice of the meeting having been duly sent to all Committee Members in accordance with the Corporation's By-laws, the meeting was duly called and regularly constituted for the transaction of business.

1. Minutes

The minutes of the September 2, 2014 Teleconference Call of the Finance, Audit and Risk Management ("FARM") Committee were tabled, and **ON MOTION** duly made, seconded and carried, it was **RESOLVED** that the minutes of the FARM Committee teleconference call held on September 2, 2014 be and are hereby approved with revisions as noted.

2. Procurement Quarterly Report

Kevin Newson advised that there were no exceptions to the Procurement Policies to report and there was one contract awarded in excess of \$5 million this quarter:

- Construction Trade Package Contract Awarded by PCL Constructors Canada Inc. on behalf of Waterfront Toronto to Fourwinds Construction Inc.

3. Procurement Policy

Kevin Newson advised that the current reporting policy is to publish the successful proponents name and cost of all awarded Tenders with a value of over \$50,000 on Waterfront Toronto's website. He advised that in the case of Request for Proposals, Waterfront Toronto's evaluation process takes into consideration a mix of financial and technical criteria so the monetary values of these contracts are not released but instead a coding system is used to disclose a range for the value of a contract.

He advised that as of January 1, 2015, Waterfront Toronto will disclose the actual value of all awarded contracts with a value over \$50,000, regardless of whether they are the result of a Tender or a Request for Proposals, and eliminate the coding system.

Questions were posed and answered and **ON MOTION** duly made, seconded and carried, it was **RESOLVED** that the FARM Committee hereby approves the revised Procurement Policy for recommendation to the Board of Directors.

4. Financial Statements

Sampada Chandane tabled the unaudited, Interim Financial Statements for the period ended September 30, 2014. She provided a brief overview of the Financial Statements including the statement of financial position and the statement of financial activities.

Questions were posed and answered regarding deposits, restricted cash and MPAC reassessment. Discussion ensued and **ON MOTION** duly made, seconded and carried, it was **RESOLVED** that the Interim Financial Statements, for the period ended September 30, 2014 be and are hereby approved for recommendation to the Board.

5. 2015/16 Annual Corporate Plan and Revenue Analysis

Sandra Tran tabled the 2015/16 Annual Corporate Plan (“the Plan”) and revenue analysis and provided an overview of the Plan, highlighting the following:

- The Plan has been developed through an integrated process with input from all departments, including senior management and is based on the 2014/15 Long Term Plan (“LTP”) including detailed revenue forecasts. These revenues were projected based on agreements, property appraisals, market values and internal estimates.
- The Annual Corporate Plan will be shared with the three orders of government for information purposes and posted on the Corporation’s website once approved by the Board.
- The Plan consists of major deliverables, budget, business development initiatives and the required risk mitigation strategies and tools to allow the Corporation to successfully deliver its annual objectives.
- A key milestone in the coming year is the completion of the Queens Quay Revitalization project in order for it to be ready for the Pan Am Games.
- The 2015/16 capital investment is \$62.5M including \$12.4M for corporate costs. The Corporation’s total capital investment budget including non-Waterfront Toronto directed programs is \$73.2M.
- The Board approved *Strategic Business Plan 2014 – 2023 (Waterfront Toronto 2.0)* is referenced in the Plan.
- The Plan reflects the completion of existing projects and the early stages of planning for WT 2.0.

- Key elements of the corporate budget, namely human resources (\$9.9M) and communications and marketing (\$0.7M) have each been reviewed and approved by the respective HR and Compensation Committee and Communications, Marketing and Government Relations Committee.
- The \$73.2M capital investment budget is funded 54% by government contributions (including deferred contributions) with the balance being funded from Waterfront Toronto generated revenue.
- The total capital budget of Waterfront Toronto amounts to \$1.899B, \$320.9M of which is being funded from Waterfront Toronto generated revenues.
- In 2015/16 Waterfront Toronto revenue becomes increasingly critical to the Corporation's ability to successfully deliver its objectives. Key business development initiatives for 2015/16 include:
 - The collection of revenue from City of Toronto charges to private land owners; and
 - George Brown College parking revenue stream.
- A critical requirement in delivering the \$1.899B capital program is the ability to borrow longer term (> 1 year) starting in 2018/19.

A robust discussion ensued regarding funding, cash flow issues and borrowing powers in the context of Waterfront Toronto's ability to carry out the Plan. Further discussion ensued regarding deliverables from the previous year/Plan (2014/15) and it was agreed that when Management presents the year end results, the Management Report will include results from the previous year/Plan.

Given the confidential nature of the revenue analysis, the Committee advised that the discussion would be held in-camera.

6. Adjournment of the Public Session

There being no further business other than matters to be considered in-camera, **ON MOTION** duly made, seconded and carried, it was **RESOLVED** that in accordance with Section 190 of the City of Toronto Act, in-camera matters were now to be considered. The Chair indicated to members of the public present that it was now in order for them to depart from the meeting. Members of the public then left the meeting. The meeting was then adjourned at 9:35 a.m. local time, to be momentarily reconvened as an in-camera meeting.

In Camera Session
9:40 a.m.

1. Revenue Analysis

Sandra Tran tabled the revenue analysis for the 2014/15 Long Term Plan and provided an overview of the report including revenue projections and key assumptions. She responded to questions from the Committee and **ON MOTION** duly made, seconded and carried, it was **RESOLVED** that the 2015/16 Annual Corporate Plan and associated revenue forecasts be and are hereby approved for recommendation to the Board.

2. Investment Rate Analysis

At the request of the Committee at the September 2, 2014 meeting, Management provided an assessment of the investment performance of Waterfront Toronto's operating investment account. Sandra Tran provided an overview of the assessment which concluded that Waterfront Toronto is maximizing its investment rate return and its operating investments outperform both the comparable rate earned on the City of Toronto's operating investment account and the Treasury bill rate.

3. Cash Flow Forecast

Chad McCleave tabled a confidential Cash Flow Forecast and provided an overview of the report. He responded to questions from the Committee and advised that the report was for information purposes only and that no action was required by the Committee.

4. Internal Audit Reports and Fees

Chad McCleave tabled a confidential report regarding the Corporation's internal audits and additional fees associated with said audits. He provided a rationale for the additional fees and responded to questions from the Committee. Discussion ensued and **ON MOTION**, duly made, seconded and carried, it was **RESOLVED** that the Committee approves the increase in the Internal Auditor's fees as noted in the confidential report.

5. Adjournment of the Meeting

There being no further business, **ON MOTION**, duly made, seconded and carried, be it **RESOLVED** that the meeting be terminated at 10:30 a.m.

Chair

Secretary of the Meeting