

Notes of a discussion among certain Board members concerning the materials prepared for the meeting of the Finance, Audit and Risk Management Committee of the Toronto Waterfront Revitalization Corporation which was scheduled to be held at the offices of Toronto Waterfront Revitalization Corporation, 20 Bay Street, Suite 1310, Toronto, Ontario on Thursday, November 30, 2017 at 9:00 a.m., local time.

PRESENT: Susie Henderson, Chair of the Finance, Audit and Risk Management Committee
Jeanhy Shim

ABSENT: Julie Di Lorenzo
Denzil Minnan-Wong

The following additional persons were in attendance, unless otherwise noted, throughout the discussion or only for particular items as noted in these Notes: William Fleissig, President and Chief Executive Officer; Lisa Taylor, Chief Financial Officer; David Kusturin, Chief Project Officer; and Ian Beverley, General Counsel.

In the absence of quorum to hold the meeting, the Directors present, reviewed and discussed the materials that had been prepared for the meeting with Management. This document contains summary notes of that discussion at this session as prepared by Ian Beverley.

1. Agenda

The discussion followed the order set out in the Agenda that had been prepared for the meeting.

2. Declaration of Conflicts of Interest

There were no conflicts declared.

3. Consent Agenda

The Minutes of the September 28, 2017 meeting were not approved due to the absence of quorum.

4. 2018/2019 Corporate Plan

Lisa Taylor presented the proposed 2018/2019 Corporate Plan. The Directors present reviewed and discussed the proposed plan and suggested that a notation be added to the Capital Investment Plan and Funding Mix at Appendix II to reflect that the funding shown includes only revenues that are currently known and committed and does not take into account, for example, revenues that may result from future and upcoming projects that the Corporation is planning to undertake. The Directors also noted and requested the correction of certain minor typographical errors in the document.

5. Q2 Corporate Reporting

The Interim Financial Statements dated September 30, 2017 were considered by the Directors present and no concerns or issues were noted or raised by Management or the Directors. However, in the absence of a quorum for the meeting, the Committee was unable to approve the statements. The Directors present indicated, however, that they would take the statements forward to the Board for approval at its December 7, 2017 meeting.

The Directors present also considered the 2017/2018 Corporate Plan Performance Report and the Quarterly Cash Flow Forecast and no concerns or issues were noted or raised by Management or the Directors.

The report titled "Update on Enterprise Resource Planning" was received by the Directors present.

6. Corporate Capital Budget

Susie Henderson reported that it was her understanding, based on discussions with the other members of the Committee, that the questions that Committee members had raised with Management concerning the Corporate Capital Budget had been satisfactorily answered.

7. Enterprise Risk Management

The report titled "Update on Enhanced Risk Framework" was received by the Directors present.

Lisa Taylor presented a recommendation that MNP LLP be appointed as the Corporation's Enterprise Risk Advisor and Internal Auditor. In the absence of a quorum for the meeting, the Committee was unable to approve this recommendation. The Directors present indicated, however, that they would take this recommendation forward to the Board for approval at its December 7, 2017 Board Meeting.

Lisa Taylor presented a draft Financial Instruments Policy for the management of foreign exchange risk. She explained that the Corporation has one significant contract with a counterparty that requires payment in a foreign currency. She further explained that it is more cost effective and equally effective for the Corporation to manage the foreign exchange risk of this and any other similar contracts than it is to transfer this risk to the counterparty. The Directors present received the draft policy and requested that it be reviewed for comment by the Corporation's external auditors. The Directors present indicated that they would take the draft policy forward to the Board for approval at its December 7, 2017 meeting if the external auditors had reviewed and were satisfied with the draft policy.

8. Q2 Project Reporting

The Financial Variance Report, Work Package Risk/Status Report and Project Updates for the quarter ended September 30, 2017 and included in the meeting materials were received by the Directors present.

9. Capital Approval

David Kusturin presented a request for an approval of an additional \$24.4 million of capital for investment in the Port Lands Flood Protection and Enabling Infrastructure Project. In the absence of quorum, the Committee was unable to provide this approval. However, the Directors present invited Mr. Kusturin to bring this proposal forward to the Board at its December 7, 2017 meeting.

Will Fleissig advised that, with the work that the Corporation is presently undertaking, it is his expectation that the frequency of capital approval requests will increase dramatically and that this will result in an increased workload for the Finance, Audit and Risk Management Committee. Mr. Fleissig suggested that in light of the foregoing it may be desirable or necessary to separate the finance and audit functions of the Committee from the capital approval and risk functions by either creating a separate committee or a subcommittee. Susie Henderson requested Management to prepare an analysis of the pros and cons of separating the FARM Committee into two Committees. Ms. Henderson requested that a meeting of the Committee be scheduled for January 25, 2018 to enable Management to present its analysis.