Board of Directors Meeting

THURSDAY, MARCH 21, 2019 FROM 8:30 AM TO 12:00 PM

WATERFRONT TORONTO

20 BAY STREET, SUITE 1310

TORONTO, ON, M5J 2N8
Agenda and Meeting Book - Board of Directors Meeting

8:30 a.m. 1. Motion to Approve Meeting Agenda Approval S. Diamond

8:35 a.m. 2. Declaration of Conflicts of Interest Declaration All

8:40 a.m. 3. Consent Agenda Approval All
   i. Draft Minutes of the Open Session of:
      (a) Dec 3, 2018 Board Meeting - Page 4
      (b) Dec 6, 2018 Board Meeting - Page 6
      (c) Dec 7, 2018 Board Meeting - Page 12

8:45 a.m. 4. Chair’s Opening Remarks Information S. Diamond

9:00 a.m. 5. CEO Report Information M. Nobrega
  CEO Report - Page 14
  Appendix 1 – Corporate Dashboard - Page 30
  Appendix 2 – Map of the Eastern Waterfront - Page 31
  Appendix 3 – Priority Projects Construction Update - Page 32
  Appendix 4 – Summary Corporate Organization Chart - Page 41
  Appendix 5 – Corporate Organization Chart - Page 42
  Appendix 6 – IGSC Flowchart - Page 43

9:30 a.m. 6. CEO Search Committee Chair’s Report Information J. Rieksts-Alderman
  Coversheet - Page 44
  CEO Search Committee Report - Page 45

9:45 a.m. 7. Chairs Committee Chair’s Report Information & Approval J. Rieksts-Alderman
  Coversheet - Page 46
  Chairs Committee Chair’s Report - Page 47

10:00 a.m. 8. Finance, Audit and Risk Management (FARM) Committee Chair’s Report Information J. Rieksts-Alderman
  Coversheet - Page 50
  FARM Committee Chair’s Report - Page 52

10:20 a.m. 9. Motion to go into Closed Session Approval All
  Closed Session Agenda
The Committee will discuss items 10, 11, 12, and 13, being a continuation of the FARM Chair’s Report, the Investment, Real Estate and Quayside Committee Chairs’ Report, Consent Agenda (Draft Minutes of the Closed Session of the Board Meetings held December 3, 2018, December 6, 2018 and December 7, 2018), and the Board Closed Session Discussion, in a Closed Session as permitted by By-Law No.2 of the Corporation. The exception relied for the discussion of item 10 in Closed Session are Sections 6.1.1(l) & (j), for item 11 is Section 6.1.1(l), for item 12 is provided in item 3(a), (b) and (c) of this agenda, and for item 13 is Section 6.1.1(b) of By-Law No. 2. The Committee will continue in Open Session at the end of the Closed Session to discuss and vote on any resolutions pertaining to the Closed Session.

11:45 a.m.  14. Motion to go into Open Session

11:50 a.m.  15. Resolutions Arising from the Closed Session

11:55 a.m.  16. Chair’s Closing Remarks

12:00 p.m.  17. Motion to Adjourn the Meeting
MINUTES of the Special Meeting of the Board of Directors of the
Toronto Waterfront Revitalization Corporation
20 Bay Street, Suite 1310, Toronto, Ontario
Monday, December 3, 2018 at 5:00 p.m. local time.

PRESENT: Helen Burstyn (Chair)
Michael Nobrega (Interim CEO)
Susan Henderson (by phone)
Jeanhy Shim
Janet Rieksts-Alderman
Mohamed Dhanani
Mazyar Mortazavi
Meric Gertler
Sevaun Palvetzian

ABSENT: Steve Diamond

IN ATTENDANCE WATERFRONT TORONTO
Chris Glaisek (Chief Planning and Design Officer)
Marisa Piattelli (Chief Strategy Officer)
Cameron MacKay (Vice President Communications)
Leslie Gash (Senior VP Development)
Ian Beverley (General Counsel)
Kristina Verner (VP Innovation, Sustainability and Prosperity)
Kathleen Niccols (Governance Consultant, Waterfront Toronto)
Aina Adeleye (Board Administrator and Legal Assistant)

Also, in attendance for part or all of the meeting, were Bob Lopinski, Principal, and Alissa Von Bargen, Vice President, Public Relations and Campaigns of Counsel Public Affairs.

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

With a quorum of Directors being present, the Chair called the meeting to order at 5:03 p.m. and declared that the meeting was duly constituted for the transaction of business.

1. Motion to Approve Agenda

ON MOTION duly made by Mohamed Dhanani, seconded by Meric Gertler and carried, it was RESOLVED that the Agenda for the December 3, 2018 meeting be approved, as presented.

2. Declaration of Conflicts of Interest

There were no conflicts of interest declared.
3. **Motion to go into Closed Session**

In accordance with By-Law No. 2 of the Corporation and ON MOTION made by Helen Burstyn, seconded by Michael Nobrega and carried, the Board RESOLVED to go into Closed Session to discuss item 5. The exception to the Open Meeting Law relied on for the discussion of item 5 in Closed Session is Section 6.1(1)(i) of By-Law No. 2 the Corporation.

The Chair requested that members of the public exit the meeting.

4. **Discussion of Confidential Provincial Information**

5. **Motion to go into Open Session**

ON MOTION made by Helen Burstyn, seconded by Michael Nobrega and carried, the Board RESOLVED to go into Open Session.

The Chair requested that members of the public rejoin the meeting.

6. **Resolutions Arising from the Closed Session**

There were no resolutions arising from the Closed Session discussion.

7. **Adjournment of the Meeting**

There being no further business, ON MOTION made by Helen Burstyn and seconded by Michael Nobrega and carried, it was RESOLVED that the meeting be adjourned at 5:51 p.m. local time.

______________________________  ________________________________
Chairman................................ Secretary
MINUTES of the Meeting of the Board of Directors of the Toronto Waterfront Revitalization Corporation
20 Bay Street, Suite 1310, Toronto, Ontario
Thursday, December 6, 2018 at 8:30 a.m. local time.

PRESENT:
Helen Burstyn (Chair)
Michael Nobrega (Interim CEO)
Susan Henderson
Jeanhy Shim
Janet Rieksts-Alderman (to 10:30 a.m.)
Mohamed Dhanani
Mazyar Mortazavi
Meric Gertler

ABSENT:
Steve Diamond
Sevaun Palvetzian

IN ATTENDANCE WATERFRONT TORONTO
Chris Glaisek (Chief Planning and Design Officer)
Meg Davis (Chief Development Officer)
Marisa Piattelli (Chief Strategy Officer)
David Kusturin (Chief Project Officer)
Lisa Taylor (Chief Financial Officer)
Julius Gombos (Senior Vice President Project Delivery)
Leslie Gash (Senior VP Development)
Cameron MacKay (Vice President Communications)
Kristina Verner (VP Innovation, Sustainability and Prosperity)
Ian Beverley (General Counsel)
Rose Desrochers (Director, HR and Admin)
Catherine Murray (Senior Legal Counsel)
Kathleen Niccols (Governance Consultant, Waterfront Toronto)
Aina Adeleye (Board Administrator and Legal Assistant)

Also, in attendance for part or all of the meeting, were Adam Redish, Assistant Deputy Minister, Chris Giannekos, Associate Deputy Minister of Ministry of Infrastructure (MOI), Glenn Campbell (by phone), Assistant Deputy Minister and Shawn Tippins (by phone), Senior Analyst, Investment, Partnership and Innovation Branch of Infrastructure Canada, Bryan Bowen, Project Manager, Waterfront Secretariat, City of Toronto, Josh O’Kane, Reporter, The Globe And Mail Canada and Francine Kopun, Business Reporter at Toronto Star.

The Chair, Helen Burstyn, took the chair and appointed Ian Beverley 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 called the meeting to
order at 8:32 a.m. and declared that the meeting was duly constituted for the transaction of business.

1. **Motion to Approve Agenda**

   It was agreed that item 7, Discussion of Confidential Provincial Information, should be removed from the day’s agenda and the agenda be renumbered accordingly.

   **ON MOTION** duly made by Meric Gertler, seconded by Jeanhy Shim and carried, it was **RESOLVED** that the Agenda for the December 6, 2018 meeting be approved, as amended.

2. **Declaration of Conflicts of Interest**

   There were no conflicts of interest declared.

3. **Consent Agenda**

   **ON MOTION** duly made by Susie Henderson, seconded by Mohamed Dhanani and carried, it was **RESOLVED** that the Minutes of the October 11, 2018 meeting of the Board of Directors were approved as presented.

4. **Chair’s Remarks**

   Helen Burstyn welcomed everyone to the meeting and noted the key items for discussion at the day’s meeting.

   Ms. Burstyn noted that Denzil Minnan-Wong’s term as director on the Board expired on November 30, 2018. The Board acknowledged his contribution to the Board and thanked him for his service.

   Ms. Burstyn stated that the Auditor General’s report (following the value for money audit conducted by the office of the Auditor General of Ontario on Waterfront Toronto) was released to the public on December 5, 2018. The audit, which started in January 2018, included a review of Waterfront Toronto’s operations over the last 15 years. The report focused on three key areas: (i) Regulatory/Structural barriers impacting Waterfront Toronto’s ability to achieve its mandate; (ii) Delivery of projects on budget; and (iii) the Quayside Project.

   The Board had an extensive discussion on the report, to fully understand the recommendations of the Auditor General, Management’s response to the report, and related actions going forward. The Board expressed its thanks to the Auditor General and her Office for the report and recommendations.
5. **CEO Report**

Michael Nobrega presented the CEO Report which was taken as read which was received by the Board for information.

6. **Motion to go into Closed Session**

In accordance with By-Law No. 2 of the Corporation and **ON MOTION** made by Susie Henderson, seconded by Mohamed Dhanani and carried, the Board **RESOLVED** to go into Closed Session to discuss items 7 and 8. The exception to the Open Meeting Law relied on for the discussion of items 7 and 8 in Closed Session are Sections 6.1(1)(a) and 6.1(1)(l) of By-Law No. 2 of the Corporation, respectively.

The Chair requested that members of the public exit the meeting.

7. **Rolling Five-Year Strategic Business Plan**

8. **Investment, Real Estate and Quayside (IREQ) Committee Chairs’ Report**

9. **Motion to go into Open Session**

**ON MOTION** made by Susan Henderson, seconded by Jeanhy Shim and carried, the Board **RESOLVED** to go into Open Session.

10. **Resolutions Arising from the Closed Session**

**ON MOTION**, duly made by Susan Henderson, seconded by Meric Gertler and unanimously carried, it is hereby **RESOLVED** that, subject to the minor amendments resulting from discussions at the day’s meeting, the Board of Directors approves the Rolling Five-Year Strategic Plan and the Annual Business Plan for fiscal 2019-2020 contained therein, as presented, and in accordance with the provisions of Section 8 of the Toronto Waterfront Revitalization Corporation Act 2002, directs Management to deliver a copy of the plan to the federal government, the provincial government and the Clerk of the City of Toronto on or before December 31, 2018.

11. **Stakeholder Relations (SR) Committee Chair’s Report**

The Board took the SR Committee Chair’s report of the Committee’s meeting held November 15, 2018 presented by Jeanhy Shim as read. The Board received the report for information.

12. **Finance, Audit and Risk Management (FARM) Committee Chair’s Report**

The Board took the FARM Committee Chair’s report of the Committee’s meeting held November 29, 2018 presented by Susan Henderson as read. The Board received the report for information.
Port Lands Flood Protection

Management responded to questions from members of the Board regarding the change in schedule on the Port Lands Flood Protection (PLFP) Project as indicated in the report. Management confirmed that the project will be delivered within budget. The Board noted the first report issued by the Independent Capital Monitor – BTY consulting and noted the positive assessment of the PLFP project.

13. 

Chairs Committee Chair’s Report

The Board took the Chairs Committee Chair’s report of the Committee’s meeting held November 29, 2018 presented by Helen Burstyn as read. The Board received the report for information.

Directors Code of Conduct

Ms. Burstyn presented the revised Directors Code of Conduct (which had been further revised in response to the comments of members of the Board at its June 28, 2018 meeting) to the Board for approval.

ON MOTION made by Meric Gertler, seconded by Mohammed Dhanani and unanimously carried, the Board RESOLVED that the revised Directors Code of Conduct be approved as tabled.

CEO Search Committee

Ms. Burstyn presented the recommendation from Management that the Board establish an ad hoc committee from its members to support the Board in its search for a permanent CEO of the Corporation. Management presented a draft Mandate and the proposed structure for the committee. The Board discussed the mandate, structure, responsibilities and composition of the proposed Committee.

WHEREAS, the Board of Directors of the Toronto Waterfront Revitalization Corporation (“Board”) needs to recruit and hire a Chief Executive Officer (“CEO”), following the resignation of William Fleissig as CEO in July 2018, and the subsequent appointment by the Board of Michael Nobrega as Interim CEO;

NOW THEREFORE, in accordance with best practices and the process followed by the Corporation in the past, ON MOTION made by Helen Burstyn and seconded by Mazyar Mortazavi, it is hereby RESOLVED that the Board establishes the CEO Search Committee, consisting of the following five (5) directors:

1. Helen Burstyn;
2. Janet Rieksts-Alderman;
3. Susan Henderson;
4. Jeanhy Shim; and
5. Michael Nobrega.

It is **RESOLVED FURTHER**, that the CEO Search Committee shall be an ad hoc sub-committee to assist the Board in fulfilling its responsibility to recruit and hire a CEO; and

It is **RESOLVED FURTHER**, that the CEO Search Committee shall have the powers and duties set forth in the Mandate of the Committee and in the Board Committee Directive, which forms part of the Mandate of each Committee; and

It is lastly **RESOLVED**, for clarity, that the CEO Search Committee will cease to exist when the new CEO is appointed; and CEO Search Committee members shall be compensated in accordance with the Board Member Remuneration Policy approved by the Board on May 5, 2014.

14. **Motion to go into Closed Session**

In accordance with By-Law No. 2 of the Corporation and **ON MOTION** made by Susan Henderson, seconded by Mazyar Mortazavi and carried, the Board **RESOLVED** to go into Closed Session to discuss item 15. The exception to the Open Meeting Law relied on for the discussion item 15 in Closed Session is Section 6.1.1(b) of the By-Law No. 2 of the Corporation.

The Chair requested that members of the public, management and other staff exit the meeting.

15. **Board Closed Session Discussion**

16. **Motion to go into Open Session**

**ON MOTION** made by Helen Burstyn, seconded by Michael Nobrega and carried, the Board **RESOLVED** to go into Open Session.

The Chair requested that members of the public, management and other staff rejoin the meeting.

17. **Resolutions Arising from the Closed Session**

There were no resolutions arising from the Closed Session discussion.

18. **Closing Remarks**

The Chair commended Management for the excellent work done on the Strategic Plan and in response to the Auditor General’s report. On behalf of the Board, she thanked
Michael Nobrega for his continued contribution as the interim CEO of the Corporation. She reminded the Board of the date of the next meeting and wished everyone a safe and enjoyable holiday season.

19. **Adjournment of the Meeting**

There being no further business, **ON MOTION** made by Helen Burstyn and seconded by Michael Nobrega and carried, it was **RESOLVED** that the meeting be adjourned at 12:03 p.m. local time.

________________________________________  ______________________________
Chairman                                                              Secretary
MINUTES of the Special Meeting of the Board of Directors of the
Toronto Waterfront Revitalization Corporation
20 Bay Street, Suite 1310, Toronto, Ontario
Friday, December 7, 2018 at 3:30 p.m. local time.

PRESENT: Helen Burstyn (Chair) (by phone)
Michael Nobrega (Interim CEO)
Susan Henderson (by phone)
Jeanhy Shim (by phone)
Janet Rieksts-Alderman (by phone)
Mohamed Dhanani (by phone)
Mazyar Mortazavi (by phone)

ABSENT: Steve Diamond
Sevaun Palvetzian
Meric Gertler

IN ATTENDANCE WATERFRONT TORONTO
Ian Beverley (General Counsel)
Aina Adeleye (Board Administrator and Legal Assistant)

Also, in attendance, by phone, for the meeting was Marisa Piattelli, Chief Strategy Officer, Waterfront Toronto, Barry J. Reiter, Senior Partner, Bennet Jones and Nancy Faraday-Smith, Acting Director, Investment, Partnerships and Innovation, Infrastructure Canada.

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

With a quorum of Directors being present, the Chair called the meeting to order at 3:33 p.m. and declared that the meeting was duly constituted for the transaction of business.

1. Motion to Approve Agenda

   ON MOTION duly made by Jeanhy Shim, seconded by Michael Nobrega and carried, it was RESOLVED that the Agenda for the December 7, 2018 meeting be approved, as presented.

2. Declaration of Conflicts of Interest

   There were no conflicts of interest declared.

3. Motion to go into Closed Session

   In accordance with By-Law No. 2 of the Corporation and ON MOTION made by Helen Burstyn, seconded by Michael Nobrega and carried, the Board RESOLVED to go into
Closed Session to discuss item 4. The exception to the Open Meeting Law relied on for the discussion of item 4 in Closed Session is Section 6.1(1)(b) of By-Law No. 2 of the Corporation.

The Chair requested that members of the public exit the meeting.

4. **Board Closed Session Discussion**

5. **Motion to go into Open Session**

   **ON MOTION** made by Helen Burstyn, seconded by Janet Rieksts-Alderman and carried, the Board **RESOLVED** to go into Open Session.

   The Chair requested that members of the public rejoin the meeting.

6. **Resolutions Arising from the Closed Session**

   **WHEREAS**, Helen Burstyn, having been informed by the Province of Ontario that her appointment as a director on the Board was being terminated, stepped down as the Chair of the Board.

   **ON MOTION**, duly made by Mazyar Mortazavi, seconded by Jeanhy Shim and carried, it is hereby **RESOLVED** that, in accordance with the provision of Section 5 (6) of the Toronto Waterfront Revitalization Corporation Act, 2002, Janet Rieksts-Alderman be appointed as spokesperson and acting chair of the Board of Directors of Waterfront Toronto until a new Chair is appointed.

7. **Adjournment of the Meeting**

   There being no further business, **ON MOTION** made by Helen Burstyn and seconded by Janet Rieksts-Alderman and carried, it was **RESOLVED** that the meeting be adjourned at 4:08 p.m. local time.

_________________________    ____________________________
Chairman                              Secretary
This Board meeting is unique in that there will be almost a full complement of directors appointed by the three levels of government - and the first time that a 13th member of the Board has been agreed to by the three levels of government. This 13th Board member, Steve Diamond, begins as our Board Chair today and will act in this role going forward under the provincial legislation that established Waterfront Toronto.

This is also the first Board meeting following the release of the Corporation’s Five-Year Strategic Plan (the “Plan”) and the Report of the Office of the Auditor General (the “OAG Report”). From an operations perspective, this meeting follows the start of construction on the Corporation’s major infrastructure project – the Port Lands Flood Protection Project – and is an opportunity to review progress and next steps for the Quayside project.

Consequently, in this CEO Report I provide an overview of the Plan and the OAG Report, and outline their impact on the ongoing and future work of the Corporation, as well as review the status, risks and opportunities, and oversight of the Port Lands Flood Protection and Quayside projects. This is in addition to providing the updates on key corporate and administrative matters that the CEO Report usually includes.

A corporate dashboard attached to this CEO Report as Appendix 1 illustrates the status of corporate, project and administrative matters. Overall, the corporation is running smoothly - and collaboration across the organization is excellent. There are no significant financial or other enterprise risks impacting the overall performance of the Corporation as of the date of this CEO Report. There are indeed many enterprise risks as documented throughout this CEO Report, but these are being professionally and fiscally managed within the current envelope of the unrestricted available cash resources.

The information in this CEO Report is supplemented by reports from the Chairs (or Co-Chairs) of Board Committees on the recent work of the Committees. These reports are included in materials for this meeting and form part of the agenda. All Board members are welcome to attend Committee meetings and have access to Committee meeting materials on BoardEffects.

When reading this CEO Report, it will be helpful to remember that what is referred to in the media as “waterfront lands” is the 887-acre site known as the eastern waterfront and illustrated in the map attached as Appendix 2 to this CEO Report. The City of Toronto owns approximately 69% of these lands, with the federal government and private interests mainly owning the remaining lands.

The vast majority of the eastern waterfront, approximately 717 out of 887 acres, is in the flood plain and will not be fully developable until the completion in 2024 of the Port Lands Flood Protection Project (discussed in section 3 of this CEO Report, Port Lands Flood Protection Project). The completed projects and current construction activities of Waterfront Toronto are on the
developable parts of the eastern waterfront and include 5,900 residential units, 1.4 million sq ft of commercial and institutional space, and 350,000 sq ft of parklands and community services.

The report has the following 5 sections:

1. Rolling Five Year Strategic Plan
3. Port Lands Flood Protection Project
4. Quayside Project
5. Report on Corporate and Administrative Matters

**Rolling Five Year Strategic Plan**

**Board Approval and Rollout**

The Plan was approved unanimously by the Board at its meeting on December 6, 2018 and, as required by the Toronto Waterfront Revitalization Corporation Act, 2002 (the “Act”), the Plan was provided to government shareholders in mid-December 2018.

The Plan has been made available to the public on the Corporation’s website. In April, there will be a communications rollout of the Plan. The Toronto Region Board of Trade will host a livestreamed in-conversation event, the topics of which will include the history and accomplishments of the Corporation and an exploration of the three goals of the Plan. The C-suite officers of the operating business units will represent Waterfront Toronto at this event. Waterfront Toronto social media channels (Facebook, Twitter, Instagram, LinkedIn and YouTube) also will be used in the launch of the Plan.

The Plan includes both one- and five-year financial projections. It is the “Rolling Five Year Strategic Plan” because the intent is to update it annually, as many projects and activities undertaken by Waterfront Toronto can stretch over years or need to be modified because of delays in approvals, or lack of funding - and a rolling plan will accommodate such changes.

*Note: Board approval of the updated Plan will be requested on December 5, 2019.*

**Shared Development**

The Plan is a shared document between the Board and management and it establishes the priorities to guide the Board and management in using their time and allocating the Corporation’s financial and other resources over the next five years, commencing on April 1, 2019.
Board members actively participated in the development of the Plan, with most weighing in with their views and providing very insightful feedback and direction. Government shareholders also reviewed several drafts of the Plan and provided timely feedback. The input of government was welcome and is critical since the Plan does not require government approval.

Business Premise of the Plan

The Plan is based on a simple business premise: “a strategic plan should build on the successes of the existing business model but incorporate forward looking initiatives to expand the model’s ‘aspirational reach’, on a risk adjusted basis.” This premise underlies the following three principal goals of the Plan:

1. Successfully completing the existing funded pipeline of projects (the “Priority Projects”);
2. Evaluating and engaging the public on the conceptual development of a next generation smart community, with Sidewalk Labs as the innovation partner (“Next Generation Community”); and
3. Expanding the existing project pipeline to include projects that would elevate the quality of experience on the Toronto waterfront to rival that of other great waterfront cities around the globe (the “Signature Projects”).

Goal 1 – successfully executing and completing the projects in the existing pipeline - is the “anchor” of the Plan. These projects include the Port Lands Flood Protection Project (discussed in section 3, Port Lands Flood Protection Project), as well as over 80 complete communities and public realm projects, and more than 20 near-term developments and public realm projects (reported on in the February 28, 2019 meeting materials for the FARM and IREQ Committees). Achievement of Goal 1 depends upon key staff personnel, consultants, subject matter experts and contractors who execute and complete the Priority Projects. Attached as Appendix 3 of this CEO Report is a Priority Projects Construction Update with photographs of some of the Corporation’s active construction projects.

The funding to achieve Goal 1 is approximately $1.3 billion, and it will be financed from four sources:

1. Contribution agreements from the governments of Canada, Ontario and the City of Toronto (and occasionally, non-government parties) which establish the binding terms and conditions of the business arrangement between a government (or partner) funder and Waterfront Toronto.
2. The Corporation’s unrestricted available cash resources, which fluctuate as a result of the payment of project delivery fees under the contribution agreements and cash proceeds from land sales (described in #3 below), net of the Corporation’s operating costs.
3. Sales proceeds from lands owned on a fee simple basis by Waterfront Toronto and a percentage of the economic uptick on government lands (mainly City-owned lands) that have been remediated, zoned and sold by the Corporation to a third party for development; and

4. A credit facility, described under “Credit Facility” below.

[Note: The Priority Projects are the key “live” development components of the Plan - representing over 85% of the expenditures of the $1.5 billion projected to be spent over the five-year period of the Plan.]

Goal 2 and Goal 3 represent five new initiatives/projects in the Plan – in addition to the Priority Projects in Goal 1. Consistent with the Plan’s business premise, Goal 1 builds on the past and current successes of the Corporation’s business model, while Goal 2 and Goal 3 are aspirational and, presently, are unfunded.

Goal 2 is research into a Next Generation Community - together with Sidewalk Labs, the innovation and funding partner selected pursuant to a 2017 RFP - on the Quayside lands, which are owned by Waterfront Toronto. The Corporation’s relationship with Sidewalk Labs is governed by the Plan Development Agreement (“PDA”). The PDA establishes the roles and responsibilities of Waterfront Toronto and Sidewalk Labs to create a Master Innovation and Development Plan (“MIDP”), which is a proposal (nothing more) for a smart city initiative on waterfront lands, including 12 acres (known as the Quayside lands) that are owned on a fee simple basis by Waterfront Toronto.

As set out in the PDA, Waterfront Toronto will evaluate the MIDP and, if it is approved by the Corporation (in consultation with its government stakeholders), the implementation of the MIDP will be subject to regulatory approvals and consent of third-party land owners. An amount of $10 million has been budgeted in the fiscal 2019/20 Plan to cover the internal and external costs that may be incurred by Waterfront Toronto for stakeholder and government engagement as well as the evaluation of the MIDP. The PDA requires Sidewalk Labs to reimburse Waterfront Toronto’s costs up to US$4.47 million. A more detailed overview is provided in section 4, Quayside Project.

[Note: The cash commitment in the Plan to fund the evaluation of the MIDP represents ¾ of 1% of the Corporation’s projected expenditures over the five-year period of the Plan.]

Goal 3 consists of four projects referred to in the Plan as Signature Projects. The objective of these proposed innovative initiatives is to raise the international profile of Toronto’s waterfront and position it among the top tier of urban waterfronts worldwide, together with the waterfronts of cities such as Copenhagen, Sydney and Chicago.

The first three initiatives have been discussed for many years and the time appears right to move forward with these projects given the current rapid pace of the build-out of the waterfront. The three projects are:
1. Replacement of the aging Jack Layton Ferry Terminal with an amenity-filled all-wood structure;

2. Delivery of a continuous three-kilometer Waterfront Walk featuring Canadian timber pedestrian bridges; and

3. Creation of a regional Destination Play magnet as part of Promontory Park.

The fourth initiative is to identify and develop an iconic building that will define the character of Toronto’s waterfront, as iconic waterfront buildings have done for other cities such as Sydney, Australia and Stockholm, Sweden.

The estimated expenditure for the four projects is $400 million, $200 million of which is included in the Plan with the balance to be expended beyond fiscal 2023/2024 (the last fiscal year of the Plan). Currently there is no funding for these Signature Projects. This means that to achieve Goal 3, Waterfront Toronto will have to raise the $400 million from the private sector, non-profit organizations, private foundations and government agencies. An action plan to move forward with this fundraising is discussed below under “Partnership Funding.”

[Note: Waterfront Toronto needs to raise $400 million to fund the Signature Projects. The Plan includes $200 million of this $400 million, which represents 14.25% of the $1.5 billion of projected expenditures over the five-year period of the Plan.]

Credit Facility

The Act prohibits Waterfront Toronto from borrowing without the consent of the three governments. In August 2015, with the consent of government shareholders, Waterfront Toronto entered into a credit facility with CIBC in the amount of CDN $40 million, expiring on March 31, 2020 (the “Credit Facility”). There is no annual standby fee/cost to Waterfront Toronto for the availability funds under the Credit Facility and when funds are used the rates are favorable at prime less 0.25%. As security, Waterfront Toronto gave CIBC a first charge against the Quayside lands. CIBC has no recourse to governments.

Funds from the Credit Facility were used in 2015 and then repaid within a few months. Since then, $3.0 million has been used to provide a letter of credit to the federal Department of Fisheries and Oceans in connection with the Port Lands Flood Protection Project.

The Credit Facility is a key financial component of the Plan, as its availability optimizes the use of the cash inflows and outflows for the Priority Projects and protects the Corporation from any punitive costs that would arise from carrying an overdraft balance. The Plan assumes that government shareholders will consent to Waterfront Toronto changing the March 31, 2020 expiry of the Credit Facility to March 31, 2024 or later.

Partnership Fundraising
Waterfront Toronto, as noted above, needs to raise $400 million to underwrite the research, development and completion of the four Signature Projects in Goal 3. Fundraising is new to Waterfront Toronto and represents a new frontier to be undertaken; however, in doing so the Corporation can build on the qualified donee status obtained from Canada Revenue Agency in 2017.

Management is preparing a fundraising action plan which will be shared with the Board in late fall 2019. It is expected that the plan will include broad outlines of the Signature Projects, and will address estimated staff resources and other costs, guidelines from government stakeholders, community input, marketing, forms of partnership agreements and potential investors/donors. First contact with investors/donors is projected to take place in early 2020 with the intention of securing the first donor later that year.

The cost to develop the action plan and to secure the first donor is estimated to be $500,000 - $750,000. This amount has been accounted for in fiscal years 2019/2020 and 2020/2021 and will be funded from unrestricted available cash resources and/or from the Credit Facility.

Oversight and Leadership

To execute the Plan, the Corporation must achieve a balance between Board and government oversight and the leadership of senior management necessary to implement the three principal goals.

The oversight structure at Waterfront Toronto is extensive and multi-layered.

First, the Board and Board Committees provide oversight through a well-established governance program requiring them to consider and make informed decisions on all of the goals.

Second, in 2018 and 2019 Waterfront Toronto streamlined its internal organizational structure, succession planning and decision making, which permits greater clarity of oversight by the Board and Committees.

The business side of the organization now consists of three operating business units, each of which is led by an experienced executive: Chris Glaisek (Planning & Design), Meg Davis (Development, Communications and Innovation) and David Kusturin (Project Delivery). A fourth business unit, the corporate business unit, was formally established in February 2019 by consolidating the finance, legal, human resources and strategic initiative functions. Reporting to the CEO, the corporate business unit provides leadership and infrastructure functions to the operating business units and supports governance and oversight by the Board and Committees.

As well, succession planning in support of leadership roles in all four business units has been updated. Organization charts, attached as Appendix 4 and Appendix 5 to this CEO Report, set out the new overall structure with four business units, and the new corporate business unit.

Third, the governments have established:
1. A network of internal secretariats that work directly with Waterfront Toronto on a daily basis; and

2. An oversight committee chaired by the most senior civil servants of the three levels of government.

This two-stage government oversight is focused on full transparency and accountability over project funding and delivery. The daily oversight provided by the internal secretariats reflects and fosters the excellent working relationships between Waterfront Toronto and all three levels of government. The second stage oversight committee is the Intergovernmental Steering Committee (“IGSC”). The IGSC meets at least quarterly and is chaired on an annual rotating basis by the Deputy Minister of Infrastructure at the federal and provincial levels, and the City Manager of the City of Toronto. The structure of the IGSC is illustrated in Appendix 6 attached.

Fourth, the complexity of the projects undertaken by the operating business units requires subject matter experts in a number of fields, including engineering, project management, policy and regulatory issues, data privacy and stakeholder relations. This expertise is retained as required. In addition, Waterfront Toronto has established two expert panels, the Design Review Panel and the Digital Strategy Advisory Panel, to contribute to design excellence of the physical structures being built on the waterfront and data privacy issues respectively. Each panel has a written mandate and meets regularly. Panelists provide their time and services for a small honorarium.

As is evident, governance and leadership oversight is comprehensive, and supports execution of the Plan. It also requires Waterfront Toronto management to work with several different oversight and advisory bodies. The monthly cost of this oversight (including the internal human and infrastructure resources) is $1.5 million – none of which is funded by base funding from a government at any level.

Performance Measures

Performance measures have been in place for a number of years at Waterfront Toronto. These measures assess Waterfront Toronto’s economic, social and environmental impact and achievements in relation to its mandate and vision.

The performance measures have been revised to align with the objectives of the Plan which are outcomes based. For example, it is projected that 10,000 full time and sustainable jobs will be created in the five-year period of the Plan; 3,900 housing units will be developed, including 700 affordable housing units; and there will be 31 acres of new parks and public spaces; 7 new permanent public art installations; and $3.0 billion of private sector investment in new waterfront developments. These performance measures will be updated and “refreshed” as part of the annual updates to the Plan.

Risk Management
Waterfront Toronto operates in a complex business environment to implement its revitalization mandate. This environment consists of a range of major infrastructure projects, diverse partners and stakeholders, complex contribution agreements with governments and partners, significant risk transfers amongst stakeholders, public scrutiny and robust procurement rules. Together and separately these present a number of challenges and risks to the Corporation and to the implementation of the Plan.

Waterfront Toronto manages risk proactively using an Enterprise Risk Management (ERM) framework which has been developed by management and approved by the Board. The ERM framework applies the widely used “three lines of defence” approach to risk management and control, assigning clear roles and responsibilities to: (i) risk owners (project and financial managers); (ii) risk committees (the internal ERM taskforce, program management office and technical advisory and peer review panels); and (iii) risk systems (internal audit function and independent capital project monitor). The first two lines of defence are accountable to senior management, and the third is accountable to the FARM Committee and the Board.

**Benefits and Risks**

The Plan represents both benefits and risks for the Corporation.

The major benefits of the Plan are:

1. The shared vision of the Board and management, establishing a strategic roadmap for Waterfront Toronto for the five-year period of the Plan, with the option to course correct annually as a result of the rolling design of the Plan;

2. The significant expansion of developable lands as a result of successful completion of the Port Lands Flood Protection Project;

3. The enhanced experience for Canadians as a result of completion of the complete communities and public realm projects, the replacement of the Jack Layton Ferry Terminal and the development of the Waterfront Walk and Promontory Park;

4. The branding of Toronto’s waterfront through an iconic building that would define the character of our waterfront to the world; and

5. Learning from research into the development of smart technologies and buildings in the Next Generation Community that would incorporate and include affordable housing, sustainability, mobility and economic development as core principles.

The major risks to implementation of the Plan are:

1. A budget overrun and/or a major timing delay in the completion of the Port Lands Flood Protection project, resulting in a less desirable outcome; and
2. The withdrawal of funding for Priority Projects by one or more of the government shareholders, resulting in a liquidity crisis.

The risk of a budget overrun and/or major timing delay is mitigated through the oversight and leadership structures and activities described above and illustrated in Appendix 6, risk transfers to contractors and suppliers, and appropriate insurance coverages provided by tier one insurance companies.

The risk of withdrawal of funding by a government shareholder is mitigated through the contribution agreements that the Corporation has signed with the government shareholders for the full funding amounts required to complete the Priority Projects.

Report of the Office of the Auditor General

On December 6, 2018, the Office of the Auditor General of Ontario (the “OAG”) issued a report containing recommendations resulting from its “value-for-money” audit of Waterfront Toronto (the “OAG Report”). The OAG Report was the culmination of a year-long review of Waterfront Toronto by the OAG, covering the period of the Corporation’s entire 17-year existence (2001-2018). A six-person team from the OAG worked with Waterfront Toronto to perform the review, which was extensive. Time spent on the review by management and staff of Waterfront Toronto is estimated to be in excess of 5,000 hours.

OAG Report Recommendations

The OAG Report provided 10 recommendations, 6 addressed to Waterfront Toronto and 4 to the Ontario Ministry of Infrastructure.

The 6 recommendations to Waterfront Toronto are the following:

- 4 recommendations (#2, 3, 7 & 9) that mainly relate to the Port Lands Flood Protection Project;
- 1 recommendation (#4) that relates to recipient organizations that received funding from Waterfront Toronto; and
- 1 recommendation (#5) that relates to self-sustaining fundraising efforts by Waterfront Toronto to access funding from the private sector and philanthropic organizations.

Related to the Port Lands Flood Protection Project, the OAG Report recommends/highlights:

1. The sign off on the projects by governments before projects commence construction (#2);
2. A robust management information system be in place to track project progress against budgets and timelines (#3);
3. The creation of an archive of “lessons learned” to illustrate best practices for revitalization projects in general (#7); and

4. The overall risk to the Port Lands Flood Protection Project from cost overruns in the 23 components of the project (#9).

Management has agreed with these 4 recommendations (#2, 3, 7 and 9) which relate to its day-to-day operations. Management provided responses to these recommendations, which were incorporated in the OAG Report.

Recommendation #4 relates to funds that were allocated to Waterfront Toronto but then were transferred by Waterfront Toronto to other public organizations and agencies on the instructions of the three governments. This happened frequently with the initial pledge/funding of $500 million from each of the three levels of government on the formation of Waterfront Toronto in 2001. For example, the Union station to the Pearson Airport rail connection was developed using funds previously pledged to Waterfront Toronto. This practice ceased in 2015 and recipient organizations now receive their funds directly from governments. There is no action to be taken by Waterfront Toronto in respect to this recommendation (#4).

Recommendation #5 relates to the need for Waterfront Toronto to develop alternative sources of funding, other than government funding, as contemplated in the Act. The Corporation was aware of this need. It is reflected in the Plan and described above under “Partnership Fundraising”.

The 4 recommendations to the Ontario Ministry of Infrastructure (#1, 6, 8 & 10) relate to clarification of Waterfront Toronto’s vision and mandate (#1), clarification of funding decisions and the mechanism for dispute resolution (#6), linking Waterfront Toronto’s performance measures to its legislated mandate (#8), and establishing a framework for assessing the development of the smart city on the Quayside lands with Sidewalk Labs (#10). The Ontario Ministry of Infrastructure provided its responses to each of these recommendations, and these responses were incorporated in the OAG Report.

The next step in the OAG audit process has begun. A joint working committee consisting of the three government shareholders and Waterfront Toronto has been formed to examine each recommendation and prepare detailed responses to the OAG by December 31, 2019. This working committee, which is a sub-committee of IGSC, is chaired by the Director of the City of Toronto’s Planning Department’s Waterfront Secretariat that oversees the activities of Waterfront Toronto. Draft responses will be provided to the IGSC and the Board prior to release to the OAG.
As stated above, the Port Lands Flood Protection Project is part of **Goal 1** of the Plan, **Priority Projects**. Completion of it is expected to result in the one of the key benefits of the Plan: significant expansion of developable lands.

The Port Lands Flood Protection Project is an infrastructure project requiring a $1.25 billion investment by the three levels of government, each funding 1/3 of the project, with approximately $100 million spent prior to the April 1, 2019 start date of the Plan. It is one of the largest infrastructure projects currently underway in Ontario. The project is a comprehensive plan for flood protecting the southeastern portion of downtown Toronto – including parts of the Port Lands, South Riverdale, Leslieville and the First Gulf/Unilever development site – that are at risk of flooding from a massive storm event. Consequently, these areas are undevelopable and economically underutilized until the flood risk is removed. The primary objective of the project is to provide a flood protection infrastructure that will be integrated with the natural habitat and public open spaces and will enable development of lands that otherwise would not be developable.

Management provided an update on the status of the project to the FARM Committee at its meeting on February 28, 2019. The update was supported by a dashboard that illustrated that the project is unfolding as planned - and there are no areas of concern as at the date of this CEO Report. The Committee also received a report from BTY, the Independent Capital Monitor, and the report reinforces that there are no areas of concern. Management is comfortable that the oversight structure (illustrated in Appendix 6 to this CEO Report) continues to be appropriate to identify any early signs of known risks that may result in an overall cost overrun or timing delay.

**Quayside Project**

The Quayside project has had much media attention as a result of concerns about data governance and the recent leak of a conceptual plan being developed by Sidewalk Labs. While components of the MIDP have been shared with the Corporation, the complete MIDP (including, fundamentally, a business case) is not expected to be provided before mid to late spring 2019. Management has prepared an action plan to perform a rigorous evaluation of the MIDP that includes consultation with government stakeholders and public engagement. At an appropriate time, management will make a recommendation to the Board whether the MIDP meets the goals and objectives of Waterfront Toronto as set out in the 2017 RFP. The evaluation process and structure (referred to as the Evaluation Framework) were shared with the IREQ Committee at its meetings on November 22, 2018, January 17, 2019 and February 28, 2019.

As a reminder and as reported above under **Goal 2** of the Plan, the Plan Development Agreement (PDA) with Sidewalk Labs is simply a roadmap to authorize and guide Sidewalk Labs as it prepares the MIDP. As such, the PDA should be viewed through five lenses: fiduciary risk, financial risk, legal risk, reputational risk, and opportunity.

**Fiduciary risk** - there is absolutely no risk to Waterfront Toronto’s role to protect the public interest. Article 1 of the PDA restates our fiduciary role – and hence is an acknowledgement by Sidewalk Labs of Waterfront Toronto’s role as custodian of the public interest and public trust.
Financial risk - the PDA does not impose any financial costs on Waterfront Toronto for the creation of the MIDP. It is Sidewalk Labs’ responsibility to fund the cost of preparation of the MIDP. In addition, the PDA requires Sidewalk Labs to reimburse Waterfront Toronto for some of its direct project costs related to the MIDP up to the beginning of 2019. However, Waterfront Toronto self-funds its legal, advisory and consulting costs for negotiating the PDA and MIDP.

Further, Waterfront Toronto has NO contractual obligation:

1. To repay Sidewalk Labs its costs for the preparation of the MIDP and the reimbursement of some direct project costs to Waterfront Toronto (the “Costs”);
2. To provide any security in land for the Costs; or
3. To create an equity interest in any entity for the Costs.

There is NO specific financial obligation on the part of Waterfront Toronto to repay any portion of the Costs. And further, termination rights under the PDA provide for a number of exits from the agreement without costs.

Legal risk - Waterfront Toronto must meet its legal obligations under the PDA. Our main obligations are to collaborate and to act in good faith in the creation of the MIDP. These obligations place a heavy responsibility on the Board, management, and the government shareholders to take due care in what is said and written, so that there will not be an unintended indication of deliberate action to breach these obligations or frustrate the intent of the PDA.

There is no requirement in the PDA for Sidewalk Labs to deliver the MIDP (or any aspect of it) by a certain date. Delay in delivery of the MIDP (or portions of it), on its own, is not a breach of the PDA.

The PDA, however, has an MIDP deadline. It provides that if the parties have not approved the MIDP by September 30, 2019, and have not mutually agreed to extend this deadline, then the PDA terminates.

Reputational risk - While the PDA does not fetter Waterfront Toronto’s role as the steward of public interest, the project has come under criticism due to concerns over perceived lack of transparency, and safeguarding data and privacy.

Opportunity - The MIDP is an opportunity for Waterfront Toronto to achieve its statutory mandate and Goal 2 of the Plan to research a Next Generation Community. The MIDP has the potential to combine innovative technology models and funding mechanisms to create sustainability, affordability and economic growth that might not otherwise be possible to the same degree, or within the same time frame.

The IREQ Committee continues to be fully informed on the Quayside project and MIDP developments with two meetings in 2019 so far (January 17, 2019 and February 28, 2019) and
another scheduled for April 4, 2019. Materials for these two meetings (and all past meetings) are available to all directors on BoardEffects. The report of the IREQ Committee Co-Chairs is included in the materials for this meeting and materials for the April 4, 2019 IREQ Committee meeting will be posted on BoardEffects on March 28, 2019. Board members can refer to the materials on the Board portal for comprehensive updates. Future IREQ Committee meetings will occur approximately monthly. In addition, the Deputy Ministers of Infrastructure for the federal and provincial governments and the Toronto City Manager will be briefed at the upcoming quarterly IGSC meeting on March 22, 2019.

Report on Corporate and Administrative Matters

Existential Risks, Shareholder Relationships

In addition to the risks to implementation of the Plan, and the other risks being managed via the ERM Framework, the Corporation faces certain longer-term risks and challenges. The two such “existential” risks that the Corporation needs to address in the 2019/2020 fiscal period are:

1. The restructuring of the Corporation’s current funding model; and

2. The statutory termination of the Corporation’s mandate and wind-up, commencing in 2024.

Building on the strong and open relationships that Waterfront Toronto has with its shareholders, described above under “Oversight and Leadership,” the three governments have established a new subcommittee of the IGSC to draft an accord (the “Accord”) to supplement the provisions of the Act. The Accord has the potential to set the foundation for the Corporation’s work to address the existential risks.

The purpose of the Accord is to:

1. “Refresh” and clarify the intentions of the three levels of government and Waterfront Toronto;

2. Update the roles and responsibilities of the three levels of government and Waterfront Toronto;

3. Assess and decide on Waterfront Toronto’s requests for changes to its governance framework, including borrowing powers and the establishment of subsidiaries;

4. Define future funding arrangements between Waterfront Toronto and the three governments; and

5. Consider any extension of the Corporation’s statutory mandate, currently set not to extend past 2028.
The Accord could also contemplate issues arising from the emergence of CreateTO and how a productive working relationship between Waterfront Toronto and CreateTO can be fostered. The Accord is expected to be completed by the three governments no later than December 2019.

**Ports Toronto (The Toronto Port Authority)**

Ports Toronto (formerly known as The Toronto Port Authority) is a federal agency and is a key stakeholder in the successful execution of the Port Lands Flood Protection Project. Ports Toronto is responsible for the management of the harbour of Toronto and the Billy Bishop Toronto City Airport. It controls water transit and any development that encroaches on the water surrounding the waterfront lands.

Much effort has been spent in the last six months to enhance the Corporation’s relationship with Ports Toronto, resulting in the execution of a memorandum of understanding (MOU) in January 2019. The MOU does not create legally binding obligations but underlines the importance of our two organizations having open lines of communication and giving consideration to each other’s core service competencies when procuring services. The initial term of the MOU is three years. The MOU renews automatically for terms of one year, unless terminated by either party on 30 days’ notice prior to expiry of the current term.

A second MOU to realign adjacent land holdings is under development. Once finalized, a draft of this MOU will be provided to the IREQ Committee for its review and recommendation to the Board for approval at a future Board meeting.

**Compliance, Policies & Procedures**

Legal has developed a “Regulatory and Operational Compliance Report” which is discussed in the FARM Committee Chair’s report. Legal is leading the development of a new project approval policy (to replace the Capital Approval Policy), proposed streamlining of contribution agreements with governments and, together with HR, implementation of an internal privacy framework to govern the collection, use and disclosure of personal information.

**Enterprise Resource Planning System (ERP)**

The ERP is an essential part of Waterfront Toronto’s commitment to upgrade its project and financial management systems to handle large projects such as the Port Lands Flood Protection Project and the Signature Projects identified in the Plan. Other essential tools to support the ERP include upgrading technical skills and capabilities in the project management office (part of the Project Delivery operating business unit) and in the corporate business unit.

As reported at the December 6, 2018 Board meeting, “go-live” implementation of the ERP was delayed as a result of software flaws in the ERP system designed by Microsoft. Substantial progress has been made by Microsoft in addressing the flaws and it is now anticipated that the ERP system will “go-live” in April 2019.
**Risk Appetite Statement**

Management has developed a Risk Appetite Statement for the Corporation. Included in the closed session report of the Chair of the FARM Committee, the Risk Appetite Statement is being recommended to the Board for approval.

**Human Resources**

Oversight of human resources matters is provided, and reported on, by the Chairs Committee. Human resources initiatives of note include:

1. Review and updating of Waterfront Toronto’s Pay Equity Plan, expected to be completed by March 31, 2019;

2. Completion of the 2018/19 three step employee performance review and evaluation process in May 2019, which will be presented to the Chairs Committee in June 2019; and

3. Renewal (and expansion) of staff benefits coverage at a 14% discount as a result of switching service providers from Sun Life Canada to Great West Life.

**CEO Search**

Included in the materials for this meeting is a report from the Co-Chairs of the CEO Search Committee of the Board.

The CEO Search Committee is an ad hoc Committee established on December 6, 2018 to assist the Board by working with Boyden Toronto on the recruitment and hiring of a permanent CEO. The CEO Search Committee’s mandate is to participate in the: (i) development of the description of the CEO position, (ii) interviewing and evaluating shortlisted candidates, (iii) recommendation of the finalists to the Board, and (iv) finalization of the terms of employment for the permanent CEO.

It is anticipated that the search and selection of the permanent CEO will be completed by April 30, 2019, with the new CEO in place very shortly thereafter.

**Board Governance**

The composition of the Board is experiencing a period of significant change. In December 2018, the City of Toronto appointed a new director to be the Mayor’s Designate. This month, four new directors have been appointed by the province of Ontario, and the three levels of government are in the process of completing the appointment of a 13th Board member who will be the Chair. Later this year, three directors are expected to be appointed by the City of Toronto, and the federal government Board appointments will expire.
As the Board undergoes this time of change and renewal, management will continue its efforts to keep directors informed and to support Board member orientation. In addition, Legal will guide upcoming revisions to Board Committee mandates and corporate By-Laws.

Additional Information

This CEO Report is longer and more detailed than my previous CEO Reports. My objective was to bring together key information about the Corporation at this important time, following approval of the Plan and the release of the OAG Report, highlighting the two Corporation’s two important projects (Port Lands Flood Protection and Quayside), and recognizing that Board membership and structures are changing.

Additional information on the work of the Corporation is provided in the reports of the Chairs (or Co-Chairs) of Board Committees, reporting on meetings of the Committees in the period since the December 6, 2018 Board meeting. The CEO Search Committee met on December 13, 2018. The IREQ Committee met on January 17 and February 28, 2019. And the FARM and Chairs Committees met on February 28, 2019 and March 7, 2019, respectively.

The management team will be pleased to answer any of your questions at the meeting.

Sincerely,

Michael Nobrega
Interim CEO

Appendix 1 – Corporate Dashboard
Appendix 2 – Map of the eastern waterfront
Appendix 3 – Priority Projects Construction Update
Appendix 4 – Summary Corporate Organization Chart
Appendix 5 – Corporate Organization Chart
Appendix 6 – IGSC Flowchart
Cherry Street Lakefilling
Cherry Street Lakefilling

- Lakefilling Cell 1
- Lakefilling Cell 2
- Lakefilling Cell 3
- North Cove
- West Cove
- Dockwall
Port Lands Flood Protection
Organizational Structure

Board of Directors

Interim CEO
Michael Nobrega

Operating Business Units

Chief Project Officer
David Kusturin

Chief Development Officer
Meg Davis

Chief Planning and Design Officer
Christopher Glaisek

Corporate Business Unit

General Counsel
Ian Beverley
Chief Financial Officer
Lisa Taylor
Director of Human Resources
Rose Desrochers
Chief Strategy Officer
Marisa Piattelli
### Agenda Item

| Item 6 – CEO Search Committee Chair’s Report |

### Purpose

**For information:** Report on the December 13, 2018 Committee meeting, CEO recruitment activities and upcoming key events.

### Key Messages

The attached report covers recruitment activities since December 13, 2018 and highlights upcoming key events related to CEO recruitment.

### Areas of note/Key issues

- The Committee is committed to ensuring that a new CEO is appointed in late spring.
- The Committee will review the long list of candidates at a meeting the week of April 8, 2019, and first and second round interviews will take place later that month.
- A Board meeting will be scheduled for the purpose of presenting the final candidate(s) to the Board and appointing the new CEO.

### Expected Outcome

The Board will be updated on recruitment of the new permanent CEO.

### Key Takeaways/Next Steps

Recruitment efforts will continue, resulting in identification of the long list of candidates to be reviewed by the Committee at its meeting in early April.
The CEO Search Committee met for the first time on December 13, 2018. All three Committee members were in attendance and quorum was achieved.

I wish to report on the items set out below

1. December 13, 2018 Meeting;
2. CEO Recruitment Activities (December 13, 2018 – March 14, 2019); and
3. Upcoming Key Events.

1. December 13, 2018 Meeting
   - Janet Rieksts-Alderman and Susan Henderson were appointed Co-Chairs of the Committee and the Committee reviewed its mandate.
   - Representatives of Boyden Global Executive Search (“Boyden”) provided an overview and update on the process for the search for the new CEO.

2. CEO Recruitment Activities (December 13, 2018 – March 14, 2019)
   - On January 10, 2019, I issued a note to members of the Board of Directors (“Board”) highlighting key milestones in the process for recruitment of the CEO.
   - On January 15, 2019, the Executive Profile for the CEO role was provided to the Board by Boyden, following its review and signed off by the Committee.
   - Boyden issued two interim reports to the Board (February 15, 2019 and March 15, 2019) providing updates on progress of the search. A further update is expected to be provided on April 15, 2019.
   - Boyden provided updates to the Committee on a weekly basis.

3. Upcoming Key Events
   - The Committee is committed to ensuring that a new CEO is appointed in late spring.
   - The Committee will review the long list of candidates at a meeting the week of April 8, 2019 (meeting to be rescheduled from March 27, 2019).
   - First and second round interviews of selected candidates will take place in April 2019.
   - At a meeting scheduled for this purpose, the final candidate(s) will be presented to the Board and a new CEO is expected to be appointed.
**Agenda Item** | Item 7 - Chairs Committee Chair’s Report  
--- | ---  
**Purpose** | For information: Report on the March 7, 2019 Chairs Committee meeting  
For approval: Resolutions regarding Board Committee structure and membership will be proposed at the meeting.  
**Key Messages** | The attached report on the March 7, 2019 meeting of the Chairs Committee covers:  
1. Human Resources Update;  
2. Public Sector Salary Disclosure;  
3. Governance Matters; and  
4. Board and Committee Composition.  
**Areas of note/Key issues** | • The Corporation’s 2018 disclosure required under the Public Sector Salary Disclosure Act (“PSSD”) will be released March 29, 2018; management has prepared briefing notes for context and media Q&As.  
• A restructuring of Board Committees is being proposed that reduces the number of standing Committees from 4 to 3.  
• Included in the restructuring is the establishment of a new Committee, the Human Resources, Governance and Reputation (“HRGR”) Committee.  
• Delegation to the new Board Chair of certain responsibilities related to structuring and staffing Board Committees is being proposed.  
**Expected Outcome** | • Directors will be informed regarding human resources, Public Sector Salary Disclosure and Governance matters.  
• The Board will establish and staff Board Committees.  
• The Board will delegate certain Board Committee responsibilities to the new Board Chair.  
**Key Takeaways/Next Steps** | Management will:  
• Continue recruitment for positions approved in the 2019/20 Plan and the review and updating of the Pay Equity Plan;  
• Complete the employee performance review process for presentation to the Committee in June;  
• Finalize PSSD Q&As and provide the PSSD, briefing notes and Q&As to the Board before release of the PSSD on March 29, 2019;  
• Prepare information and briefing sessions to support the orientation of new directors; and  
• Work with the new Board Chair to draft the mandate for the new HRGR Committee for approval by the Board at the June meeting.
The Chairs Committee met on March 7, 2019. Three out of four Committee members were in attendance (2 in person, 1 by phone) and quorum was achieved. Steve Diamond also attended.

I wish to report on the items set out below which were discussed at the March 7, 2019 Committee meeting:

1. Human Resource Update;
2. Public Sector Salary Disclosure;
3. Governance Matters; and
4. Board and Committee Composition.

1. Human Resources Update

- Recruitment for 33.5 new positions approved in the Amended 2017/18 and 2018/19 Corporate Plans is complete (2 previously approved positions are no longer required, based on current needs). Recruitment has begun for 3 of the 6 new positions approved in the 2019/20 Plan.
- Review and updating of the Pay Equity Plan is expected to be completed by March 31, 2019.
- Succession plans for leadership positions in the corporate business unit have been updated, and overall succession planning for the Corporation is now complete.
- The 2018/19 three step employee performance review and evaluation process is scheduled to be completed in May 2019, for presentation to the Committee in June 2019.
- A market review to renew employee benefit coverage was successful in negotiating a 14% discount by switching service providers, with additional coverage added.

2. Public Sector Salary Disclosure

- Under the Public Sector Salary Disclosure Act, Waterfront Toronto must disclose annually the names, position titles, salaries and taxable benefits of employees who are paid $100,000 or more in a calendar year.
- The 2018 disclosure (“PSSD”), which contains factual information derived from 2018 T4s of employees, was submitted to the province on March 7, 2019, together with briefing notes that provide important context.
- The PSSD will be released on March 29, 2019 and Q&As are being prepared.
- The PSSD, briefing notes and Q&As will be provided to the Board.
3. Governance Matters

The Committee received a report on the following governance matters:

- There have been no complaints or requests for investigations arising from the Corporation’s Open Meeting law practices.
- Director and officer indemnification and insurance arrangements were reviewed in 2018 and continue to be appropriate.
- Information is available and being prepared/updated to support orientation of new directors.
- No complaints have been reported for investigation under the Wrongdoing Policy.
- Directors have executed the recently amended and approved Code of Conduct and made the required disclosures of conflicts, which will be retained in a confidential database. Corresponding amendments are being made to the Code of Conduct applicable to employees and panel members, who will then follow a similar process of execution and disclosure.

4. Board and Committee Composition

- A summary of Board and Committee Composition was provided, setting out Board appointments and the current Committee structure and membership. The composition of the Board has changed and will continue to change in 2019.

- The following changes to the Committee structure are proposed:
  - There will be three standing Committees (reduced from four):
    1. Finance, Audit and Risk Management (FARM) Committee
    2. Investment, Real Estate and Quayside (IREQ) Committee;
    and
    3. Human Resources, Governance and Reputation “HRGR” Committee (new)
  - The new HRGR Committee will be responsible for human resources, governance and strategic corporate communications (i.e., reputation).
  - A mandate for the HRGR Committee will be prepared for approval at the June Board meeting.
  - There will be no material changes to the mandates of the FARM and IREQ Committees.
  - The ad hoc CEO Search Committee will continue with its mandate unchanged.
Resolutions to establish the HRGR and staff the Board Committees will be proposed at the meeting.

The appointment of a Chair by all three levels of government permits the Corporation to adopt best practices regarding the role of the Chair in structuring and staffing Board Committees. A resolution to delegate these responsibilities to the Chair will be proposed at the meeting.
**Agenda Item**  
Item 8, Finance, Audit & Risk Management Committee Chair’s Report

**Purpose**  
**For information:** Finance, Audit & Risk Management Committee Chair’s Report (Open Session)

**Key Message**  
The attached report covers:
1. 2019 FARM Committee Workplan
2. Corporate and Project Reporting Dashboards
3. Regulatory & Operational Compliance Report
4. Financial Statements and Education Presentation
5. External Audit Plan
6. Internal Audit Plan Update and

**Areas of note/Key issues**
- Corporate and Project Reporting Dashboards covering 2018/19 Corporate Plan Performance, Finance & Administration and Capital Projects report that these areas are on track (no concerns) except:
  - One **concern** area in 2018/19 Corporate Plan Performance where the fiscal year’s Key Deliverables, Capital Investment Plan and Revenues are tracking at greater than 30% behind plan.
  - Three **caution** areas: ERP implementation (upgraded from a concern), Liquidity, and Enterprise Risk.
- The Capital Projects Dashboards show that the PLFP Project is on budget, on schedule and with no scope changes as at February 28, 2019.
- The Committee received the unaudited interim financial statements for the nine months ending December 31, 2018.
- The Committee approved the 2018/19 External Audit Plan presented by BDO LLP, the Corporation’s external auditors.
- Key findings from the review by BTY, the Independent Capital Monitor, are:
<table>
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<tr>
<th>Expected Outcome</th>
<th>The Board will be updated regarding the February 28, 2019 meeting of the FARM Committee.</th>
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| **Key Takeaways/Next Steps** | • Management will continue to manage and, where possible, mitigate the concern areas impacting 2018/19 Corporate Plan Performance.  
  • At its meeting on May 23, 2019, the Committee will receive:  
    o The audited annual financial statements  
    o Results of the Corporate Governance internal audit and  
    o An update on the PLFP Project, and a report from BTY re: budget, schedule and scope compliance with 30% design baselines.  
  • The audited annual financial statements will be presented for Board approval at the June 28, 2019 meeting, together with a report on other matters from the Committee. |
The Finance, Audit & Risk Management (FARM) Committee met on February 28, 2019. Two out of three Committee members were in attendance and quorum was achieved. Susie Henderson was unable to attend.

This report covers the following seven items, for information:

1. FARM Committee 2019 Workplan;
2. Corporate and Project Reporting Dashboards;
3. Regulatory & Operational Compliance Report;
4. Financial Statements and Education Presentation;
5. External Audit Plan 2018/19;
6. Internal Audit Plan Update; and

In addition to the above items covered in this report, at the February 28, 2019 meeting the FARM Committee considered the following in closed session:

- Enterprise Risk Management – Risk Appetite Statement; and
- External Audit Fee Proposal and Contract.

These items are addressed separately, where they will be presented for approval. (See agenda item 10 for this meeting.)

1. **FARM Committee 2019 Workplan**
   - The FARM Committee approved its 2019 Workplan establishing the key items for review and approval at its quarterly meetings.

2. **Corporate & Project Reporting Dashboards**
   - Management presented a macro dashboard that was divided into three areas:
     - 2018/19 Corporate Plan Performance;
     - Finance & Administration; and
     - Capital Projects.
   - All areas reported on in the dashboards are on track, except for the following concern and caution areas, and the Committee is satisfied that Management is handling these effectively.
   - The dashboard highlighted two concern areas:
     a) 2018/19 Corporate Plan (approved in December 2017) - Key Deliverables, Capital Investment Plan and Revenues are tracking at greater than 30% behind plan due largely to external factors requiring deferral of certain items to the next fiscal year; and
     b) ERP implementation tracking behind plan. (ERP implementation has since been upgraded to a caution area, as the go-live date is now expected to be April 2019).
The dashboard highlighted two **caution** areas, one in Liquidity (due to outstanding government funding of $76 million for the Port Lands Flood Protection project expected to be realised by March 31, 2019) and the other in Enterprise Risk due to increased inherent risk areas identified since the last quarterly report, all of which are being mitigated by Management.

### 3. Regulatory & Operational Compliance Report (new)
- Management provided a new report on compliance in key areas such as CPP, EI, Income Tax and other remittances, and HST filings.
- The report will be provided quarterly.
- As of December 31, 2018, Waterfront Toronto has met all compliance obligations listed.

### 4. Financial Statements and Education Presentation
- The Committee received the unaudited interim financial statements for the nine months ending December 31, 2018, a copy of the interim financial statements is available [here](#).
- BDO LLP (BDO), the Corporation’s external auditors, gave an educational presentation to the Committee on the financial statements, focusing on the ways that the statements are unique and reflect Waterfront Toronto’s business model. A copy of the presentation is available [here](#).
- The financial statements, which are prepared in accordance with *Public Sector Accounting Standards specific to Government Not for Profit organizations*, are unique in:
  - **Revenue recognition and presentation** – deferred contributions/liability on balance sheet (government funding) vs. unrestricted surplus/net assets on balance sheet (land, property and other revenues); and
  - **Expenses vs. Assets Under Development** - investments in development of new assets that Waterfront Toronto has actual or beneficial ownership of during construction phase (e.g. new park, new road) are recorded on the balance sheet as an **asset under development** until the asset is ultimately transferred to a respective government (typically the City of Toronto); other expenses such as an environmental study, are expensed in the Statement of Financial Activities.
- BDO recommended that Waterfront Toronto change from the Direct Method to the more common **Indirect Method** for the **Statement of Cash Flows**. The recommendation was accepted and the change will be effective April 1, 2019.
5. **External Audit Plan**
   - BDO presented their Planning Report for the audit of the March 31, 2019 annual financial statements.
   - Planning materiality is set at $2 million or approximately 2% of expenditures.
   - BDO completed its interim fieldwork in January 2019 and will perform the audit April 29 – May 10, 2019.
   - The Committee approved the External Audit Plan (Board approval is not required).
   - The audited financial statements will be presented to the Board for approval at the June 28, 2019 meeting.

6. **Internal Audit Plan Update**
   - MNP LLP (MNP) provided an update to the two-year (2018/19 and 2019/20) internal audit plan that was approved by the Committee in January 2018.
   - The Cyber Security audit was completed in September 2018 and Management continues to implement the recommendations;
   - The second audit for fiscal 2018/19 is on Corporate Governance and will assess whether:
     - Governance structures are aligned with strategic direction and have clearly defined roles and responsibilities; and
     - Key frameworks and policies are right-sized for the Corporation in terms of risk and efficacy and are in line with leading practice from a controls perspective.
   - Work has begun and the results of the Corporate Governance audit will be presented to the Committee at its meeting on May 23, 2019.

   - BTY Consulting LLP (BTY) is the Independent Capital Monitor for the PLFP project. BTY first reported to the Committee in November 2018.
   - BTY presented its second quarterly report to the Committee and the Committee was satisfied with the work done and results.
   - The 30% design baseline schedule for the project will be complete shortly.
   - The Committee requested, and BTY confirmed, that once the schedule is complete BTY will report on budget, schedule and scope compliance with respect to the baselines (which are based on 30% design).
   - Consistent with its first report, BTY reported that:
The overall cost and schedule management processes being implemented on the project are in line with industry standards and provide the Board and the Committee with assurance that best practice risk management techniques have been followed in predicting the outturn cost and schedule of the overall project.

The estimates and schedules reviewed contained an appropriate level of detail as would be expected at the due diligence stage and 30% design stage, and contained appropriate allowances for design and escalation risk.

Effective cost control methods such as tracking changes from the baseline estimate and taking corrective measures to ensure the estimates remain within the overall budget have been implemented.

An industry standard Risk Management approach to identifying and mitigating budget risks was implemented and is being followed.

The current overall estimated project cost remains the same as per the due diligence report, totalling $1.185 billion.

This quarter BTY also reviewed Project Communications, Invoicing and Procurement and reported:

- Project Communication & Stakeholder Responsibilities established by WT captures and identifies all program stakeholders correctly and it shows all main program stakeholders and their contractual and informal lines of communication and reporting lines to one another. The roles and responsibilities matrix that has been adopted by WT is detailed and comprehensive and is in line with industry standards for large complex projects.

- Invoice & Payment Process established by WT for reviewing hard and soft cost invoices through to payment processing is in line with industry standards and best practices.

- The timeframes provided for each step along the process is realistic given the size and nature of the project.

- The invoice review and payment process correspond with the tasks outlined in the roles and responsibilities matrix.

- Trade Package Procurement Process appears to be comprehensive and in line with industry standards for large complex projects.

- The work packages on the established “procurement log” are broken down into relevant sections allowing for the budgets, contract values, contingencies, change order amounts, schedule and other relevant items to be tracked and maintained in one industry-standard working document.

- The procurement process corresponds with the roles and responsibilities outlined on the roles and responsibilities matrix.
ON MOTION duly made by [●] and seconded by [●] and carried, it was RESOLVED that:

1. the Minutes of the Closed Session of the Board of Directors meeting held on December 3, 2018, December 6, 2018 and December 7, 2018 be approved, as tabled;

2. the Risk Appetite Statement be approved, as tabled; and

3. the External Audit Fee Proposal and extension of the External Audit Contract with BDO Canada LLP for two more years to March 31, 2021, be approved, as tabled.