

**MINUTES of the Open Session of the  
Finance Audit and Risk Management Committee Meeting of the  
Toronto Waterfront Revitalization Corporation  
Via Hybrid: In-Person and Microsoft Teams Teleconference  
Thursday, June 6, 2024 at 9:00 a.m.**

**PRESENT:** Kevin Sullivan (Chair)  
Drew Fagan  
Laurie Payne

**REGRETS:** None

**ATTENDANCE: WATERFRONT TORONTO**

George Zegarac - Chief Executive Officer  
Ian Ness - General Counsel  
Lisa Taylor - Chief Financial Officer  
David Kusturin – Chief Project Officer  
Meg Davis - Chief Development Officer  
Kevin Greene - Chief Operating Officer  
Julius Gombos - SVP, Project Delivery  
Pina Mallozzi - SVP, Design  
Kristina Verner - SVP, Strategic Policy & Innovation  
Cameron MacKay - VP, Communications & Public Engagement  
Rose Desrochers - VP, Human Resources & Administration  
Don Forbes - Project Director, Soil Remediation & Earthworks  
Ed Chalupka - Director, Government Relations  
Sampada Chandane - Director, Financial Management  
Mary Anne Santos - Director, Financial Planning  
Chris Shiers - Director, Information Technology  
Catherine Murray - Associate General Counsel  
Rina Patel - Accounting Manager  
Vicky Ma - Senior Analyst, Risk Management and Data Analytics  
Natasha Tolkunow - Senior Project Manager, Project Delivery  
Suraj Gupta - Senior Financial Analyst  
Parmit Chhasiya - Program Reporting Analyst  
Charmaine Miller - Executive Assistant to the CEO & Board Admin

Also, in attendance for part or all of the meeting were:

- Vania Emerson, Anamika Srivastava, Stephanie Alessi, Sheila Sankey – Housing, Infrastructure and Communities Canada
- Cory MacDonald, Md Naimul Gani Saif, Jonathon Vita - Ontario Ministry of Infrastructure
- Jay Paleja - Project Manager, Waterfront Secretariat, City of Toronto
- Louis Castillo - BTY Consulting
- Rob Clause, Jeff Barratt - BDO Canada LLP

Ian Ness acted as secretary of the meeting. The Chair welcomed everyone to the meeting of the Finance Audit and Risk Management (FARM) Committee (the “Committee”) of the Toronto Waterfront Revitalization Corporation (“Waterfront Toronto” or the “Corporation”).

With notice of the meeting having been sent to all members of the Committee in accordance with the Corporation’s By-laws and a quorum being present, the Chair called the meeting to order at 9:00 a.m. and declared the meeting was duly constituted for the transaction of business.

## **1. Land Acknowledgement**

Kevin Sullivan acknowledged Indigenous Peoples’ presence and connections to lands under revitalization by Waterfront Toronto.

## **2. Meeting Agenda**

**ON MOTION** duly made by Laurie Payne, seconded by Drew Fagan, and carried, it was **RESOLVED** that the Meeting Agenda be approved as presented.

## **3. Declaration of Conflicts of Interest**

There were no conflicts declared.

## **4. Consent Agenda:**

**a) Highlights of the Key Messages were taken as read.**

**b) Draft Minutes of Open Session February 22, 2024 FARM Committee Meeting**

**ON MOTION** duly made by Laurie Payne, seconded by Drew Fagan, and carried, it was **RESOLVED** that the Minutes of the February 22, 2024 FARM Committee meeting be approved as presented.

## **Items 4c through 4f**

### **Q4 2023/24 Corporate & Project Reporting Dashboards**

Due to the heavy agenda and no significant changes from last quarter, the FARM Committee took the consent agenda item dashboards (namely audit, enterprise risk, liquidity, major capital projects, procurement, regulatory compliance, and ESG) as read and there were no questions from the Committee.

## **5. Year-End Financial Statements March 31, 2024**

The FARM Committee reviewed the Corporation’s financial statements for the year ended March 31, 2024 with management and the Corporation’s external auditors from BDO Canada LLP (BDO).

Following the report by BDO under Item 6 below, a motion was approved by the Committee.

**ON MOTION** duly made by Drew Fagan, seconded by Laurie Payne, and carried, it was **RESOLVED** that the Finance, Audit and Risk Management Committee recommends the audited financial statements for the year ended March 31, 2024 be approved by the Board of Directors on June 24, 2024.

## **6. 2023/24 External Audit Results Report**

Rob Clause and Jeff Barratt, representatives from Waterfront Toronto's external auditor, BDO LLP reported that they would be issuing an unqualified audit opinion, that there were no material matters of concern regarding internal controls, and no matters to be discussed with the Committee without management. Management and BDO responded to questions from the Committee.

## **7. Port Lands Flood Protection (PLFP) Update**

### **a) PLFP Project Update**

David Kusturin, Chief Project Officer provided a visual progress report for the PLFP project.

### **b) Semi-Annual PLFP EAC and Risk Quantification**

Management presented the Q1 2024 Construction Cost Forecast & Risk Update and Quantification for the PLFP project to the Committee. The semi-annual update, which is a key part of the Corporation's project risk management framework, involves the reassessment of construction risk to ensure that the likelihood of achieving the program budget remains high as risks are realized and retired throughout the life of the project.

David Kusturin, Chief Project Officer reported that governments recently recommended that:

- The balance of funding allocated to the Eastern Avenue Flood Protection (EAFP) sub-project (\$3.6 million) be re-allocated to the project contingency. The balance of work planned for the EAFP cannot be implemented because of the work related to the Ontario Line and East Harbour transit hub projects that is being undertaken by Metrolinx; and
- The balance of funding allocated to construct the final layout for the Sediment and Debris Management Area (SDMA) sub-project (\$12.9 million) be re-allocated to the project contingency. The balance of work planned for the SDMA cannot be completed until after the relocation of the Gardiner/DVP ramps has been completed. The timing of this work has not been confirmed however the work will not happen until well after the completion of the PLFP project.

The Q1 2024 results indicate a 96.5% probability of completion within the approved budget of \$1.354 billion, an increase from 95.4% reported six months ago (Dec 2023).

The forecast contingency available to the end of the project has increased to \$39.5 million (from \$28.5 million reported in the March 25, 2024 FARM Chair Report).

The project schedule for substantial completion of flood protection has shifted slightly to January 16, 2025 (from late December 2024), with some seasonally dependent work (planting and asphalt paths) for Promontory Park South still contemplated for completion spring 2025.

### c) Report of the Independent Capital Monitor

BTY Consulting LLP (BTY) presented their **23<sup>rd</sup> report** as Independent Capital Monitor for the PLFP project and noted that:

- The project remains on budget (\$1.354 million) comprising:
  - a) Port Lands Flood Protection: \$1,272.9M, and
  - b) Parks Finishes: \$81.1M
- A revised schedule baseline was issued by EllisDon in March 2024 with a substantial completion date on January 16, 2025 (vs. Dec 31, 2024 previously) and project completion on June 30, 2025 (no change);
- Overall “green” risk level indicating low likelihood of risks impacting the project budget or schedule.
- No material scope changes have been made to the project this quarter.
- The risk management process implemented by WT continues to be robust and in line with industry best practices.

## 8. Project Related Approval – Broadview Eastern Flood Protection Supplemental Capital Approval

Management outlined a \$14.725 million supplemental capital approval request (to a total \$31.025 million) for the continuation of the Broadview Eastern Flood Protection project subject to funding from the City of Toronto.

**ON MOTION** duly made by Laurie Payne, seconded by Drew Fagan, and carried, it was **RESOLVED** that the Finance, Audit and Risk Management Committee recommends for approval by the Board of Directors supplementary capital expenditures of \$14.725 Million (for a total of \$31.025M) to advance the Broadview Eastern Flood Protection Project subject to execution of a funding agreement with the City of Toronto.

## 9. Annual Insurance Program Review

As part of Waterfront Toronto’s Enterprise Risk Management Framework, management shared information related to the Corporation’s annual insurance program renewals, including coverages for Directors & Officers insurance.

Management successfully maintained or enhanced existing coverages for 2024/25 while limiting the overall premium increase to less than 2% from last year.

In line with the August 2022 recommendation of third-party insurance risk advisor, Intech Risk Management Inc., as well as recent benchmarking results provided by HUB, WT cost-effectively increased its Commercial General Liability coverage from \$10M to \$20M this year (this was considered but not implemented last year due to cost).

Total coverage of \$20M for individuals did not change under the Directors & Officers insurance policy.

With respect to adequacy, management reported that WTs coverages are in line with the most recent third-party risk advisor review as well as benchmarking completed by the Corporation's insurance broker, Hub International.

#### **10. Motion to go into Closed Session**

In accordance with By-Law No. 2 of the Corporation and **ON MOTION** duly made by Drew Fagan, seconded by Laurie Payne and carried, the Committee **RESOLVED** to go into Closed Session to discuss items 11, 12, 13, 14, 15, 16(a) & (b) and 17 of the agenda. The exception relied upon for the discussion for items 11 and 14 is Section 6.1.1(a), for item 12 is provided in the minutes of the Open Session February 22, 2024 FARM Committee meeting under item 4(b) of this agenda, for items 13, 15, 16(b) & 17 is Section 6.1.1(k) and for item 21 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 vote on any resolutions pertaining to the Closed Session.

#### **11. Annual Insurance Program Review (continuation)**

#### **12. Consent Agenda**

**Draft Minutes of the Closed Session – February 22, 2024 Committee Meeting**

#### **13. Integrated Annual Report 2023-24**

#### **14. Cybersecurity Update**

#### **15. Fundraising Strategy Update**

#### **16. Quayside Matters**

**a) Quayside Infrastructure and Public Realm Cost Estimate Update**

**b) Capital Approval for Quayside Phase 1 Infrastructure and Public Realm**

#### **17. Business Case and Tri-Government Engagement – Next Phase of Waterfront Revitalization**

#### **18. Motion to go into Open Session**

**ON MOTION** duly made by Laurie Payne, seconded by Drew Fagan and carried, the committee **RESOLVED** to go into Open Session.

The meeting continued in Open Session.

## **19. Resolution(s) Arising from the Closed Session**

### **Item 12) Draft Minutes of the Closed Session – February 22, 2024 FARM Committee Meeting**

**ON MOTION** duly made by Drew Fagan and seconded by Laurie Payne and carried, it was **RESOLVED** that the Minutes of the Closed Session of the Finance, Audit and Risk Management Committee held on February 22, 2024 be approved as tabled.

### **Item 13 2023/24 Integrated Annual Report (IAR) Report**

**ON MOTION** duly made by Laurie Payne and seconded by Drew Fagan and carried, it was **RESOLVED** that the FARM Committee recommends that the Board of Directors approve the 2023/24 Integrated Annual Report substantially in the form presented, with such changes thereto as the Board may approve.

### **Item 16b Quayside Capital Approval**

**ON MOTION** duly made by Drew Fagan, seconded by Laurie Payne, and carried, it was **RESOLVED** that the Finance, Audit and Risk Management Committee recommends for approval by the Board of Directors, subject to the condition noted below, an additional capital expenditure of \$112.8 million for a total capital expenditure of \$182.3 million to continue construction of Quayside Infrastructure and Public Realm Phase I Works using Waterfront Toronto Quayside land/ other revenues, City of Toronto funding from the executed Quayside Delivery Agreement, and utilizing the Corporation's line of credit facility to bridge finance up to \$51.3M of anticipated Quayside Phase 1 revenues, while remaining within the Corporation's overall \$90 million borrowing limit.

The foregoing resolution is subject to the condition that approximately \$13.8M of the expenditure related to dockwall work is conditional upon the Corporation receiving the required funding pursuant to the Quayside Delivery Agreement with the City of Toronto.

### **Item 17 Business Case and Tri-Government Engagement – Next Phase of Waterfront Revitalization**

**ON MOTION** duly made by Laurie Payne, seconded by Drew Fagan, and carried, it was **RESOLVED** that the Finance, Audit and Risk Management Committee recommends for approval by the Board of Directors a capital approval expenditure of \$20.4 million for Villiers Island critical planning and design works, of which:

- \$5 million will be added to the 2024/25 Annual Business Plan and will be funded temporarily using the Corporation's remaining capital reserve balance until funding from one or more governments is confirmed, approved and realized, and

- The remaining \$15 million is subject to funding and will not proceed until funding has been confirmed.

## 20. Termination of the Meeting

There being no further business, **ON MOTION** duly made by Drew Fagan, seconded by Laurie Payne and carried, it was **RESOLVED** that the meeting be terminated at 11:15 a.m. local time.

## 21. Directors Only Discussion

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Committee Chair

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Secretary