

MINUTES of the 46<sup>th</sup> meeting of the Board of Directors of the Toronto Waterfront Revitalization Corporation held at the Novotel Toronto Centre, 45 The Esplanade, Toronto, Ontario, on Thursday, November 24, 2005, at 8:00 a.m., local time.

PRESENT:            Robert Fung, Chairman  
                      Bill Charnetski  
                      Murray Chusid  
                      Vivien Dzau  
                      Marilyn Knox  
                      Ross McGregor  
                      John Ronson  
                      Peter Smith

ABSENT:            Kevin Garland  
                      Mark Wilson

The following additional persons were in attendance, unless otherwise noted, throughout the meeting or only for particular business items as noted in these minutes: John Campbell, President and Chief Executive Officer; Edward Dato, Chief Financial Officer; Victor Wong, V.P. Legal; Christopher Glaisek, V.P. Planning and Design; Allan Leibel, Goodmans LLP; Mark Opashinov, McMillan Binch Mendelsohn LLP; Mayor David Miller and Leslie Woo, Special Assistant to the Mayor.

The Chairman, Robert Fung, continued in the chair, and Ann Marie Landry continued to act as secretary of the meeting.

## **1. Approval of Minutes**

The minutes of the 45<sup>th</sup> meeting of the Board held on October 27, 2005 were deferred to the next Board meeting pending review by Counsel.

## **2. Chairman's Remarks**

The Chairman advised the Board of the resignation of Tony Dionisio due to business obligations and thanked Mr. Dionisio for his service over the past three years. With great sadness, the Chairman also advised the Board of the failing health of Bill Farlinger who was one of the very first Board members of the Corporation.

The Chairman reminded the Board of yet another milestone of the Corporation, namely, the approval of the Policy and Finance Committee of the East Bayfront Precinct Plan and thanked the Corporation staff, City staff and Mayor Miller for their exceptional efforts in this accomplishment. He encouraged the Corporation to keep up the momentum as the projects move from the planning to the implementation stage and stated that the Corporation must now concentrate on selling the vision.

### 3. CEO's Report

John Campbell tabled reports and information on various matters, which included the following subjects and information and on which the following Board and Management comments were made:

- *East Bayfront* (“EBF”) – Special thanks to the City Secretariat on a job well done in completing the City’s Staff Report to the Policy and Finance Committee which went a long way in ensuring the EBF Precinct Plan was approved. The Design Review Panel will be involved in the process going forward commencing with a review of the Block Plan. The landowners on the north side of Queen’s Quay are unhappy about the configuration of buildings specified on the south side of Lakeshore. Meetings are being held with the landowners in an attempt to work something out to achieve their development goals and the Corporation’s precinct plan.
- *West Don Lands* (“WDL”) – Four meetings of the Developer Proposal Call Steering Committee have taken place to date and the terms of reference and conflict of interest issues have been clarified. There are a number of uncertainties that must be clarified prior to the release of the initial Request for Qualifications (“RFQ”). They include soil remediation, district energy, berm/bridge schedule etc. One of the key issues for Committee deliberation is understanding the degree of certainty required regarding various stages of work in the WDL before a RFQ can be issued, e.g. what are the true risk factors, what constitutes acceptable risks and which are on a parallel track for resolution at the time a preferred developer is chosen for District 3. The Regent Park proposal call provides instructive lessons learned for the Corporation. It is expected that the RFQ will be issued in early January, 2006.
- *Interim Sports Fields* - Funding has been improved and the Corporation is engaged in site selection as well as engaging a design consultant. The Corporation is looking at unused TEDCO land as close to Cherry Street as possible which will create a safer area and draw people down to the Cherry Beach area node. The Corporation is in discussions with TEDCO and there is some disagreement on the exact location. There are also some issues regarding the location of the interim sports fields with the owners of the Waterside Sports Complex, a privately owned complex, and the Corporation is attempting to resolved these issues.
- *Overhead Expenses* - The Contribution Agreement (“CA”) for overhead expenses is still under review by the three levels of Government. The Governments are sensitive to the Corporation’s need to staff up in certain areas and have agreed to certain additions prior to the CA being signed. However, the Governments have asked that the Corporation not take on a long term lease commitment to accommodate its required expansion until such time as the CA is signed. The Corporation is attempting to expedite this process.

- *Board Comments on Overhead Expenses* – Marilyn Knox, the Chair of the Compensation Committee, suggested that the Compensation Committee consider proposed arrangements for proposed new positions.
- *Harbourfront Centre (“HFC”)* – The tenders for John Quay have closed and the Corporation expects to award a contract and mobilization by December 1, 2005. The project is scheduled for completion in May, 2006. A contribution agreement for a feasibility study for the Canada Square garage has been approved, however the Corporation has been directed by the three levels of government to be the lead rather than HFC. HFC’s management team has agreed to it as long as they were consulted on all issues.
- *General Schedule and Cost Issues* – The Corporation continues to be concerned about the quality of some of the initial costing estimates and continues to explore possible remedies. The Corporation has found that it has underestimated the time it takes to secure various approvals including contribution agreements generated and executed, Provincial environment assessments, Canadian environmental assessments and Eligible recipient agreements, as well as procurement procedures. The additional time on the front end of each of the Corporation’s projects has resulted in underspending of capital dollars (even while ignoring the “lumpy” capital spending associated with land acquisition). The program management team and the Corporation’s staff will re-assess the approval time intervals based on past experience in order to carry the information forward into the schedule and predict delivery times and cash flow requirements more accurately. The first meeting of the Finance & Risk Management Committee will take place later in the week at which they will discuss ways of putting an end to the delays.
- *Marketing RFQ* – The marketing RFQ will go out to the market by the end of 2005.

Mayor Miller and Leslie Woo left the meeting due to prior commitments.

#### 4. CFO’s Report

Edward Dato tabled the draft minutes of the Audit and Finance Committee Meeting held on October 25, 2005. It was noted that the minutes are very concise and comprehensive and are very helpful to the Board. Edward Dato advised that Lisa Taylor, the Corporation’s Controller, is the person to whom credit is due. Discussion was not required and **ON MOTION** duly made, seconded and carried, it was **RESOLVED** that the minutes of the Audit and Finance Committee meeting held on October 25, 2005 be approved.

It was duly noted that Murray Chusid was opposed to Item 7 of the minutes, being the increase in the amount of reimbursable travel expenses for Royal Ontario Museum executives, previously approved by the Committee on February 5, 2005. Mr. Chusid was opposed to this original spending as well.

## 5. West Don Lands Update

Marisa Piattelli presented to the Board an update on the WDL project, highlighting the following:

- significant challenges remain, but a great deal of progress has been made in recent weeks;
- the schedule is on track to have buildings nearing completion in the west portion of District 3 by the end of 2007 and is likely to be an integrated project consisting of an 8-storey building on King St., townhouses on St. Lawrence and a small apartment building on River St. and will include both market and affordable housing;
- occupancy will not occur before early 2008;
- visual signs of progress will begin in mid January, 2006 with:
  - announced road closures;
  - hoarding installed to enclose most of the area east of Cherry St.;
  - demolition of buildings and infrastructure within the berm footprint and Districts 1 and 3, with first demolition beginning on the McCord site;
  - CN Bridge construction will be underway in early 2006;
  - the soil management facility will be under construction in March, 2006;
  - construction of the berm will commence in May, 2006;
  - construction on the McCord site is scheduled to begin in late 2006;
  - the announcement of the selection of a design team to design the Don River Park with intensive public consultations planned as part of the Park design work.
- the largest risk factor to the scheduling is posed by the current delay in finalizing the soil risk assessment/risk management plan (part of the development application to the City for the WDL) and the City's requirement that the risk management plan be completed, reviewed and approved by the City prior to filing with the Ministry of the Environment. This could add several months to the schedule;
- as a result, the Corporation would not be in a position to complete negotiations with a preferred developer for District 3 until June, 2006 and according to the present schedule, construction on District 3 is currently scheduled to begin in the fall of 2006. The longer it takes to have a

construction start date for the developer, the more the housing deliverables for the end of 2007 are pushed out;

- the Corporation is discussing an alternate strategy with the City which would see the City approving an executive summary of the risk management plan prepared in advance of the more formal plan. The data exists to allow an executive summary to be prepared and previous documents provided to the City such as the soil and groundwater management strategy and the pre-submission form describe the Corporation's intentions in adequate detail. The risk management strategy must comply with the previously approved formative documents; and
- relocation efforts for FoodShare and Absolute are going well and, in partnership with the Ontario Realty Corporation ("ORC"), the Corporation has been able to relocate Absolute to ORC property at 185 Eastern Avenue. The Corporation, ORC and City officials are actively engaged in looking for potential/suitable locations for FoodShare. Lease negotiations are taking place between FoodShare and Cityscape for a property for FoodShare in the Distillery District and the Corporation is concurrently looking at backup options should the Cityscape negotiations not be successful.

## **6. District Energy Update**

Edward Dato provided the Board with a presentation on the activities to date of the District Energy ("DE") Task Force as well as alternative technologies, highlighting the following:

- the Task Force continues to brief the governments on progress on the development of the business plan;
- the Task Force has met with the Waterfront Secretariats from the three levels of government;
- preliminary discussions with interested parties include Enwave, Toronto Hydro, Toronto Community Housing Corporation, potential owner or operator companies (including Epcor, Core Energy, Macquarie Infrastructure)
- follow up discussions with the above mentioned parties and with the IGSC working group will take place in December, 2005;
- the results of informal discussions with Enwave are:
  - they are interested in participating in a RFP;
  - they are flexible with respect to a partnership structure;
  - they would consider being operator without investing, but would not invest without being the operator;

- they have a long-term investment horizon e.g. a will to re-invest profits;
- existing Enwave systems do not have spare capacity - the DE system would be supported with new hot water capacity.
- the results of informal discussions with Toronto Hydro Energy Services are:
  - they are interested in constructing significant electricity generation in the City;
  - co-generation is their preferred approach;
  - WDL and EBF are very small relative to their objectives;
  - they are interested in WDL and EBF as future thermal customers;
  - they are not interested in thermal distribution or end-customer service.
- a Contribution Agreement for the DE system in the WDL has been submitted for approval to the three levels of government;
- the Federal Government is very supportive, and has commissioned a technical review;
- in response to a query from the Board, the Task Force and FVB Energy Inc. (“FVB”), its DE consultant, prepared a short paper (tabled at this meeting) on alternative technologies;
- the Task Force consulted with industry experts and others with experience in constructing and operating DE systems regarding the appropriate energy sources to be used for the WDL;
- FVB identified the following potential technologies and alternative energy sources:
  - co-generation;
  - bio-energy (bio-mass, bio-gas);
  - heat pumps;
  - sourcing third party “clean” energy;
  - solar thermal;
  - green power - such as photovoltaic, wind, bioenergy; and
  - fuel cells with heat recovery.

Mr. Dato provided the Board with more detailed descriptions of each of the potential technologies as well as the challenges in implementing these technologies and alternative energy sources in the WDL DE system and on the principal factors considered, being local climate, energy requirements, availability and financial feasibility. He advised that the DE system in the WDL will be designed in a manner that is amenable to easy adoption of new technologies as applicable. He further advised that the Task Force continues to investigate opportunities for additional energy efficient technologies and sources.

Mr. Dato advised that the next steps on the project include:

- preliminary engineering request for proposals (“RFP”);
- report back to the Board in early 2006;
- detailed design/build RFP;
- operator RFP, while exploring other opportunities for partnership;
- investigation of staged implementation strategy for DE system (interim plant for District 3);
- District Energy in the Developer Proposal Call for District 3.

## **7. Environmental Issues**

Victor Wong advised that he has consulted with Goodmans LLP and AON Insurance and it is agreed that the best way to determine the availability of “blanket” insurance covering environmental risk would be to take a specific area such as the East Bayfront precinct and to develop a preliminary package of information which could then be reviewed by an insurance agent. He advised that the insured parties would be all of the public sector landowners and the Corporation.

He advised that when obtaining insurance, the greater the certainty with respect to the facts, the more refined a quote can be but at the present time, a general overview of the facts will help to understand the quantum of possible premiums as well as the scope of the insurance itself.

He further advised that management is currently putting together an overview package of information which would include a general summary of the environmental condition of the lands as known today and an overview of the proposed remedial action plan. He further advised that once this material has been put together, it will be shared with AON Insurance on a confidential basis to further scope the insurance options available.

Mr. Wong advised that he will continue to update the Board on this issue.

**8. Miscellaneous Issues**

- 2006 Board Meeting Schedule - a proposed schedule was tabled and Board members were asked to advise Ann Landry if there are any issues with any of the proposed dates. It was agreed that the December Board meeting was not required and therefore cancelled.
- Peter Smith advised that he recently spoke with the President of the Canada Mortgage and Housing Corporation (“CMHC”) and that CMHC is launching a pilot project whereby they would provide assistance in the form of grants to corporations to acquire insurance for land acquisition and remediation of land providing the land is used in part for residential affordable housing. Mr. Smith advised that this is very exciting news in that it has not been done before and reinforces the Federal Government’s commitment to redeveloping brownfield lands. It was agreed that John Campbell would arrange for CHMC to brief management on these pilot projects and then management will brief the Board.

**9. Termination of the Meeting**

There being no further business, **ON MOTION** duly made, seconded and carried, it was **RESOLVED** that the meeting be terminated.

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Chairman

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Secretary of the Meeting