

MINUTES of the public portion of the 48th meeting of the Board of Directors of the Toronto Waterfront Revitalization Corporation held at the Radisson Admiral Hotel - Toronto Harbourfront, 249 Queen's Quay West, Toronto, Ontario, on Thursday, February 2, 2006, at 8:00 a.m., local time.

PRESENT: Robert Fung, Chairman
 Bill Charnetski
 Murray Chusid (by telephone)
 Vivien Dzau
 Kevin Garland
 Ross McGregor
 Mayor David Miller
 John Ronson
 Peter Smith
 Mark Wilson

being all of the Directors of the Corporation.

In addition to the general public, 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; Kristin Jenkins, V.P. Public Affairs; Marisa Piattelli, V.P. Government Relations and Special Project Management; Allan Leibel, Goodmans LLP; Bruce Bodden, Karen Pitre and Steve Willis, Toronto Waterfront Joint Venture; Martin Lees, University for Peace; 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 public portion of the 47th meeting of the Board held on January 12, 2006 were tabled, and **ON MOTION** duly made, seconded and carried, it was **RESOLVED** that the minutes of the 47th meeting of the Board held on January 12, 2006 were approved, subject to the amendments as noted in the meeting.

2. Chairman's Remarks

The Chairman reported on the status of the approval of the Memorandum of Understanding ("MOU") between the City of Toronto, Toronto Economic Development Corporation ("TEDCO") and the Corporation, stating that this is yet another important milestone for the Corporation. He noted that the Corporation has already accomplished two other major milestones with the approval of the West Don Lands and East Bayfront Precinct Plans, both of

which are comparable in size to the world renowned London Docklands in England and Battery Park in New York. He stressed the importance of the implementation of the Precinct Plans, how they address domestic issues as well as how the Corporation brands Toronto's Waterfront.

John Ronson advised the Board of the resignation of Marilyn Knox due to her additional responsibilities at Nestle Canada. It was agreed that a letter will be sent to Ms. Knox extending the Corporation and Board's appreciation for her efforts over the last 4 years.

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:

- *Intergovernmental Steering Committee* – The Governments have agreed to allow the Corporation to create subsidiaries for real estate purposes but only on a case by case basis (with a 2 month notice provision). The Contribution Agreement (“CA”) for overheads may not be signed until April, however the Governments have agreed to allow the Corporation to proceed with the premises lease and immediate hiring needs
- *West Don Lands* (“WDL”) – Coordination and implementation work proceeds with the major focus being the demolition, hoarding and road closure work for February. The Corporation is attempting to organize a public event on District 3 signalling the beginning of construction on the WDL. The event will likely take place sometime the week of March 6th to accommodate the dignitaries' schedules.
- *Central Waterfront* - The final draft of the Request for Qualifications (“RFQ”) for the Central Waterfront Signature Design Competition is complete and will be issued on February 3, 2006. The RFQ outlines the process that the Corporation intends to follow, which will include reviewing the RFQ submissions to arrive at a short list of five firms, who will then each produce concept designs for the water's edge and Queens Quay Boulevard, with a focus on the Heads of the Slips, where these two linear routes meet.
- *Portlands Energy Centre* (“PEC”) - It has come to the attention of the Corporation that the Provincial Government will be directing Portlands Energy Centre to go ahead with their proposal of a 550 megawatt facility next to the Hearn plant. The Provincial Government advises that according to the Independent Electricity System Operator, downtown Toronto faces the risk of rolling blackouts by the summer of 2008 unless 250 megawatts of new generation is built and that another 250 megawatts is needed by 2010. The Corporation does not favour the PEC proposal as it envisions a structure adjacent to the Hearn plant (instead of building within the existing structure) and will not be cogeneration (at least not in the beginning). The Toronto Hydro Corporation (“Toronto Hydro”) in concert with a U.S. power company, Constellation NewEnergy (“Constellation”), has tabled an alternate proposal

to resolve the power shortage. The Corporation has learned that the proposal will not be considered primarily because Toronto Hydro and Constellation have not yet completed an Environmental Assessment (“EA”) and that it is not possible to complete an EA in the appropriate time frame (prior to 2008) to avoid rolling blackouts. Toronto Hydro and Constellation’s proposal utilizes the existing Hearn plant and will be cogeneration.

- *Board Comments on the Portlands Energy Centre* – The Chairman strongly suggested that the Corporation take a stand on this issue. Discussion ensued, and it was agreed that the Corporation should take a stand on this issue and that the CEO would send a letter to the Minister of Energy listing the concerns of the Corporation, which includes the following:
 - any power facility built should be in the Hearn plant;
 - the facility should be built as a cogeneration facility; and
 - conservation must be a part of the eventual goal and environmental measures must be taken to reduce consumption.

- *Board Comments and Management Responses on Scheduling Issues* – Concern was expressed by the Board regarding delays on two specific projects, being the Central Waterfront and the Interim Sports Fields, both of which are very important projects and that delays could risk the public’s faith in the Corporation. John Campbell reported that the Corporation continues to suffer from the quality of some of the initial costing estimates and continues to explore possible remedies. He advised that the Central Waterfront/Waterfront Trail must be looked at as a whole and not in pieces in order to ensure consistency. He further reported that the Corporation has been focused on other pressing business such as the MOU for East Bayfront; and that now that the MOU has been approved, work on other projects should move forward in a timely manner. He reminded the Board of his earlier comments on delays and on the Corporation underestimating the time it takes for procurement requirements and to secure various approvals, including approvals for Contribution Agreements, Provincial Environmental Assessments, Canadian Environmental Assessments, and Eligible Recipient Agreements. He further reminded the Board that the Corporation does not have a choice but to comply with all statutory regulations.

Karen Pitre commented on the interim sports fields, reporting that the statutory processes required on Brownfields typically takes 18 months and that the Corporation must be very careful when dealing with contaminated lands. She noted that with political will, some of these processes could potentially be fast-tracked. She advised that a Request for Proposals (“RFP”) has been issued and that a team will be selected February 3, 2006. She further advised that the fields will be ready for use next season.

John Ronson reported that the Finance and Risk Management Committee has discussed the issue of statutory regulations and the resulting delays and is of the opinion that moving these processes in parallel is very important. He indicated that the Committee will be working with Management to attempt to move these activities forward in a timely manner.

Management was asked if there have been enough conversations with political decision-makers and if the problem of statutory regulations has been approached holistically as opposed to project by project.

John Campbell reported that there were 391 Environmental Assessments originally, and that now there are approximately 150. He further advised that the Corporation is working with the Ministry of the Environment and the Canadian Environmental Assessment Agency to attempt to streamline the EA process.

It was noted that Management has been diligent and sufficiently aggressive in dealing with statutory regulations and that these issues are also the responsibility of the Board. It was suggested that perhaps these issues should be addressed politically through the Finance and Risk Management Committee.

- *Board Comments and Management Responses on Port Union Waterfront Park* – Concern was expressed regarding the land acquisition of 5 properties which is influencing the course of construction. Access across or around these properties is essential to establish a continuous waterfront trail. These five properties are located at the approximate centre of the 4 km shoreline between Highland Creek and the Rouge River, just east of the Port Union GO Station. It was noted that this waterfront park is of great importance to the 600,000 Scarborough residents as it connects them to the Waterfront. It was suggested that the Corporation look to the three levels of Government to help expropriate the property. John Campbell indicated that the Corporation's Capital Budget does not provide funding for the acquisition of these properties and that he advised Councillor Gay Cowbourne of this fact on February 1, 2006. This would be reviewed in the next version of the Ten Year Capital Plan.
- *Global Project Schedule* - At the request of the Board at the last Board meeting, Bruce Bodden tabled a draft condensed Master Global Project Schedule which will be reviewed in greater detail at the next Board meeting.

Mayor David Miller and Leslie Woo then left the meeting.

4. University for Peace

Martin Lees, Rector Emeritus of the University for Peace (“UPEACE”), made a presentation to the Board on UPEACE highlighting the following:

- The UPEACE was established in December, 1980 within the framework of the United Nations (“UN”), as a Treaty Organization with its own Charter to support the central Peace and Security objectives of the UN. It is unique in that it has the full support of the UN family, but has the freedom of its own Charter ensuring autonomy.
- UPEACE established its headquarters in Costa Rica as well as a Campus. Costa Rica was chosen, among other reasons, because Costa Rica has not had an army since 1949 and in 1978 the Costa Rica government made a presentation to the General Assembly of the UN and their proposal was accepted.
- UPEACE is the only institution in the UN family authorized to grant degrees at the Master and Doctoral levels. Its establishment reflects the realization by the UN, that building, especially in development countries, a cadre of leadership expert in conflict resolution and peacebuilding issues was critical to economic and social development in many areas of the world.
- From 1982 to 1999, UPEACE operated programmes primarily in the Spanish language and aimed its program at Central and Latin American audiences.
- In 1999, UPEACE began a 5 year expansion program as part of a major revitalization effort initiated by UN Secretary-General, Kofi Annan, with the help of Maurice F. Strong. The activities of UPEACE were extended to other regions of the world so as to support more effectively the peace and security objectives of the UN through education, training and research. This program was supported by Canada through CIDA and the United Nations Foundation and was aimed at “educating the educators” and ”training and trainers” to enhance the impact of UPEACE programs and courses through a multiplier effect.
- The Costa Rica Campus is viewed as being a hub serving a much larger network so that, through carefully forged partnerships, more people and institutions will be reached. To date, UPEACE activities have now reached Africa, Asia and the Pacific, Central Asia and Canada. Since 2000, UPEACE has organized some 60 courses and training activities including workshops and conferences in many parts of the world, reaching nearly 2000 individuals. These courses, often carried out jointly with partner institutions have been aimed at various target audiences, including teacher trainers; UN employees; youth groups; military personnel; academicians; the media and non-governmental organizations (“NGOs”). The contents of the short courses were developed based on the curricula of UPEACE MA Programmes as well as the research and regional activities organized by the University. The

courses are adjusted as required to reflect the realities of the participants as well as their specific needs.

- The Toronto Centre of UPEACE is one of the projects announced by the Prime Minister on July 20, 2004, as part of the Federal Government commitment to waterfront revitalization. The announcement allocated \$3 million to the project over a 2 year period. Funding is provided through Treasury Board and funnelled through the Corporation. In September, 2005, the first \$150,000 was allocated to define the mission and operation and to establish a sustainability strategy.
- The Toronto Centre of UPEACE provides the opportunity to strengthen Canada's place in the world by building on Canada's historic role in peace-building and democratic development, while bringing substantive content to waterfront revitalization.
- The Toronto Centre will be a world focus for education, training, research and dialogue on key topics related to the prevention of conflicts and the building of peace, and the promotion of human security, democracy and good governance.
- The Toronto Centre would offer Master's level programs to an international cadre of students, professional short courses for officials of the UN and other multilateral bodies, governments, NGO practitioners, media, defence forces, trainer of trainers courses and public educational events.
- A critical element of the program is the dissemination of knowledge to address the causes of polarization, violence, terrorism and conflict which will provide a significant multiplier effect, expanding the impact of the Toronto Centre activities throughout Canada and to a worldwide audience. Through the dissemination of multimedia packages based on the events and teaching programs of the Toronto Centre, and branded as products of the Toronto Centre of UPEACE, the program will reinforce Toronto's image as a leading centre for international peace and security.
- The Toronto Centre will reinforce the significant existing capacities of Toronto-area universities in the fields of peace and conflict resolution. It will lay the groundwork for establishing a UN presence in Canada and build on Canada's experience, reputation and capacity in the areas of peace building and security.
- Toronto is an excellent location for the UPEACE. It is a diverse, multicultural community with many potential academic partners right here in the City. The vision is to have the Toronto facility of UPEACE located on the central waterfront, as part of an important cultural cluster which helps brand the new, revitalized waterfront.

Upon the completion of the presentation Board members posed questions and Mr. Lees responded accordingly. Highlights included:

- **Project Funding** - Mr. Lees advised that UPEACE cannot accept funds from the UN as it is a Treaty organization. The UN has no control over UPEACE reports to the General Assembly on their activities every two years. Funds have been raised over the course of the last 5 years from interested governments that support peace related ventures and donations could come from foundations, philanthropic persons, corporations, etc. At the moment, UPEACE is receiving funds from the Federal Government through the Corporation only for the feasibility study. This is a narrowly defined preparatory feasibility phase which will also identify ways to sustain the operation. UPEACE will launch a campaign to establish or identify future funding. UPEACE will not be looking for government funding to provide for ongoing operations.
- **Council Members** - A list of Council Members was tabled. Maurice Strong is the President of the Council and provides a key role, but the day-to-day operations are the responsibility of the Rector.
- **Public Participation** - The extent to which the public at large will have the opportunity to participate was questioned as well as local and regional graduate students. Mr. Lees advised that anyone may participate through individual classes where there is interest. He advised that this is an “outreach” program which encourages the participation of all citizens.
- **Consultation** - Mr. Lees advised that UPEACE has been consulting locally and nationally with educational authorities within the Governments, Universities, Philanthropic organizations, etc. The Board questioned whether or not conversations had taken place with the MONK Centre and encouraged this dialogue.
- **Facility** - The type of facility envisioned was questioned and Mr. Lees advised that the Toronto Centre facility is not meant to be a large campus but a much smaller structure that would accommodate 50-60 students participating in three or four one year Masters programs as well as potential meeting facilities, lecture hall, etc.

Peter Smith then left the meeting.

5. Chief Financial Officer’s Report, Quarter Ended December 31, 2005

Edward Dato presented his financial report and tabled unaudited interim financial statements for the current quarter ended December 31, 2005. He responded to questions from the Directors and provided, among other things, current month and year to date actuals and budget figures for various projects, a variance analysis, procurement update, funding update, consultant costs highlights and an update on corporate finance related matters.

He reported that going forward, a new “Schedule A” which is a statement of financial activities by project, will be added to the financial statements. He reported that Schedule A discloses revenue and expenses by Contribution Agreement and provides the following additional information:

- breakdown of expenses for each project/CA
- breakdown of revenues for each project/CA
- net assets for each project/CA
- balance of deferred contributions for each project/CA

He indicated that this new disclosure is intended to bridge the information gap until the Corporation implements full fund accounting.

Discussion ensued, and **ON MOTION** duly made, seconded and carried, it was **RESOLVED** that the interim financial statements for the period ended December 31, 2005 be approved.

Edward Dato then tabled a report on the 2005/06 2nd Revised Forecast, as well as the 2006/07 Available Funding. Discussion ensued, questions were asked and answered and **ON MOTION** duly made, seconded and carried, it was **RESOLVED** that the 2nd Revised 2005/06 Forecast be approved.

Mr. Dato advised the Board of the development of a new policy with regard to contract extensions and change orders and that a provision will be incorporated into initial procured contracts to allow for possible extensions and/or change orders at a later date. The policy is in draft format at the present time and will be tabled at a future Board meeting, once the Finance and Risk Management Committee has approved it.

6. “Value for Money” Audit

Vivien Dzau, Chair of the Audit Committee (“the Committee”), provided the Board with an update on the progress made to date regarding a Value for Money (“VFM”) Audit. She reported that the Committee has met twice since the last Board meeting (February 2, 2006) and has contemplated the following:

- Understanding what a VFM Audit actually is;
- Scope of Work; and
- Choice of provider.

Ms. Dzau reported on the discussions and conclusions of the Committee meetings highlighting the following:

- The VFM is an operational audit looking at corporate processes and whether or not these processes protect the assets of the organization, are efficient, effective, and comply with Government regulations.
- The Committee contemplated the Scope of the VFM and whether to use a broad based approach to the Audit or to narrow the Audit to include only matters pertaining to compensation and procurement. The latter approach was chosen, at least as an initial measure.
- The Committee consulted the Government Secretariats to attain their view on the terms of reference for the VFM Audit, the Scope of Work and their involvement in the process.
- The Committee contemplated Audit providers and the criteria for selecting said providers. It was agreed that the selected Audit provider would have to have experience in conducting a VFM Audit, would have to show knowledge in the Corporation's business, of the public sector, and of the real estate business, and must be independent. Cost is also a factor. The Committee looked at four potential providers (Grant Thornton, Ernst & Young, PricewaterhouseCoopers and Deloitte & Touche LLP) requesting submissions from each of the four organizations and met with two of the above parties on the submissions.
- The Committee concluded that Deloitte & Touche LLP should be recommended for the VFM Audit as they presently perform the Corporation's external audits and therefore have a great deal of knowledge about the Corporation and its business; they also have extensive experience in performing VFM Audits and their costs were lower.
- The Committee advised that due to the time constraints, cost and lack of manpower, it was agreed that a service provider would not be procured through a formal Request for Proposals process.
- The timeframe of a VFM Audit undertaken by Deloitte & Touche would take approximately eight to ten weeks with two options. The first being a VFM Audit encompassing only compensation and procurement issues and the second broader option being that of providing the framework for a much broader audit and then conducting a VFM Audit only on compensation and procurement matters.
- The Committee contemplated a joint audit with the three levels of Government concluding that this could be complicated. It further discussed an audit with one Government partner but it was concluded that the interests of all three levels of Government could not be met using only one Government partner.
- Management's role in the VFM Audit process is limited to the provision of information to the auditors and to assistance in co-ordinating the project.

- It was concluded that with regard to the review of “procurement”, the questions to be determined include whether or not the right processes are in place, whether the Corporation is procuring the right services, and whether these services should be performed in-house.

There was concern that the Corporation should continue to look forward instead of continually looking backwards. Ms. Dzau advised that the VFM Audit would do both in that it will look at and evaluate the processes presently in place, as well as identify best practices and how the current processes can be improved upon.

It was agreed that consultation with the various Governments on the VFM Audit is very important and that the Corporation will reasonably ensure appropriate consultations.

The Committee put forward a recommendation that the Board proceed with a recommendation to the three levels of Government, that the Corporation undertake a VFM Audit on compensation and procurement matters and that the VFM Audit be conducted by Deloitte & Touche. Further discussion ensued and the following motion was tabled:

WHEREAS the Toronto Waterfront Revitalization Corporation has undertaken to engage in a Value for Money (“VFM”) Audit;

AND WHEREAS the Audit Committee of the Toronto Waterfront Revitalization Corporation has undertaken to provide an implementation plan for a VFM Audit;

AND WHEREAS the Audit Committee has held several Audit Committee meetings and conference calls, has developed an understanding of what a VFM Audit involves, has considered the Scope of the VFM Audit, has consulted with the three levels of Governments as well as with the Secretariats of said Governments and has consulted with the internal and external Auditors of the Corporation;

AND WHEREAS the Audit Committee has looked at four major organizations that would have the capabilities of conducting a VFM Audit, and has conducted the appropriate due diligence on said organizations;

NOW THEREFORE BE IT RESOLVED that the Board recommends to the three levels of Government for their approval that the Corporation undertake a Value for Money Audit encompassing matters regarding Procurement and Compensation only and that said VFM Audit be conducted by Deloitte & Touche LLP, with a contract awarded to them following a procurement review process.

7. Environmental Issues

Victor Wong reported that there was nothing to report at the present time.

Kevin Garland left the meeting due to prior commitments.

8. Environmental Assessment for the Don Mouth Naturalization and Flood Protection

Steve Willis reported that there are two main reasons why the EA for the Don Mouth Naturalization and Flood Protection was undertaken:

- the Lower Don creates a flood risk; and
- it will restore a degraded environment and improve development opportunities.

He indicated that the Corporation has been working with the three levels of Government and with the Ministry of the Environment (“MOE”) and has developed more efficient processes which have saved the Corporation millions of dollars. He then reported on the following:

- Project Delivery;
- Individual EA Process;
- Key components of the Terms of Reference (“ToR”) being goal and objectives, study areas, alternative methods framework, evaluation framework and consultation framework;
- Consultation during the ToR;
- Consultation feedback;
- Alternative discharge points considered;
- Recommended alternatives for the EA;
- Design considerations in the EA; and
- EA process;

He indicated that the draft ToR will be circulated for stakeholder comments. The final ToR will be prepared based on comments received and will be submitted to the MOE in March, 2006. He reported that it will take approximately 12 weeks before the Corporation receives the Minister’s decision and once approved, Stage 2 can begin.

The Board congratulated Mr. Willis and the Corporation on the work done to date regarding the EA process.

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.

Chairman

Secretary of the Meeting