
CAPITAL OVERSIGHT COMMITTEE

**ARTICLE 1.
INTERPRETATION**

1.1. Definitions. In these Terms of Reference, unless the context otherwise specifies or requires:

- (a) **"Board"** means the Board of Directors of the Corporation;
- (b) **"Chair"** means the Chair of the Board;
- (c) **"Committee"** means the Capital Oversight Committee established pursuant to these Terms of Reference;
- (d) **"Committee Chair"** means the Committee chair appointed by the Governance Committee pursuant to section 2.3 of these Terms of Reference;
- (e) **"Director"** means a Director of Board of the Corporation appointed pursuant to the Metrolinx Act;
- (f) **"Metrolinx Act"** means the Metrolinx Act, 2006, S.O. 2006, c. 16, and any regulations thereto, as amended from time to time; and
- (g) **"Subcommittee"** means a subcommittee of the Board struck in accordance with section 2.1 of these Terms of Reference.

1.2. Unless defined in these Terms of Reference, words and expressions used in these Terms of Reference have the meaning ascribed to them in the *Metrolinx Act*.

1.3. Words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing a person include an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator, or other legal representative.

ARTICLE 2. CAPITAL OVERSIGHT COMMITTEE

- 21. Member Number and Selection.** The Capital Oversight Committee shall consist of at least three (3) members, including two (2) Directors, selected by the Board or by a subcommittee struck by the Board. Committee membership shall strive to include an appropriate balance of Directors and non-Directors with specific expertise to provide industry advice and support to the Board in accordance with the Committee's mandate.
- 22. Composition.** The Board shall identify and, to the extent available, retain Committee members who have demonstrated expertise in one or more of the following areas:
- (a) the development, design, procurement, implementation, integration, construction and management of complex, large infrastructure projects and programs;
 - (b) management and mitigation of large infrastructure project risks;
 - (c) quality management in civil infrastructure design and construction;
 - (d) management of project and programmatic budgets and cashflows;
 - (e) utilizing integrated master plans and schedules;
 - (f) public sector and municipal governance; and
 - (g) public/private sector business models.
- Committee members shall serve at the pleasure of the Board for a term of up to three (3) years.
- 23. Chair.** The Board shall appoint a Committee Chair from the Committee members.
- 24. Frequency and Calling of Meetings.** Meetings will be held at the call of the Committee Chair. The agenda for each meeting will be set by the Committee Chair. The Committee shall meet at least four (4) times per year. The meeting dates will be set in advance of the regular Board meetings to ensure reports are produced in time to include in the materials for the Board meeting.
- 25. Quorum.** The presence of the lesser of (a) three (3) members of the Committee, and (b) a majority of the then-current members of the Committee constitutes a quorum for a meeting of the Committee. In the event any Committee member declares a conflict of interest with regards to any one or more matters under

consideration by the Committee, such Committee member will not attend that portion of the meeting dealing with such matter(s) and the foregoing quorum requirement will be reduced by one with regards to any decision or recommendation made with respect to such matter(s).

26. **Voting.** A matter put to a vote at a meeting of the Committee shall be decided by a majority of the votes cast, and in the event of an equality of votes the Chair has a second vote.
27. **Procedure and Conduct.** Subject to the provisions of any resolution of the Board respecting a specific matter, the Committee Chair shall determine the procedure at and conduct of meetings of the Committee.
28. **Minutes.** Once they have been approved by the Committee, copies of the minutes of the Committee proceedings shall be deposited into the Committee meeting book by the Corporate Secretary. The Committee Minute Book shall be available to all of the Directors for inspection, upon request.
29. **Meeting Agenda and Materials.** A written agenda for each meeting of the Committee together with any related materials will be distributed to the members of the Committee at least five days in advance of the meeting date.
210. **Supplemental Attendees.** Any person who may possess information that would be useful to the Committee in carrying out its duties may be invited by the Chair or acting Chair to attend any meeting of the Committee.
211. **Secretary.** The Corporate Secretary or the Corporate Secretary's designate shall act as the Secretary of all meetings of the Committee.
212. **Mandate.** The Committee is being established to offer advice to the Board regarding Metrolinx's activities developing, procuring and implementing large transit infrastructure projects and programs related but not limited to:
 - (a) Metrolinx's systemic capabilities in effectively managing capital projects while appropriately addressing project and program risks, including but not limited to:
 - i. management's process, policies and protocols for assessing, tracking, prioritizing risks and associated mitigation plans;
 - ii. management's methods of validating project plans including procurement approach and project scope, timetable and budget;
 - iii. Metrolinx's capital project organizational design and capabilities;

- iv. management's system of key performance indicators indicating program and project status;
 - v. management's approach to tracking ongoing project financial assessment, comparing forecasts to actuals and outlining the causes of material variances; and
 - vi. management's approach to schedule management, including thoroughness in capturing critical path events, progress to completion, and major project milestones within the master program schedules and interface management protocols;
- (b) the ongoing performance of the Capital Projects Group in delivering its overall portfolio of projects safely, on budget, to schedule and to quality; identifying any key developments for the Board's consideration and supporting Enterprise Risk Management (ERM) oversight as described further under 2.14; and
 - (c) for select projects and initiatives, investigation, review and evaluation of managements key strategic choices such as procurement or delivery approaches, including risks and possible mitigations.

In satisfying this role the Committee will analyze, evaluate and review relevant reports and draft documents related to the above; provide formal and informal feedback, guidance and recommendations to management and/or the Board; and report back to the Board.

Committee members will attend and participate in Committee meetings and review meeting materials provided in advance.

2.13. Risk Management – In satisfying this role, and in keeping the responsibilities of the Audit, Finance and Risk Management Committee on ERM oversight as contained in its respective Terms of Reference, the Committee will:

- (a) Ensure that it fully understands key risks related to the Committee's mandate as set out in these Terms of Reference to which the Corporation is exposed, the Corporation's ERM framework, and the policies, procedures and controls used by management to identify, monitor, assess and manage these risks;
- (b) Ensure that key risks related to the achievement of the Corporation's capital infrastructure programs and projects, including but not limited to strategy and plans are identified and documented with mitigating strategies, and monitored in reaching proposed targets; and

- (c) Review the enterprise risks relevant to the Corporation's capital project mandate on a quarterly basis to ensure that the Committee is apprised of the enterprise risks that exceed the risk appetite and whether management is responding to them.

- 2.14. Self-assessment** - An evaluation of the Committee shall be conducted regularly, in which the Committee shall review its performance for the purpose of assessing whether the Committee fulfilled the responsibilities and duties
- 2.15. Limitation on Committee's Powers and Authority.** Unless otherwise authorized by the Board, the Committee's role is limited to its support as a resource to the Board and to the Corporation's staff and consultants as set out in these Terms of Reference. The Board may accept, reject or modify any recommendations proposed by the Committee.
- 2.16. Reports.** The Committee shall provide the Board with periodic reports of each meeting of the Committee at the next regular Board meeting or as otherwise required by the Board. Committee reports shall set out the Committee's analysis and recommendations following every meeting and adhere to the content and format requirements stipulated by the Board from time to time. Unless otherwise authorized by the Board, reports shall reflect the collective input and recommendations of the Committee based on the consensus of the Committee members.
- 2.17. Review of Terms of Reference.** The Committee shall review and assess the adequacy of these Terms of Reference at least annually. If the Committee recommends any amendments, the Committee shall submit revised Terms of Reference to the Board for its approval.
- 2.18. Confidentiality.** All portions of the Committee's meetings shall be held in camera and all meeting materials, discussions and recommendations confidential. Neither the Committee nor any Committee members, whether individually or otherwise, shall publicly release any report or disclose any materials, recommendations, discussions, or information pertaining to the work and activities of the Committee commissioned hereunder unless first discussed with the Chair and approved for public release.
- 2.19. Conflicts of Interest.** In discharging the Committee's mandate, Committee members shall avoid Conflicts of Interest. A Conflict of Interest exists where a Committee member's other commitments, relationships or financial interests:
 - (a) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of his or her independent judgement; or

- (b) could or could be seen to compromise, impair or be incompatible with the effective performance of his or her responsibilities.

Committee members shall; (i) disclose to Metrolinx staff without delay any actual or potential Conflict of Interest; and (ii) comply with any requirements prescribed by Metrolinx to resolve any Conflict of Interest

- 2.20. Remuneration and Expenses.** To the extent pre-approved by the Committee Chair, the Committee and its individual members shall be reimbursed for all reasonable expenses incurred in accordance with and subject to Metrolinx's applicable policies. Non-Director Committee members will receive a per diem amount of \$400.00 less applicable taxes and deductions for each Committee meeting attended.

Approved by the Board of Directors on February 16, 2023
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