
BOARD OF DIRECTORS

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| DATE OF MEETING: | October 5, 2023 |
| TIME OF MEETING: | 8:00 a.m. |
| PLACE OF MEETING: | J. Robertson S. Prichard Boardroom 4 th floor, 97 Front Street West, Toronto, Ontario M5J 1E6 Video & Audio Conference |
| CHAIR: | Donald Wright |
| PRESIDENT & CEO: | Phil Verster |
| MEETING SECRETARY: | Alba Sandre Taylor, Vice President & Corporate Secretary |
| MEMBERS PRESENT: | Bryan Davies James Dodds (joined at 10:33 a.m.) Janet Ecker (until 11:00 a.m.) Luigi Ferrara Deb Hutton Tony Marquis Emily Moore Reg Pearson Robert Poirier Sylvie Tessier (<i>guest of the Board</i>) Paul Tsaparis |
| REGRETS: | None |
| OTHERS PRESENT: | Ramneet Aujla, Chief Human Resources Officer Karla Avis-Birch, Chief Planning Officer Mark Childs, Chief Marketing Officer Stephanie Davies, Chief Capital Officer - GO & UP Martin Gallagher, Chief Operating Officer (GO & UP) and Chief Safety Officer Jennifer Gray, Chief Financial Officer Barclay Hancock, Chief Payments Officer Karima Hashmani, Chief Inclusion Officer Andrew Hope, Chief Capital Officer - Rapid Transit David Jang, Chief Communications Officer |

Steve Levene, Chief Operating Officer - Rapid Transit
Heather Platt, Chief Legal Officer
Lindsay Allison, Vice President, Capital Finance
Tom Aylward Nally, Senior Manager & Advisor to the Chief Capital Officer
Thom Budd, Vice President, GO Extensions
Sharyn Byrne-Nearing, Vice President, Brand and Marketing
Ben Doadt, Director, Legal Services
Joshua Engel-Yan, Program Sponsor, Eglinton West Extension
Samantha Gursersaud, Board Coordinator
Steven Hobbs, Chief of Staff to the President & CEO
Frank Ibe, Vice President, Transit Operations
Laura Kutisker-Jacobson, Executive Vice President, OnCorr
Samantha Reynolds, Director Commercial - O&M Finance and Performance
Laizabelle San Gabriel, Senior Advisor, Board Governance
Jake Schabas, RER Head Sponsor
Richard Walker, Deputy GO Expansion OnCorr Works
Justyna Witek, Deputy CFO
Chris Phillips, Senior Vice President, Project Delivery (LRTs), Infrastructure Ontario

CLOSED SESSION

1. Call to Order, Land Acknowledgment, and Conflicts

Chair Donald Wright called the meeting to order at 8:00 a.m. The Chair confirmed there was quorum and that the required notice of meeting as stipulated under the By-Law of the Corporation had been sent.

On behalf of the Board, the Chair acknowledged that the Board was meeting on lands traditionally occupied by Indigenous Peoples, including the Anishnabeg, the Haudenosaunee and the Huron-Wendat peoples, and affirmed Metrolinx's commitment to conducting business and building meaningful relationships with Indigenous communities upon the foundation of trust, respect and collaboration.

[Redacted: Personal Privacy]

No other conflicts of interest were declared.

2. CEO/Board In Camera Session

2.1 CEO Report

The Board met in the absence of staff other than the President and Chief Executive Officer.

2.2 Chief Legal Officer Update

The Board met in the absence of staff other than the President and Chief Executive Officer and Chief Legal Officer.

[Redacted: Advice to Government, Solicitor-Client Privilege.]

3. Safety Moment

Staff joined the meeting at 9:12 a.m.

The Chair reviewed safety and security measures and the group held a safety moment, reflecting on construction safety, in particular working around mobile equipment.

4. **[Redacted: Solicitor-Client Privilege, Economic and Other Interests, Advice to Government, Cabinet Records]**

5. **[Redacted: Economic and Other Interests, Advice to Government, Cabinet Records]**

6. **[Redacted: Economic and Other Interests]**

7. 2024-2025 Operating Budget Approval

Jennifer Gray, Chief Financial Officer, and Justyna Witek, Deputy Chief Financial Officer, presented the proposed 2024-2025 Operating Budget to be submitted to the Ministry of Transportation (“MTO”) to initiate related budget discussions.

Staff provided a high-level summary of the operating budget, noting that many Board members attended the prior day’s Audit, Finance and Risk Management Committee (AFARM) meeting. **[Redacted: Economic and Other Interests]** Staff noted that while the Board views a consolidated budget, management breaks out the business lines for certain areas for day-to-day management of the organization.

The President and CEO indicated that this year’s budget proposal is the beginning of two to three years of transition as large portions of the organization undertake transformations **[Redacted: Economic and Other Interests, Advice to Government]**. These will affect Metrolinx’s operating structure and corresponding budget going forward.

The AFARM Chair provided an overview of AFARM's consideration of the budget the day prior, including highlighting constructive suggestions on the format and information to be shared in furtherance of Metrolinx's position, linking expenses with revenues where appropriate, and the opportunity to present options to reduce the operating subsidy **[Redacted: Advice to Government]**.

[Redacted: Economic and Other Interests, Advice to Government, Cabinet Records] The Board discussed the interplay between service recovery, ridership recovery and fare recovery within the context of both pandemic recovery and capital expansion. **[Redacted: Economic and Other Interests]**

Staff noted that an update on budget discussions with the Ministry will be provided to AFARM at the committee's next meeting.

RESOLVED:

THAT management is authorized to initiate budget discussions with the Ministry of Transportation (MTO) and submit an operating budget proposal consistent with the information in the October 5, 2023 Metrolinx 2024-2025 Operating Budget report;

AND THAT management report back on the results of the provincially approved operating subsidy as the process continues;

AND THAT, based on discussions with MTO, management submit any updates to the proposed 2024- 2025 Operating Budget to the Board for approval as part of the 2024-25 Business Plan prior to resubmission to MTO.

Carried

8. 2024-2025 Capital Budget Approval

Lindsay Allison, Vice President, Capital Finance, presented the proposed 2024-25 Capital Budget to submit to MTO to initiate budget-related discussions.

The 10-year capital plan **[Redacted: Economic and Other Interests]**. The 2024-25 spend is expected to be **[Redacted: Economic and Other Interests]**. Staff noted that the latter years of the 10-year plan are primarily for planning and to signal future costs (as these are not immediately funded.) Over the 10-year plan as capital projects come into service and Metrolinx increases its asset management activities accordingly, staff expect State of Good Repair capital funding to increase.

[Redacted: Economic and Other Interests, Cabinet Records]

The Board discussed the budget impact of project delays **[Redacted: Economic and Other Interests, Cabinet Records]**. **[Redacted: Economic and Other Interests, Cabinet Records, Advice to Government]**.

The Board discussed the role of quantitative risk assessments in setting contingency amounts, the different types of contingencies (including contract and post-contract contingency), how contingency is reflected in the budget, how its value can vary depending on the project stage, and the role of the Capital Oversight Committee in monitoring contingency usage.

RESOLVED:

THAT management is authorized to initiate budget discussions with the Ministry of Transportation (MTO) and submit a capital budget proposal consistent with the information in the October 5, 2023 Metrolinx 2024-25 Capital Budget report;

AND THAT management report back on the results of the provincially approved capital subsidy as the process continues;

AND THAT, based on discussions with MTO, management submit any updates to the proposed 2024-25 Capital Budget to the Board for approval as part of the 2024-25 Business Plan prior to resubmission to MTO.

Carried

9. Enterprise Risks

After a short break, the meeting reconvened at 11:00 a.m.

Jennifer Gray and Chris Lansley, Chief Risk Officer, presented an update on Metrolinx's Enterprise Risk Management Program and highlighted key emerging risk areas facing the organization. Based on a recent maturity assessment, Metrolinx's risk governance framework now includes semi-annual updates to the Board, quarterly risk reviews by AFARM and other committees (based on risks relating to their mandates), and monthly reviews by management.

Staff provided an overview of the evolution of the risk landscape since the last update, noting the emergence of some new or increased risks**[Redacted: Economic and Other Interests]**. Staff provided a look ahead at three key areas: Talent Management, Capital Program Delivery GO & UP, and Payments (PRESTO) advancing from procurement into contract implementation.

The Board discussed talent risk and the importance of being able to recruit and retain skilled individuals to execute on Metrolinx's mandate. Staff noted recent recruitment efforts to mitigate this risk and the challenges faced by the organization given compensation restraints.

The Board discussed the overall capacity of the industry, noting the volume of capital works in the Province beyond the transit infrastructure undertaken by Metrolinx. The Board considered the interplay between project priority setting (and phasing) and capacity analysis. **[Redacted: Advice to Government]**. The Board noted that the Capital Oversight Committee would be an appropriate forum for a further discussion on capacity.

In relation to market capacity, the Board discussed the labour market, and encourage staff to consider having labour market discussions on the scope of Metrolinx's needs with the Ministry of Transportation, the Ministry of Labour, Immigration, Training and Skills Development, and the Ministry of Colleges and Universities.

Finally, the Board discussed other risks, including disaster recovery and related IT and cybersecurity risks. Staff noted significant advances in Metrolinx's cybersecurity maturity.

10. [Redacted: Economic and Other Interests, Advice to Government]

11. OnCorr Developments Phase Progress

Stephanie Davies provided an update on the OnCorr Development Phase.

[Redacted: Economic and Other Interests, Advice to Government]

The Board discussed customer impacts once the project moves into construction **[Redacted: Advice to Government]**

The Board discussed price thresholds and sought to understand the limits of price acceptability. Staff indicated that price will be confirmed at the end of the development phase, and acceptability will depend on scope and overall cost which are currently in the process of being developed.

The Board discussed the use of configuration states and the natural decision points as work moves through these states. The Board indicated the value of the use of visualizations to view both processes and outcomes.

Finally, the Board briefly discussed the rationale for the inclusion of steady state resolutions that do not provide additional approval or authority beyond that already granted by the Board.

[Redacted: Economic and Other Interests, Advice to Government]

12. Consent Items

RESOLVED:

THAT Consent Agenda items 12.1 and 12.2 are approved as follows:

12.1 Approval of September 7, 2023 Minutes

THAT the minutes of the Board of Directors meeting of September 7, 2023 be approved.

12.2 Approval of September 28, 2023 Minutes

THAT the minutes of the Board of Directors meeting of September 28, 2023 be approved.

Carried

13. Other Business

There was no other business to discuss.

14. Executive Session

The Board held an executive session in the absence of staff other than the CEO.

15. Adjournment

There being no further business before the Board of Directors, the meeting was adjourned at 12:48 p.m.

Donald A. Wright, Chair

Alba Sandre Taylor, Secretary

c/s