

BOARD OF DIRECTORS

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| DATE OF MEETING: | September 14, 2017 |
| TIME OF MEETING: | 8:00 a.m. |
| PLACE OF MEETING: | Union Station West Wing 97 Front Street West Toronto, Ontario M5J 1E6 Peter R. Smith Boardroom, 4 th Floor |
| CHAIR: | J. Robert S. Prichard |
| PRESIDENT & CEO: | Robert Siddall (Acting) |
| MEETING SECRETARY: | Mary Martin, Executive Vice President, General Counsel and Corporate Secretary |
| MEMBERS PRESENT: | Upkar Arora Kathy Bardswick Rahul Bhardwaj Bryan Davies Janet Ecker Bill Fisch Anne Golden Marianne McKenna Bonnie Patterson Carl Zehr |
| REGRETS: | Rose Patten Howard Shearer |
| OTHERS PRESENT: | Don Dinnin, Chief Financial Officer (<i>Acting</i>) Robert Hollis, Executive Vice President, PRESTO Greg Percy, Chief Operations Officer Judy Pfeifer, Chief Communications & Public Affairs Officer Anita Sultmanis, Chief Customer & Marketing Officer Leslie Woo, Chief Planning Officer Peter Zuk, Chief Capital Officer Peggy Gilmour, Director, Internal Audit |

Jennifer Gray, Director, Strategic Business Planning and Enterprise Risk Management
Martin Powell, Project Director, Research & Planning Analytics
Lisa Salsberg, Senior Manager, Systems Planning
Alba Taylor, Senior Legal Counsel & Associate Corporate Secretary

CLOSED SESSION

1. CEO/Board In Camera Session

The Board met in the absence of staff other than the President and Chief Executive Officer, the Executive Vice President, General Counsel & Corporate Secretary, and the Chief Capital Officer.

The Board discussed staff's proposal to revise the procurement approach for the Regional Express Rail ("RER") Package 3 operations and maintenance procurements.

RESOLVED:

THAT as further set out in a report from the Chief Capital Officer dated September 14, 2017 staff is authorized to continue to explore revisions to the RER Operations and Maintenance procurement process and documentation.

Carried

2. Call to Order and Remarks by Chair

Chair Prichard called the meeting to order at 9:30 a.m.

Chair Prichard confirmed there was quorum and that the required notice of the meeting as stipulated under the By-Law of the Corporation had been sent.

3. Approval of Minutes

RESOLVED:

THAT the minutes of the Board of Directors' meetings of June 28, 2017, and August 24, 2017 be approved.

Carried

4. PRESTO Transit Agency Operating Agreements - 905 and Ottawa

Robert Hollis, Executive Vice President, PRESTO, together with Garry Foster, Chair, PRESTO Subcommittee, presented the terms of the operating agreements negotiated with the 905 municipalities and Ottawa for the ongoing operation of the PRESTO system for approval.

The Board discussed PRESTO program risks such as state of good repair funding and reputational risks that may be impacted by operational circumstances beyond the control of PRESTO. PRESTO will set performance standards that will help mitigate some of these risks.

The Board thanked the PRESTO Subcommittee for their valuable contributions to the PRESTO program.

RESOLVED:

THAT the principle terms of the new PRESTO operating agreements with the 905 municipalities and the City of Ottawa (the "Agreements") to be executed by Metrolinx and the transit service providers, as described in the EVP, PRESTO's September 14, 2017 report to the Board (the "Report") be endorsed by the Board;

AND THAT the final terms and conditions of such Agreements shall be satisfactory to the CFO and the Executive Vice President, PRESTO, which will be substantially in accordance with the terms and conditions set out in the Report;

AND THAT the CEO is authorized to execute the Agreements with the transit service providers, as described in the Report.

Carried

5. Report of Board Standing Committees

5.1 Executive Committee

Robert Prichard, Executive Committee Chair, provided a report on the Executive Committee's July 25, 2017 and August 24, 2017 meetings.

5.2 Audit, Finance and Risk Management Committee

Bryan Davies, Audit, Finance and Risk Management Committee (“AFARM”) Chair, provided a report on the Committee’s September 13, 2017 meeting including a summary of staff’s safety report and the status of the action plans arising from the Auditor General’s 2016 construction contract oversight audit.

5.3 Governance Committee

Rahul Bhardwaj, Governance Committee Chair, provided a report on the Committee’s September 13, 2017 meeting.

The Board discussed the proposed October strategy session agenda. The Board considered actions to improve transparency of Board decision making including adopting a policy of publishing business case analysis before Board decisions, improving the business case analysis framework, publishing the dates of closed meetings, and posting Board meeting minutes, redacted as appropriate.

The Committee recommended that the Board approve the following matters:

5.3.1 Review of Terms of Reference - Risk Oversight (Customer Experience Committee and Human Resources and Compensation Committee)

With the support of the Customer Experience (“CEC”) and Human Resources and Compensation Committee (“HRCC”), the Governance Committee recommended revisions to the CEC and HRCC terms of reference to clarify each committee’s role in reviewing and reporting enterprise risks relevant to their mandates to the Audit, Finance and Risk Management Committee (“AFARM”). The proposed revisions align with revisions made to the AFARM Terms of Reference in June, which continue to see AFARM as the overall risk aggregator, with an enterprise wide focus on risk.

RESOLVED, on recommendation of the Governance, Customer Experience, and Human Resources and Compensation Committees:

THAT the Customer Experience Committee and Human Resources and Compensation Committee Terms of Reference be revised to clarify each committee’s role in risk oversight for matters falling within its mandate, as described in the Executive Vice President, General Counsel and Corporate Secretary and Chief Financial Officer’s September 13, 2014 report to the Governance Committee.

Carried

5.4 Human Resources and Compensation Committee

This item was deferred to the afternoon in camera session.

5.5 Customer Experience Committee

This item was deferred to the afternoon in camera session.

PUBLIC SESSION

6. Call to Order and Remarks by the Chair

Chair Prichard called the meeting to order at 10:05 a.m.

Chair Prichard confirmed there was quorum and that the required notice of the meeting as stipulated under the By-Law of the Corporation had been sent.

Chair Prichard acknowledged receipt of the following correspondence, which has been distributed to the Board:

- a) Correspondence from Steven Del Duca, Minister of Transportation, dated August 29, 2017, regarding the proposed Kirby and Lawrence East GO stations, along with Metrolinx's response from the Office of the Chair dated September 8, 2017;
- b) Correspondence from Regional Chair and CEO Roger M. Anderson, of the Regional Municipality of Durham, dated September 1, 2017, providing comments on Metrolinx's 2017-2018 Business Plan, along with Metrolinx's acknowledgement from the Office of the Chair dated September 1, 2017;
- c) Email correspondence from Murray Lumley, dated September 9, 2017, regarding Metrolinx decision-making transparency, a recent Toronto Star Article by Royson James, and the Scarborough Subway Extension, along with Metrolinx's response from the Office of the Chair dated September 12, 2017;
- d) Correspondence from Kevin Montgomery and Chris Drew, Co-Founders, Fight Gridlock in Brampton, dated September 14, 2017, regarding the Kitchener Corridor expansion, electrification, off-peak GO service, and freight bypass;

- e) Email correspondence from Justin Davis, dated July 21, 2017 requesting the issuance of a monthly, printed TTC PRESTO pass, the elimination of the PRESTO card issuance fee, and the implementation of PRESTO fare gates at the Heath Street entrance at the St. Clair West TTC station; and
- f) Correspondence from Laura Zeglen, dated September 14, 2017, regarding the Davenport Diamond overpass.

Chair Prichard advised that staff will undertake a thorough review of the Kirby and Lawrence East GO stations analysis, including obtaining updated input from the Mayors of Toronto and Vaughan. A report back will follow in February, 2018.

Chair Prichard welcomed Mr. Paul Bedford, a Metrolinx founding director, to the Board meeting.

Chair Prichard thanked Chief Financial Officer Robert Siddall for serving as acting President and CEO throughout September. Metrolinx's incoming President and CEO Phil Verster will join the corporation on October 1, 2017.

7. CEO's Report

Mr. Siddall thanked the Board of Directors and staff for the opportunity to serve Metrolinx as the Acting President and CEO.

Mr. Siddall encouraged the public to review the Draft Regional Transportation Plan ("RTP") over the next three months and provide feedback to Metrolinx.

8. Appointment of Officers

RESOLVED:

THAT Thom Budd be appointed Metrolinx's Vice President, Network Infrastructure, effective as of July 24, 2017;

AND THAT Darryl Browne be appointed Metrolinx's Vice President, Transit Operations, effective as of August 28, 2017.

Carried

9. PRESTO Update

Robert Hollis, Executive Vice President, PRESTO, provided an update on recent PRESTO activities.

PRESTO continues to make progress in the rollout of services and products across the Greater Toronto and Hamilton Area ("GTHA") including: TTC deployment; installation of new fare gates; testing new self-service reload machines and fare media vending devices; and deployment of new products such as the University pass (UPASS).

The retail partnership pilot with Loblaw/Shoppers Drug Mart has proven successful and is being expanded throughout Toronto.

Subject to municipal council approvals, PRESTO has also successfully negotiated a tentative 10-year operating agreement with the GTHA/Ottawa transit agencies.

The Board discussed reload device reliability, the division of costs and responsibilities between Metrolinx and the TTC on installation and maintenance of the new fare gates, UPASS program details, and PRESTO's plans for facilitating open payment as a payment alternative.

Alba Taylor, Sr. Legal Counsel, provided an update on Metrolinx's plans to review Metrolinx's policies and protocols for providing PRESTO information to law enforcement on request. Staff will obtain input from Ontario's Information and Privacy Commissioner, and public input through Metrolinx's digital engagement forum. Staff will also hold a stakeholder session with privacy experts, academics, law enforcement and transit agency representatives to obtain their professional and informed views. Staff confirmed that following consultations, Metrolinx's revised practices and policies will be reviewed by Ontario's Information and Privacy Commissioner and presented to the Board for approval in December.

10. Capital Projects Update

Peter Zuk, Chief Capital Officer, provided an update on Rapid Transit and Regional Express Rail activities. Staff highlighted the magnitude of the expansion underway, which includes the addition of over \$20 billion of assets through new tracks, stations, line expansions and bridge upgrades. Staff summarized progress on Eglinton Crosstown, RER and GO Expansion projects, the issuance of the Hurontario LRT procurement, and continued analysis on hydrogen fuel technology as an alternative to traditional rail electrification.

Staff described noise mitigation strategies proposed through various environmental assessments underway, and the Metrolinx and City of Toronto stage gate decision-making process necessary to advance the SmartTrack stations. Final approval on stations is expected from the City in late spring 2018.

Staff also described work underway at Union Station. The Board asked how that work is being planned to avoid future redundancy or the need to redo work completed, and how customer impacts can be minimized. Staff are undertaking a comprehensive review of work planned and underway at Union Station, including updating related planning information, to ensure flexibility and the ability to meet future needs. Staff described the challenge of undertaking construction projects in an operating environment like Union Station. Customer communication and stakeholder collaboration will be important to minimize disruptions and achieve intended improvements.

The Board asked about capacity restrictions at Union Station, and how design can impact capacity and customer experience. The Board emphasized the need for a holistic review of Union Station. Staff confirmed such a review is underway.

11. The Next RTP: Draft Plan for Public Consultation

Leslie Woo, Chief Planning Officer, Antoine Belaieff, Director, Regional Planning, and Lisa Salsberg, Senior Manager, Systems Planning, presented The Draft 2041 RTP. The Board watched a video that described the work and valuable input received from the Residents' Reference Panel.

Staff described the many changes that have occurred in the region over the past forty years which help set the context for the Draft 2041 RTP.

The Draft 2041 RTP is based on four core strategies:

- continuing the momentum of the previous RTP by completing projects underway
- increasing connections throughout the region by providing more rapid transit
- optimizing the transportation system to improve the traveller experience through policies/programs such as fare and service integration
- integrating land use planning and transportation by reviewing the regulatory framework

Staff described how the Draft 2014 RTP will improve the region.

Staff thanked the GTHA municipal planning commissioners who helped shape the Draft 2041 RTP.

The Board discussed Metrolinx's role in advancing the initiatives in the Draft 2041 RTP. A draft implementation plan will support the Draft 2041 RTP, setting out roles and responsibilities, and prioritizing initiatives. Metrolinx's role will vary depending on the initiative. The analytical framework supporting the plan will also continue to be updated, to ensure analysis is completed on the best available evidence.

The Board made suggestions to further refine the Draft RTP, such as: further emphasizing the importance of land use planning, integration and intensification; identifying the costs associated with delivering the plan; and emphasizing impacts to the Greater Golden Horseshoe.

The Board commented on the magnitude of the Draft RTP. In view of its aspirational nature, the Board asked whether the plan was realistic. Staff described the document as pragmatic, based on evidence and analysis, representing a combination of both realistic and ambitious goals. Staff also noted efforts undertaken to ensure that the plan is resilient, by testing the performance of aspects of the plan under varying economic, land use, climate and technology conditions. Public input will also help assess whether the plan has the right balance of ambition and practicality.

Staff confirmed that the plan also reflects accessibility needs.

The Board stressed the importance of telling residents how their needs will be met through the Draft RTP.

The Board asked about the need to address integrated investment and governance. Staff noted while current progress relies heavily on strong voluntary relationships between partners, there may be a future need to create more structure around roles, responsibilities and collaboration for funding and implementation.

Chair Prichard encouraged Board members to submit written comments to staff. Once revised, the Draft 2041 RTP will be posted for public consultation. Six regional roundtables will also be held throughout the GTHA to facilitate in-person participation. Staff will come back to the Board in December with the results of the public consultation process and a revised RTP.

RESOLVED:

THAT, as described in the Chief Planning Officer's September 14, 2017 report (the "Report") and subject to the Board's comments and any minor copy-editing and final formatting of content and document design, the Board direct staff to prepare the Draft 2041 Regional Transportation Plan (the "Draft Plan") (Appendix A to the Report) for public consultation;

AND THAT as described in the Report, staff undertake a comprehensive outreach and engagement plan for receiving public comments on the Draft Plan between September and December 2017;

AND THAT staff report back to the Board at its meeting of December 2017 on the input received and present a Draft Final RTP for consideration;

AND THAT the Board extend its thanks to the members of the Residents Reference Panel for their significant contributions to the development of the Draft Plan.

Carried

12. GTHA Fare Integration Update

Leslie Woo and Martin Powell, Project Director, Research & Planning Analytics, presented an update on GTHA fare integration. Staff are recommending a step-by-step approach to address current barriers to fare integration. This approach will focus on implementing step-wise modifications to the existing fare structure, such as discounts on double fares between transit agencies and adjusting the GO fare structure. Staff will also continue work with the GTHA transit operators on creating a formal and inclusive decision-making process to harmonize fare policies and establish the longer-term GTHA fare structure.

Staff confirmed that early business case results indicate the step-wise approach performs well, and that implementing these recommendations will not preclude the benefits of a longer term strategy. Staff emphasized the need to take action now, to prevent further fare policy divergence and regional fragmentation.

Staff also noted that customer attitudes on fare integration have changed as travel patterns evolve and the region grows.

The Board asked about Metrolinx's role and authority in advancing a longer-term fare structure, and what can be done to accelerate progress. Staff explained that Metrolinx has an important role in leading the discussion. While other transit operators agree on the need for fare integration, there are concerns about managing related changes (such as customer behavior and operational requirements) and impacts on the different transit operator's business models.

The Board discussed the key issue of funding required to support fare integration. Staff confirmed that decision-making and funding are two critical issues that must be addressed to achieve fare integration. The recommended approach has the benefit of providing immediate impacts with incremental investment.

RESOLVED:

WHEREAS any transformational change for fare integration requires significant change for customers and transit service providers to implement; and

WHEREAS the consultant's Draft GTHA Fare Structure Preliminary Business Case shows making use of fare by distance on additional transit services offers stronger performance; and

WHEREAS the current state is contributing to less “seamlessness” and increased costs for operators and users alike; and

WHEREAS a review of decision making and/or funding will likely be required to deliver full regional fare integration in the long term.

NOW therefore it is recommended that, as described in the Chief Planning Officer, September 14th 2017 report to the Board (the “Report”):

THAT the Metrolinx Board endorse the step-by-step strategy outlined in the Report and that staff report back on December 14th, 2017 on means to advance the strategy which includes:

- Discounts on double fares (GO-TTC)
- Discounts on double fares (905-TTC)
- Adjustments to GO’s fare structure
- Fare Policy Harmonization

AND THAT staff undertake to engage the public and key stakeholders (including municipal elected officials) on advancing the step-by-step strategy;

AND THAT staff post the consultant’s Draft GTHA Fare Structure Preliminary Business Case.

Carried

13. 2016-2017 Annual Report

Bryan Davies, Chair, Audit, Finance and Risk Management Committee, presented Metrolinx’s 2016-2017 Annual Report. Mr. Davies confirmed that the Committee had met with the external auditor, and had reviewed and was satisfied with the Annual Report, including the audited financial statements.

RESOLVED:

THAT the Metrolinx Annual Report 2016-17 be approved;

AND THAT the CEO submit the Annual Report to the Minister of Transportation in accordance with the *Metrolinx Act, 2006*.

Carried

14. Metrolinx 2017/18 Business Plan

Jennifer Gray, Director, Strategic Business Planning and Enterprise Risk Management, presented Metrolinx's 2017/18 Business Plan. Bryan Davies, Chair, Audit, Finance and Risk Management Committee, confirmed that the Committee had reviewed and was satisfied with the Business Plan.

RESOLVED:

THAT the 2017-18 Metrolinx Business Plan attached to the June 28, 2017 report of the Chief Financial Officer be approved for submission to the Minister of Transportation for the Minister's consideration and approval in accordance with section 32 of the *Metrolinx Act, 2006*;

AND THAT, in the event the Minister requests material amendments to the Business Plan, an amended Business Plan be brought back to the Board for further consideration prior to adoption.

Carried

15. Auditor General Report Follow-up

Peggy Gilmour, Director, Internal Audit, provided an update on activities to address the Auditor General's recommendations on construction contract awarding and oversight. Ms. Gilmour confirmed staff are on track to meet the target dates for implementation of action items.

16. Enterprise Risk Management Policy and Framework

Robert Siddall, together with Jennifer Gray and Genefer Behamdouni, Manager, Risk & Insurance, presented Metrolinx's policy and framework for enterprise risk management. The policy and framework have been revised to reflect current best practices and clarify roles and responsibilities, as recommended by a recent health check. Mr. Davies confirmed that the Audit, Finance and Risk Management Committee had reviewed and was satisfied with the proposed policy and framework. Ms. Bardswick, Audit, Finance and Risk Management Committee Vice Chair, noted the revised documents will provide a robust framework that will drive discussions about risks, which was one of the objectives of the review.

The Board discussed actions staff can take to ensure risk management remains a top focus for Metrolinx, and Metrolinx's practices stay current.

RESOLVED:

THAT the Enterprise Risk Management Policy and Framework be approved.

Carried

17. Customer Experience Committee Chair Report

Marianne McKenna, Customer Experience Committee Chair, presented a report on recent Customer Experience Committee activities including: improvements to the GOTransit.com website; on-time performance, new bus routes and expanded rail service; digital signage on accessibility coaches; expanding PRESTO card availability through Shoppers Drug Mart; and the development of design guidelines and a harmonized design review process for Metrolinx infrastructure.

Ms. McKenna confirmed that safety remains a high priority for the Committee.

18. Quarterly Reports

Quarterly Reports for PRESTO, Operations, Planning and Policy, Capital Projects, Communications and Public Affairs, and Customer Experience and Marketing were taken as read.

The Board briefly discussed operational on-time performance, the Bay Street bus terminal, GO bus highway traffic impacts, and the status of the City's work on implementing light rail transit on the Lakeshore.

CLOSED SESSION

The Board briefly discussed protocols to manage disruptive interruptions at Board meetings.

19. Union Station Update

Peter Zuk and Leslie Woo presented an update on the status of projects at Union Station and work underway to update previous studies on capacity and long range service planning for Union Station. This work will include consideration of RER projects and service planning, RTP planning, and working with the City of Toronto to better understand how people disperse around Union Station. The work will also seek opportunities to optimize the station to ensure it can meet expected service needs to 2025. Finally, it will consider policy as well as infrastructure options such as fare integration.

The Board discussed heritage constraints and whether current work underway will need to be redone.

20. CUTA 2018 Fall Conference Sponsorship

Anita Sultmanis, Chief Customer & Marketing Officer, presented a proposal to co-host the Canadian Urban Transit Association fall conference, for approval. The Board briefly discussed the TTC's contributions to the conference. Staff confirmed that Metrolinx and the TTC are making equal cash contributions. The Board also discussed the opportunity this presents to raise awareness and interests in Metrolinx's projects.

RESOLVED:

THAT, as described in the Chief Customer and Marketing Officer's September 14, 2017 report, and subject to the TTC's agreement to co-host and equally share the associated cost of the conference, Metrolinx co-host the Canadian Urban Transit Association fall conference 2018 in Toronto, and provide a \$15,000 cash contribution in exchange for in-kind marketing benefits, as part of a broader partnership totalling \$39,000.

Carried

21. Agenda Proposals for Next Meeting

There were no agenda proposals for the next meeting.

22. Other Business

Rose Patten, Human Resources and Compensation Committee Chair, provided a report on the Human Resources and Compensation Committee's September 13, 2017 meeting. The Committee reviewed roll out plans for the 2017 employee engagement survey and results of the 2016 survey action plans. The Committee has also deferred its succession planning discussions until the spring, to accommodate onboarding and participation by Metrolinx's new CEO. **[Redacted: Labour Relations]**

Marianne McKenna, Customer Experience Committee Chair, provided a report on the Committee's September 13, 2017 meeting. Committee activities included reviewing Metrolinx's brand strategy, design excellence activities, and an update on Union Station work.

The Board discussed opportunities to increase PRESTO adoption.

There was no other business to discuss.

EXECUTIVE SESSIONS

23. Executive Session

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

24. Executive Session

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

25. Adjournment

There being no further business before the Board of Directors, the meeting was adjourned at 2:15 p.m.

Carried

J. Robert S. Prichard, Chair

Mary Martin, Secretary

c/s