

TORONTO STAFF REPORT

September 11, 2006

To: Policy and Finance Committee

From: Shirley Hoy, City Manager
Joseph Pennachetti, Deputy City Manager & Chief Financial Officer
Jeffrey Steiner, President & CEO, TEDCO/TWEC

Subject: Toronto 2015 World Expo

Purpose:

To report on the outcome of discussions with the Province of Ontario and the Government of Canada on the financial guarantee for the 2015 World Expo, the financial participation of the partners and the governance for a new Toronto 2015 World Expo Corporation, in which Board members are appointed by each of the three orders of government.

Financial Implications and Impact Statement:

If Toronto's bid is successful, forecasts by PricewaterhouseCoopers as financial and economic consultant to TEDCO's Toronto 2015 World Expo subsidiary, estimate that hosting the World Expo will result in the proposed implementing Expo Corporation incurring an overall deficit of \$2.2 billion. This will result in a net deficit of \$700 million after taking \$1.5 billion of legacy capital assets into account as shown in Table 1.

The City and the Province have reached an agreement on principles that will guide further negotiations on the apportionment of this forecast deficit amongst the three orders of government. One of the key principles is that contributions towards funding this deficit be proportional to the forecast fiscal benefits realized by each of the governments. As shown in Table 2, PriceWaterhouseCoopers has forecast that the majority of the fiscal benefits will be realized by the Federal and Provincial governments with a modest share being realized by the City of Toronto.

As per the direction received from Council at its May, 2006 meeting, staff will be requesting that the Province provide a guarantee that limits the City's potential overall contribution. Provision of this guarantee will allow the City to proceed with its quest for hosting the 2015 World Expo on a fiscally prudent basis, consistent with Council's sustainability goals. This report recommends

that the results of the negotiation between the City, the Province of Ontario and the Government of Canada be reported back to the City Council in early 2007.

**Table 1 - Capital and Operating Summary of the World Expo Corporation
(\$2006 Billions)**

World Expo Corporation Capital Summary:	
Capital Expenditures	(2.8)
Sale of Assets	0.1
Total Capital Costs	(2.7)
World Expo Corporation Operating Summary:	
Operating Expenditures	(1.0)
Financing Costs	(0.6)
Operating Revenues	1.3
Funding from Other Expo Revenues	0.8
Total Operating Profit	<u>0.5</u>
World Expo Corporation Estimated Overall Expo Deficit	(2.2)
Residual Legacy Capital Assets	1.5
Net Deficit	(0.7)

Table 2 – Forecast Fiscal Benefits of Expo 2015		
Level of Government	Forecast Fiscal Benefit	Share of Total Fiscal Benefit
Federal	\$2,700	51%
Provincial	\$2,000	38%
Toronto	\$300*	6%*
Other Jurisdictions	\$300	6%
Total	\$5,300	100%
*clarification required with respect to whether this amount incorporates education taxes remitted to the Province		
Source: Economic Feasibility Report for Phase 1, PricewaterhouseCoopers		

The Deputy City Manager and Chief Financial Officer have reviewed this report and concur with the Financial Impact Statement.

Recommendations:

It is recommended that City Council:

- (1) endorse the Financial Principles outlined in Attachment 1 of this report as the basis for finalizing a Memorandum of Understanding with the Governments of Ontario and Canada on the City's participation in the capital investment and financial guarantee for the 2015 World Expo and, in doing so, reaffirm its request of May 23, 2006 that the Government of Canada submit a formal Bid to the Bureau International des Expositions (BIE) no later than November 2, 2006, to host the 2015 World Exposition in Toronto;
- (2) authorize the City Manager and the Deputy City Manager and Chief Financial Officer jointly with TEDCO/Toronto 2015 World Expo Corporation to continue discussions with both the Provincial and Federal governments to confirm the nature of the financial partnership in accordance with the above principles and to report to Council in 2007 on the outcomes of these discussions;
- (3) endorse the Governance Principles outlined in Attachment 2 of this report as the basis for finalizing a Memorandum of Understanding among the Federal, Provincial and City governments on the governance structure for a new 2015 World Expo Corporation;
- (4) endorse the proposed governance structure for the bid phase of the new 2015 Toronto World Expo Corporation generally as shown in Attachment 3 of this report including:
 - (i) A 12-member Board of Directors, plus a Chair mandated to oversee the development, submission and advancement of the Bid, preferably with four members appointed by each of the government partners in accordance with a single skills matrix, and a chair to be jointly appointed by the three governments;
 - (ii) A Board of Governors comprised of private and public sector leaders and mandated to market and promote Toronto, Ontario and Canada's Bid nationally and internationally;
 - (iii) A Domestic Outreach Committee co-chaired by a municipal elected official from the City of Toronto and senior official of the new Corporation and mandated to develop domestic support for the bid and to ensure that the bid process is transparent and reflective of a diversity of perspectives;
 - (iv) the following committees of the Board, with membership including both Board of Directors representatives and representatives of other stakeholder groups:

- Executive Committee
 - Audit Committee
 - Finance and Risk Management Committee
 - Domestic Outreach Committee
 - Corporate Sponsorship Committee
 - Marketing Committee
 - Governance Committee
 - Government Relations Committee
 - Waterfront Committee
- (5) authorize City staff and TEDCO with its existing Toronto 2015 World Expo Corporation to take the necessary actions to advance the new governance structure in accordance with the above principles and structures, using the Corporate vehicle recommended by the City Solicitor and to report to Council in January 2007 on the mandate of the new Corporation, the recommended municipal process for appointing directors and the skills matrix to guide the selection of Board members;
- (6) authorize TEDCO/Toronto 2015 World Expo Corporation to continue to lead in managing the bid process together with City officials, with TEDCO/TWEC funding the initiative until the next report to Council in January, 2007 and the Board of the new “Bid Corporation” is engaged.
- (7) require that a comprehensive risk management program be developed and implemented by the new 2015 Toronto World Expo Corporation, when in place, with the program to be developed in consultation with the government partners, with a view to maximizing the chances of a winning bid and ensuring that the investment in the 2015 World Expo is well managed;
- (8) that the existing and new 2015 World Expo Corporation work with its public sector partners to maximize private sector involvement in the 2015 World Expo ; and
- (9) that all City officials be authorized and directed to take the necessary actions to give effect thereto.

Background:

At its May 2006 meeting, City Council considered Joint Report 1 from the Policy and Finance and Economic Development Committees, comprised of 13 studies commissioned by the Toronto 2015 World Expo Corporation (TWEC), a subsidiary corporation of the Toronto Economic Development Corporation (TEDCO) on the potential of Toronto bidding for and hosting a World Expo in 2015 Council endorsed a bid in principle. Council requested that TEDCO/TWEC and City staff commence discussions with the other orders of government on the financial guarantee for the 2015 World Expo, which is required by the Bureau International des Expositions (BIE) by November 2, 2006, as a condition of submitting a bid. TEDCO and City staff were also asked to report back to Council on the outcome of these discussions and the governance structure for the future EXPO Corporation, recognizing that this corporation must include representatives

from all stakeholders, including the three orders of government. The report responds to these directives.

On May 2, 2006, Turkey declared its candidacy for 2015 World Expo on behalf of the City of Izmir. Under the rules of the BIE, Canada must formally declare its Bid within six months by November 2, 2006. It is likely that a second bid will be received from Russia on behalf of Moscow prior to the November deadline.

Comments:

1. Intergovernmental Discussions

Staff of TEDCO/TWEC, along with their consultants and City staff from the Waterfront Secretariat, Finance Division, Economic Development, Culture and Tourism Division, City Manager's Office and Legal Services has been in detailed discussions with the Province of Ontario since June 2006. In addition, a draft Business Plan has been prepared and submitted by the TWEC for consideration by the Government of Canada.

Discussions with the Federal Government have been led by the Department of Canadian Heritage, which has responsibility for Canada's participation in international exhibitions. They have focused on business plan requirements and management of the bidding process. The Federal Finance Ministry is also significantly interested in the business plan.

The Province of Ontario's review of the 2015 World Expo has been undertaken by a variety of Ministries, including Tourism, Public Infrastructure Renewal, Finance and Legal. Discussions have focused on developing joint approaches to capital investment and governance for a new bid corporation and a successor corporation to implement the bid should Canada be successful.

With submission of the business plan to the Department of Canadian Heritage, Federal officials have been formally invited to participate in more intensive discussions intended to result in the development of a memorandum of understanding (MOU) between the governments on governance and preliminary financing agreements. This MOU or other forms of assurance is to be completed prior to submission of Canada's candidacy on November 2, 2006.

The results of the above processes will likely be presented to the Ontario Cabinet in September 2006 and to the Federal Cabinet in October 2006.

2. Governance

In approving the May 2006 report, Council endorsed general principles for governing the 2015 World Expo initiative. These included: attracting the highest calibre of board members based on their skills and expertise; minimizing duplication with other entities involved in the waterfront; ensuring sound financial and risk management; performing in a results oriented, transparent and publicly accountable manner; and enabling a seamless transition from the bid to implementing phases of Expo. These principles, which were developed for Council's consideration, formed the

basis of discussions with Provincial officials on development of a new 2015 World Expo Corporation.

This new Corporation is to include representatives appointed by each of the three governments. City and Provincial officials have reviewed and refined the principles endorsed by Council. It is anticipated that they will be formalized by Federal officials as part of their due diligence review of the 2015 World Expo Business Plan.

The revised principles, which continue to reflect Council's direction, include a commitment to:

- (a) Attracting the highest standard of Board members according to their skills, perspectives and expertise, as defined by a "skills matrix", who are recognized leaders in the public and private sectors both domestically and internationally and who are results oriented, with a consistent focus on securing and presenting an excellent 2015 World Expo;
- (b) Avoiding unnecessary duplication with existing organizations by partnering, coordinating and cooperating effectively with relevant entities in both the public and private sectors that are impacted by a 2015 World Expo in the waterfront and beyond;
- (c) Ensuring sound financial management and financial risk mitigation, delivering all required tasks and initiatives on time and on or under budget;
- (d) Ensuring transparency and accountability to, thus enabling taxpayers to be confident that public resources are properly invested and that the objectives of the government partners are satisfied and that value for their investment is realized;
- (e) Ensuring that participation in the governance of the Toronto 2015 World Corporation, including representation on, and selection for, the Board of Directors, aligns with the risk and reward assigned to each stakeholder.
- (f) Ensuring that the transition from a "Bidding Corporation" to an "Implementing Corporation" is as seamless and expeditious as possible.

Further discussion and refinement of these principles will be required should the initiative move to implementation with the Federal Government at the table. At this preliminary stage, however, Provincial and municipal officials have agreed that an implementing corporation must demonstrate a commitment to balancing the need to be nimble and fluid with appropriate accountability and stakeholder oversight requirements. An implementing corporation must be capable of making timely decisions that permit the World Expo, a major capital project, to be effectively managed and delivered on time and on or under budget. The Corporation must have a consistent focus on producing an excellent event that exceeds stakeholder expectations and allows for participation by a diversity of communities and perspectives.

3. Mandate and Responsibilities of the New Expo Corporation for the Bid Phase:

In translating governance principles into an effective corporate structure for the “Bid Corporation”, Provincial, City and TEDCO/TWEC officials developed a preliminary mandate and list of responsibilities of the Corporation.

The proposed mandate of the EXPO Bid Corporation, which will be refined and subject to a further report to Council in January 2007, is to prepare and promote an outstanding winning bid that excites all stakeholders, including the BIE. During the bid phase, the Corporation will be charged with procuring the resources required to under take a variety of tasks including:

- Generating public and volunteer support of the bid;
- Marketing and promoting activities, including sponsorship, advertising, and community and institutional engagement;
- Preparing the formal bid documents and required supporting material;
- Managing the relationship with the BIE, including hosting a Mission of Inquiry in 2007;
- Ensuring that the above activities, especially as they relate to sponsorship, financial management and procurement, are undertaken in an open and transparent manner; and
- Reporting to Council and other stakeholders as necessary.

4. Governance Structure of the Proposed Expo Corporation:

Based on the above mandate and responsibilities, staff is recommending a governance structure that includes a Board of Directors as the primary governing body, a Board of Governors, a domestic outreach committee and eight additional committees of the board. This structure is consistent with the preliminary structure endorsed by Council in May 2006. Each of these bodies is discussed below. In addition, Attachment 3 provides a graphic representation of the governance structure.

Board of Directors:

The Board of Directors is the decision making body governing the EXPO initiative and fully responsible and accountable for achieving the organizations mandate. Board members will be required to recruit the appropriate staff, recruit members of the Board of Governors, develop terms of reference for Board Committees and ensure effective financial oversight, transparency and accountability. Members will be required to comply with all corporate governance policies and their fiduciary responsibility will be to the new World Expo Corporation.

A board of twelve members plus a chair is recommended, preferably with each order of government appointing four members in accordance with a single skills matrix to which all partners agree, and the three governments jointly appointing the chair. This Board structure and appointment process reflects the tri-government partnership required by the World Expo initiative, facilitates the recruitment of private partners, is large enough to ensure the appropriate mix of Board member skills and streamlined enough to ensure effective and timely decision making.

TEDCO and City staff will report to Council in January 2007 with the recommended skills matrix and the proposed process through which municipal appointees are to be recruited for the Board. The new corporation and board are to be in place early in 2007. Following the smooth transition of Expo activities to the new corporation, steps will be taken to wind down the existing TWEC.

Board of Governors:

The Board of Governors is proposed to be a larger body of key public and private sector leaders who have the skills and connections necessary to champion and encourage support of a Toronto, Ontario and Canada bid on the international stage. While this body will have no fiduciary oversight or approval responsibilities and will be accountable to the Board of Directors, it will be key in securing votes through outreach and other activities. The recruitment process for this body will be developed by the Board of Directors in consultation with the three government partners and will employ the same skills matrix as that used for the Board of Directors.

Domestic Outreach Committee:

Maintaining domestic support for a World Expo bid is a critical success factor. The Domestic Outreach Committee is to be comprised of community and business leaders from across Toronto and Canada who can champion the Bid and encourage local and regional support for it. The Committee is to be citizen-based, inclusive, and reflective of a diversity of perspectives. It will play a key role in assisting the new Corporation in hosting the BIE. To ensure effectiveness and inclusiveness, it is proposed that this Committee be co-chaired by an elected official from the City of Toronto and a senior official from the Bid Corporation.

Committees of the Board

It is recommended that the following committees be created to support the Board of Directors of the 2015 World Expo Corporation during the bid phase:

- Executive Committee
- Audit Committee
- Finance and Risk Management Committee
- Domestic Liaison Committee (discussed above)
- Corporate Sponsorship Committee
- Marketing Committee
- Governance Committee
- Government Relations Committee
- Waterfront Committee

This structure is recommended to ensure transparency, accountability, effective financial and risk management practices, transparent and accountable sponsorship and procurement activities and maximum stakeholder involvement. Terms of Reference membership for each Committee are to be developed by the Board of Directors, with input from the governments. With the exception of the Domestic Outreach Committee, it is expected that all committees will be chaired by a Board

of Directors member. Committee membership will include representation from a diversity of stakeholders, however, to broaden participation in and support of the bid.

5. Corporate Vehicle for Creating the Expo Corporation

In May 2006, Council recommended that a request be submitted to the Province of Ontario to “incorporate a new corporation structured as a Non-Share Capital Corporation pursuant to the Ontario Business Corporation Act”. It should be noted that it is the Ontario Corporations Act that would enables the creation of such a corporation. At the time of this recommendation, however, neither Provincial nor Federal officials were engaged in governance discussions. It has subsequently been determined that a number of corporate vehicles exist through which the new corporation could be established, each offering different benefits. As a result, it is recommended that the City Solicitor be authorized to work with Provincial and Federal officials of to determine the most appropriate legal vehicle for establishing the new Expo Corporation and to take the steps necessary to create the Corporation.

6. Principles of Financial Participation

The principles of financial participation shown in Attachment 1 of this report will guide the nature and structure of the public sector investment in the Expo initiative. The financial principles recommended by staff and subject to Council and Cabinet approval are:

- (a) To be guided in the negotiation of shared costs and risks of the project in order to:
 - Protect the public interest and promote public policy objectives (including waterfront revitalization, brownfields remediation, affordable housing creation, legacy infrastructure, tourism promotion, economic growth)
 - Provide value for money
 - Maintain appropriate public control/ownership
 - Provide clear accountability
 - Ensure fair, transparent and efficient processes in managing risk and costs and in contributing to cost reductions
- (b) To vigorously pursue alternative financing and private sector participation in order to mitigate risks (project costs and timing) and to negotiate cost-sharing agreements that reduce direct costs to all government partners, subject to the assessment of the most appropriate financing and procurement models which are in keeping with the principles outlined in Attachment 1.
- (c) To the apportionment of an appropriate allocation of costs and risks reflecting:
 - The share of the anticipated benefits (fiscal, economic and other) accruing to each party
 - An affordable and sustainable financial plan from the perspective of each of the government partners
 - The roles and responsibilities of other stakeholders, including those of the private sector and the EXPO Corporation itself.

- (d) To pursue the feasibility of leveraging future land use opportunities on public land in the EXPO site in a manner that reduces EXPO risks or costs and that supports the waterfront revitalization initiative and respects the activities and mandate of the Toronto Waterfront Revitalization Corporation.
- (e) To develop and implement a risk management framework and risk mitigation strategy to protect the public interest that shall guide the approach and structure of governance of the Expo Bid and Implementing Corporation.
- (f) To be informed by the best practices and key success factors of previous funding and cost-sharing agreements.
- (g) Cost-sharing for EXPO shall not result in the elimination or reduction of funding that has already been committed under existing negotiated funding frameworks.
- (h) To undertake marketing and promotional activities exclusively for the bid phase of the initiative, putting in place the procurement, contractual and other mechanisms necessary to ensure that sponsors recruited during this phase are not conferred unfair advantage in the implementation stage or are excluded from future bid opportunities due to real or perceived conflict of interest.
- (i) To create nimble but effective mechanisms through which the EXPO Bid and Implementing Corporation will report to each of the government partners during both Bid and Implementation phases of the initiative.
- (j) To proceed in good faith discussion and negotiations.

These principles are intended to ensure a 2015 World Expo will accomplish several key objectives. First, they help ensure that the three governments each contribute investment capital at an appropriate and proportionate level of commitment and risk. As shown in Table 2, the majority of the fiscal benefits resulting from hosting Expo will be realized by the Federal and Provincial governments.

The nature and amount of the investments by the governments must be established with forethought to achieving broader strategic public policy objectives such as enhanced international trade, infrastructure development, promotion of long term tourism and economic growth, waterfront revitalization and environmental sustainability. In this way the 2015 World Expo becomes much more than a six month event, but instead leverages strategic, transformative and positive change in Canada, Ontario and Toronto.

Second, principles ensure that the private sector has significant involvement in Expo that extends beyond providing corporate sponsorship, corporate pavilions and bid championing. The private sector must be encouraged to invest and the public partners must jointly identify those portions of the project that can be successfully undertaken by the private sector. This will be the subject of additional analysis in the coming months.

Third, principles identify the need to leverage the value generated Expo in and around the Expo site and to use this value as a catalyst for renewal initiatives and to mitigate the risk associated with the up front capital investment. The latter is made possible as the event increases the value of lands. This value can be monetized through revitalization initiatives following the event, with revenues either reinvested in renewal or, if there is a net surplus, used as a municipal contribution to defray the initial Expo investment. The extent to which this is possible requires additional analysis and the preparation of precinct plans for the Port Lands, some of which are to be developed by the Toronto Waterfront Revitalization Corporation in 2007.

Additional principles relate to how the new Expo Corporation will operate. They ensure that financial commitments from investment partners provide strong value for money and are formalized in a transparent and accountable manner that protects the public interest. This will require the corporation to develop and implement a risk management framework beginning in the bid stage and to provide conditions or parameters for private sector involvement. The best practices of past major events and capital projects should be used in developing the framework and investment conditions.

Finally, the operation of the new Corporation needs to be nimble, efficient and fluid or otherwise it will be difficult to deliver the project on time and on or under budget. The need for independence must be balanced with transparency and accountability. This will require the development of effective, periodic reporting mechanisms to the investment partners.

7. Nature of Financial Participation

Financial participation in the 2015 World Expo consists of capital investment and the financial guarantee. The estimated amount of capital investment required for the World Expo is \$2.8 billion, exclusive of financing interest and the investment required to build the Canada, Provincial and any municipal pavilions. Other nations, non-governmental agencies and the private sector will contribute at least \$1.7 billion of additional investment. Ongoing initiatives as part of the Waterfront Revitalization Corporation's mandate such as the provision of public transit and green spaces would occur in parallel and compliment event. Expo is expected to generate an overall deficit of \$2.2 billion, which will result in a net deficit of \$700 million after taking \$1.5 billion of legacy capital assets into account as shown in Table 1.

As per the direction received from Council at its May, 2006 meeting, staff will be requesting that the Province provide a guarantee that limits the City's potential overall contribution towards funding this deficit.

In addition to a guarantee that protects the City, a senior level government must also provide a guarantee to the BIE that ensures the availability of the overall funding for the Expo. As it is a Federal government policy not to provide such a guarantee, this responsibility falls to the Provincial government. As a result, it will be largely a Provincial decision as to how it wishes to finance the guarantee. It is anticipated that in September the Ontario cabinet will consider its role in the financial guarantee.

8. Risk Mitigation

The development of risk mitigation strategies and implementation of risk management polices is key to ensuring that Expo is implemented effectively and in a financially responsible manner. In the coming months, prior to the commencement of the bid, the Toronto 2015 World Expo Corporation, in consultation with the government partners, will develop a series of policies which will help detect, monitor, evaluate and mitigate risks.

9. On-going Activity and Next Steps

To date discussions between TWEC and the orders of government have been positive and productive. However, a number of issues remain outstanding. TEDCO/TWEC, in conjunction with the City Manager, the Deputy City Manager and Chief Financial Officer and the Province of Ontario must further engage the Government of Canada with a view to reaching a memorandum of understanding or assurances on a joint financing agreement. As noted earlier, this task should be completed by November 2, 2006.

In late September the Ontario cabinet will likely formally consider the Province's commitment to Expo 2015. The Federal Cabinet will likely consider its commitment in October. Detailed discussions, with Federal officials at the table, are expected to begin immediately with a view to confirming with the BIE Canada's intent to submit a Bid by November 2, 2006. Following this confirmation, the new Expo Corporation is to be created and its board populated by appointments made by each of the three orders of government.

Finally, the private sector must be engaged, with the initial focus on obtaining corporate sponsorship for the bid phase and securing international support of Canada's bid.

Conclusions:

The due diligence undertaken by TEDCO and its TWEC subsidiary concludes that the Toronto should request that the Government of Canada make a formal bid for the 2015 World Expo.

Negotiations with the Province have resulted in the creation of financial and governance principles and conditions that will allow Toronto to host a successful and transformative Expo. The Government of Canada has been engaged through the development of a Business Plan and in the coming weeks will be engaged in negotiations around a tri-party memorandum of understanding on financing and governance issues.

Hosting a World Expo is a unique opportunity for the Toronto, Ontario and Canada to be profiled on the international stage. It creates economic benefits throughout the region and will have a transformative impact on the city and country.

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Attachment 1 – Financial Principles

The Toronto 2015 World Expo should foster transformative change and long term economic growth. Therefore the parties agree:

1. To be guided in the negotiation of shared costs and risks of the project in order to:
 - Protect the public interest and promote public policy objectives (including waterfront revitalization, brownfields remediation, affordable housing creation, legacy infrastructure, tourism promotion, economic growth)
 - Provide value for money
 - Maintain appropriate public control/ownership
 - Provide clear accountability
 - Ensure fair, transparent and efficient processes in managing risk and costs and in contributing to cost reductions
2. To vigorously pursue alternative financing and private sector participation in order to mitigate risks (project costs and timing) and to negotiate cost-sharing agreements that reduce direct costs to all government partners, subject to the assessment of the most appropriate financing and procurement models which are in keeping with the principles outlined in (1)
3. To the apportionment of an appropriate allocation of costs and risks reflecting:
 - The share of the anticipated benefits (fiscal, economic and other) accruing to each party
 - An affordable and sustainable financial plan from the perspective of each of the government partners
 - The roles and responsibilities of other stakeholders, including those of the private sector and the EXPO Corporation itself.
4. To pursue the feasibility of leveraging future land use opportunities on public land in the EXPO site in a manner that reduces EXPO risks or costs and that supports the waterfront revitalization initiative and respects the activities and mandate of the Toronto Waterfront Revitalization Corporation.
5. To develop and implement a risk management framework and risk mitigation strategy to protect the public interest that shall guide the approach and structure of governance of the Expo Bid and Implementing Corporation.
6. To be informed by the best practices and key success factors of previous funding and cost-sharing agreements.
7. Cost-sharing for EXPO shall not result in the elimination or reduction of funding that has already been committed under existing negotiated funding frameworks.

8. To undertake marketing and promotional activities exclusively for the bid phase of the initiative, putting in place the procurement, contractual and other mechanisms necessary to ensure that sponsors recruited during this phase are not conferred unfair advantage in the implementation stage or are excluded from future bid opportunities due to real or perceived conflict of interest.
9. To create nimble but effective mechanisms through which the EXPO Bid and Implementing Corporation will report to each of the government partners during both Bid and Implementation phases of the initiative.
10. To proceed in good faith discussion and negotiations.

Attachment 2: Governance Principles

The following principles shall be implemented to ensure the effective governance of the 2015 World Expo Corporation.

- (1) Attracting the highest standard of Board members according to their skills, perspectives and expertise, as defined by a “skills matrix”, who are recognized leaders in the public and private sectors both domestically and internationally and who are results oriented, with a consistent focus on securing and presenting an excellent EXPO 2015.
- (2) Avoiding unnecessary duplication with existing organizations by partnering, coordinating and cooperating effectively with relevant entities in both the public and private sectors that are impacted by EXPO 2015 in the waterfront and beyond.
- (3) Ensuring sound financial management and financial risk mitigation, delivering all required tasks and initiatives on time and on or under budget.
- (4) Ensuring transparency and accountability to, thus enabling taxpayers to be confident that the public resources are invested properly and that the objectives of the government partners are satisfied and that value for their investment is realized.
- (5) Ensuring that participation in the governance of the EXPO Corporation, including representation on, and selection for, the Board of Directors, aligns with the risk and reward assigned to each stakeholder.
- (6) Ensuring that the transition from a “Bidding Corporation” to an “Implementing Corporation” is as seamless and expeditious as possible.

Attachment 3: Bid Phase Governance Structure – Toronto 2015 World Expo Corporation

