

Richard Leblanc, FCMC, CMC-AF, BSc, MBA, LLB, JD, LLM, PhD
Fellow Certified Management Consultant (Canada)
Academic Fellow (CMC-Global)
Barrister & Solicitor (Ontario)
Solicitor (United Kingdom)
President, Boardexpert.com Inc.
Professor of Governance, Law & Ethics (York University)
Tel. no. (416) 767.6676
Email: rleblanc@boardexpert.com

September 15, 2023

Mayor Frank Scarpitti
Chair of the Board,
Mayor Steven Del Duca
Vice Chair of the Board
York Region Rapid Transit Corporation, and
Mr. Bruce Macgregor
Chief Administrative Officer
The Regional Municipality of York
17250 Yonge Street
Newmarket, Ontario
Canada L3Y 6Z1

Delivered via email for external professional contact.

Final Mandate Report for York Region Rapid Transit Corporation (YRRTC)
The Regional Municipality of York

Boardexpert.com

Board Effectiveness Assessment Methodology

Board of Directors BEAM™ • Audit Committee BEAM™ • Compensation / HR Committee BEAM™ • Nomination / Governance Committee BEAM™ • Chair of the Board BEAM™
Committee Chair BEAM™ • Director Development BEAM™ • Director Competency Recruitment Matrix • CEO BEAM™

Table of Contents

Introduction.....	2
Role of the Shareholder and Management.....	3
Methodology.....	3
Definition and Best Practices of a Mandate.....	4
YRRTC’s Constatng Documents, Draft Mandate and Recommendations	5
Mandate for YRRTC.....	5
YRRTC’s Draft Revised Mandate and Enhanced Clarity.....	7
Revised Draft Mandate of YRRTC.....	8
1. Clarified Mandate of Rapid Transit System, Rapid Transit Projects and Related Infrastructure.....	8
2. Governance, Transparency and Accountability	11
3. Communications and Stakeholder Relations	12
4. Risk Management, Compliance and Internal Audit.....	12
5. Information Technology and Digitization.....	13
6. Financial Responsibility.....	13
7. Human Capital Management	14
8. Environmental Sustainability.....	14
9. Diversity and Inclusion.....	15
10. Ethical Conduct.....	16
Conclusion	16

Introduction

I have been retained by The Regional Municipality of York Region to conduct a review of YRRTC’s mandate and YRRTC’s governance. This Report pertains to my review of YRRTC’s mandate and includes a proposal of a draft Mandate for YRRTC.

The proposed draft Mandate for YRRTC reflects input, and in some cases direct commentary, from (i) Public Works and Legal Services of The Regional Municipality of York and (ii) Management of YRRTC; and (iii) legal advisors with roles extending back to the initial formation of YRRTC (Brad McLellan and Dan Ferguson from Weir Foulds).

Independence and Qualifications

I am an independent advisor possessing expertise in corporate governance. I hold a PhD in the area of board effectiveness. I have advised and trained on mandates and assessed several dozen boards, including public sector boards in highly regulated industries, and interviewed hundreds of directors.

Role of the Shareholder and Management

The Shareholder, The Regional Municipality of York, and Executive Management of YRRTC have provided me with any and all information that I have requested in a timely manner.

Methodology

The methodology for this review and draft Mandate for YRRTC includes a documentation review; written questions and answers; participatory and collective interviews with each of (i) The Regional Municipality of York and (ii) YRRTC Management; and federal and provincial ministry, agency, board and commission mandate reviews.

More particularly:

- (i) The following documents pertaining to YRRTC were reviewed: Annual Reports; Board Member information; Business Plans and Budgets; By-laws, Policies and Guidelines; Constatings and other Legal Documents; Mandate Letters of Delivery Partners; Mandates of Comparable Transit Organizations; Bills and Legislation; the Agreement between The Regional Municipality of York and YRRTC; Other Information; and Risk, Compliance and Audit documents.

A total of sixty-five documents were reviewed.

YRRTC was incorporated as a Municipal Services Corporation (MSC) and is governed by section 203 and now O. Reg. 599/06 of the *Ontario Municipal Act* which allowed for its incorporation as a MSC, which comes with some advantages. YRRTC's limited mandate reflects any restrictions for MSCs contained in these sections of the *Municipal Act*. This is important to note as YRRTC must operate in accordance with the limitations and restrictions contained in its Articles as required by the Ministry of Municipal Affairs and Housing at the time of its incorporation as a MSC, the *Ontario Business Corporation Act (OBCA)* and the *Municipal Act* and its regulations as they apply to MSCs. If York, as YRRTC's sole shareholder wishes to amend its Articles to expand its powers as an MSC, it must do so in compliance with O. Reg 599/06 and the extent of what is permissible will need to be explored further. This should be noted in this Report.

- (ii) Seventy-five questions were posed to The Regional Municipality of York and to YRRTC Management on April 22, 2023, pertaining to the draft Mandate and governance of YRRTC. The Regional Municipality of York and YRRTC Management cooperated fully and provided answers in a full, true and plain manner. Answers were provided by Carmen Cancelliere, Legal Department; Glenn Lang, CAO Office; Laura Mirabella, Regional Treasurer; Michelle Morris, Regional Auditor; Chris Raynor, Regional Clerk; and Brian Shifman, YRRTC President.

- (iii) Interviews were conducted virtually (i) with The Regional Municipality of York on May 23, 2023, including Heather Babcock-Cormier, Carmen Cancelliere, Kyle Catney, Sarah Kim, Dan Kuzmyk, Glenn Lang, Jason Li, Bruce Macgregor, Erin Mahoney, Laura Mirabella, Michelle Morris, Chris Raynor and Brian Titherington; (ii) with YRRTC Management on May 25, 2023, including Stephen Hollinger, Danielle Hutson, Liza Sheppard, Brian Shifman, Gurpreet Uppal, and Guests Daniel Ferguson, Paul May and Brad McLellan; and (iii) with the Chair of the Board, and Vice Chair of the Board of YRRTC, Mayors and Messrs. Frank Scarpitti and Steven Del Duca, respectively, on July 12, 2023.
- (iv) Mandates were reviewed of Comparable Organizations and Delivery Partners.
- (v) Provincial mandates were reviewed of agencies, boards and commissions, including current and former clients of Dr. Leblanc.

All the items within the draft Mandate in this Report are based on best mandate practices, to be described next.

Definition and Best Practices of a Mandate

A mandate is a written directive, often in the form of a letter, that is provided from, normally, the senior most individual of one entity to the senior most individual of a second entity, whereby the first entity has authority, normally on the basis of ownership as a sole shareholder, over the second entity and the second entity is accountable to the first.

A mandate prescribes policy, courses of action, and performance expectations. It applies to the organization as a whole, including the board of directors, management and employees.

Mandates for public sector organizations, from elected political leaders, as representatives of taxpayers who have elected such leaders, are considered a best practice for the following reasons.

A Mandate:

- (i) Establishes public accountability and delegation;
- (ii) Provides clarity to the Organization as to what outcomes and actions (i) should (and should not) be prioritized, and (ii) are (and are not) permissible;
- (iii) Underscores the importance of the use of public funds by the Organization with respect, honesty and integrity;
- (iv) Reflects legislation, regulation and agreements applicable to the Organization;
- (v) Provides guardrails to the Organization's Management and Board of Directors for the review and recommendation, and review and approval, respectively, of the Values,

- Vision, Mission, Strategic Plan and Enterprise Risk Management Framework (or the equivalents) of the Organization;
- (vi) Is evidence-based, comprehensive, and tailored and to the Organization's constating and other legal documents, ownership, strategy and risk profile;
 - (vii) Is up-to-date, regularly reviewed, and benchmarked against mandates of comparable organizations;
 - (viii) Embeds and imparts best financial, human resource, governance, sustainability and technology practices into the Organization;
 - (ix) Is publicly accessible by internal and external Stakeholders to the Organization, including all Employees and other Stakeholders affected by the Organization and its goods, services or activities; and
 - (x) Enhances alignment and an orientation towards consensus.

YRRTC's Constating Documents, Draft Mandate and Recommendations

Section 203 of the Ontario *Municipal Act*, 2001, which permits municipalities to establish municipal service corporations, such as YRRTC, under the Ontario *Business Corporations Act* in accordance with the conditions and restrictions that may be prescribed and the regulation that was in effect at the time, subsequently revoked and replaced by O. Reg 599/06, *Municipal Services Corporations*.

YRRTC has Articles of Incorporation, dated July 2, 2003, which were negotiated with the Ministry of Municipal Affairs and Housing in order to conform with the Ministry's municipal services corporation requirements at the time.

YRRTC has By-Law No. 1, signed on June 25, 2009.

YRRTC has an Agreement between The Regional Municipality of York and YRRTC, dated September 10, 2009.

Mandate for YRRTC

What follows is a draft Mandate for Management of The Regional Municipality of York, and the Board of Directors (Board) of YRRTC to review and, if compliant with the requirements of O. Reg. 599/06 *Municipal Services Corporation* and any other YRRTC legislative or other underpinnings, recommend for Council of the Regional Municipality of York to review and approve.

It is recommended that:

1. The Regional Municipality of York Management review and recommend to Council of The Regional Municipality of York, for review and approval, the Mandate of YRRTC.
2. The Mandate for YRRTC be reviewed by Management of The Regional Municipality of York, in collaboration with the Board and Management of YRRTC, every ten years, or if there is a change in provincial governing legislation, or an alternate Regional direction through a shareholder agreement, and recommended to Council of The Regional Municipality of York for review and approval.
3. Annually, the President of YRRTC, as the senior most day-to-day decision-maker of YRRTC, recommend to the Board of Directors of YRRTC, for review and approval, and submission to the Shareholder, a section within the Annual Report of YRRTC confirming that YRRTC has acted in accordance with the Mandate.
4. That the Mandate be reasonably visible to, and accessible by, internal and external Stakeholders of The Regional Municipality of York and of YRRTC, by being reasonably apparent or posted on each of The Regional Municipality of York's and YRRTC's websites.
5. That the Articles of Incorporation of YRRTC be amended, and a mark-up version be provided reflecting the following proposed changes, to reflect The Regional Municipality of York and YRRTC "Rapid Transit Agreement" (or any successor agreement after 2024) and "Actual Practice," as identified at pages 4 and 5 of the "York Region Rapid Transit Corporation Audit, November 2021," which shall include:
 - (i) Striking item 1. from the Articles of Incorporation of YRRTC: "To operate and maintain a public transportation system";
 - (ii) Modify item 2. from the Articles of Incorporation as follows: "To be a party to an agreement made under section 110 of the Municipal Act, 2001 and under the agreement operate and maintain one or more municipal capital facilities (as defined in Ontario Regulation 168/03) of The Regional Municipality of York that is also party to the agreement, provided that the operate and/or maintain agreement also includes a design and build component for rapid transit facilities";
 - (iii) Striking item 3. from the Articles of Incorporation (in reference to item 1 and item 2);
 - (iv) Amending item 4. from the Articles of Incorporation so as to strike reference to operations and maintenance (which are performed by Public Works at The Regional Municipality of York) and land ownership (which remains with The Regional Municipality of York) and amending the remaining text, as follows: "To **plan**, design and construct one or more of the following facilities that, except as otherwise permitted by regulation or legislation, are new when the Corporation first carries on its business with respect to them:

- (a) public transportation systems and supporting facilities and terminals; and
- (b) general parking facilities.”;
- (v) Retaining item 5. from the Articles of Incorporation, and including a similar item within The Regional Municipality of York and YRRTC “Shareholder Direction,” for alignment purposes, and to reflect the actual practice of 55 Orlando, VMC and Cornell sites designed and built, as per YRRTC staff;
- (vi) Amending item 6. from the Articles of Incorporation, given that this item is not covered in The Regional Municipality of York and YRRTC “Rapid Transit Agreement,” and has not been done to date;
- (vii) Striking items 7. and 8. from the Articles of Incorporation (i) to reflect The Regional Municipality of York and YRRTC “Rapid Transit Agreement,” which requires Council approval for YRRTC to purchase, lease or otherwise acquire land as required for the Rapid Transit Project; (ii) to reflect the actual practice that YRRTC does not own the land, but rather that land purchases are made through The Regional Municipality of York and owned by York Region; and (iii) to reflect input from YRRTC reflecting the practice that YRRTC does encumber and build on land owned by York Region for the purpose of rapid transit infrastructure;
- (viii) Adding a clause, in close coordination with, in particular, YRT and Finance, within the Articles of Incorporation to reflect YRRTC’s purpose and responsibility to coordinate Rapid Transit infrastructure being built within and adjacent to York Region by other entities; and
- (ix) Adding, striking or amending, as the case may be, in addition to the above recommendations, sections to the Articles of Incorporation to be synchronous with The Regional Municipality of York and YRRTC “Rapid Transit Agreement” (or any successor agreement after 2024), and as part of a comprehensive review of the Articles of Incorporation of YRRTC by Legal Services in conjunction with YRRTC.

YRRTC’s Draft Revised Mandate and Enhanced Clarity

Interviews with Management of The Regional Municipality of York and YRRTC reflect a desire for the Mandate of YRRTC to enhance clarity and avoid overlap or duplication of activities.

“Duplication” or “clarity” were mentioned by seven individuals during my interviews.

The foregoing ambiguity has, it was proffered during my interviews, resulted in ongoing confusion given both YRT and Transportation Plannings’ core responsibility to plan and prioritize the transit services that are operated, including BRT services.

Therefore, the Revised Draft Mandate of YRRTC to follow, is intended:

- (i) To be clear, and cure examples and evidence put forward during interviews of confusion and lack of clarity;
- (ii) To focus solely on core deliverables by YRRTC; and
- (iii) To mitigate possible overlap, from YRRTC, of Public Works' functions and responsibilities, and enhance overall clarity.

Please see "Clarified Mandate of Rapid Transit System, Rapid Transit Projects and Related Infrastructure," at item 1 within the Revised Draft Mandate of YRRTC below.

Revised Draft Mandate of YRRTC

As previously noted, any revisions to the mandate of YRRTC must be compliant with the requirements of O. Reg. 599/06 *Municipal Services Corporation* and any other YRRTC legislative or other underpinnings. If permissible, the oversight of Management of YRRTC by the Board of YRRTC, and the Board providing such oversight consistent with Regional Council's Shareholder Direction, will ensure that the terms within this Mandate are fulfilled to the Shareholder's satisfaction.

Subject to the above, the following items have been edited and commented upon by Public Works Staff of The Regional Municipality of York, and Mr. Brian Shifman. I have incorporated all recommendations and edits below.

1. Clarified Mandate of Rapid Transit System, Rapid Transit Projects and Related Infrastructure

1. Given the importance of (i) avoiding possible duplication of, and enhancing clarity between, The Regional Municipality of York and YRRTC; and (ii) YRRTC continuing as a separate corporation to preserve and ensure continuity and focus on rapid transit priorities with appropriate representation from York Region Council:
 - (i) YRRTC shall continue as a stand-alone corporation, notwithstanding the sunset date of 2024 within the 2009 Rapid Transit Agreement (Agreement) between The Regional Municipality of York and YRRTC;
 - (ii) The foregoing Agreement shall be replaced with a Shareholder Direction beyond 2024, utilizing reforms suggested within this Mandate Report; and
 - (iii) The Mandate of YRRTC is clarified in the Mandate Report so as to strengthen communication and accountability from YRRTC to The Regional Municipality of York, and mitigate possible duplication between The Regional Municipality of York, YRRTC and other agencies charged with rapid transit delivery in the GTA, if or as applicable.

2. At the direction of the Shareholder, and subject to financial, legal, budgetary, operating plan and funding requirements, directly from the Shareholder, or through governments, government agencies, and other funding partners, as the case may be, YRRTC Management, with oversight by the Board of Directors of YRRTC (Board) as appropriate, shall:
 - (i) Plan, design and construct The Regional Municipality of York Rapid Transit System, Rapid Transit Projects, and related infrastructure; and
 - (ii) Coordinate Rapid Transit infrastructure being planned and implemented by others within and adjacent to York Region, such as the Yonge North Subway Extension, Queen Street/Highway 7 West BRT, TTC further expansion projects, Steeles Avenue BRT, and other projects that are materially relevant; and
 - (iii) Provide the foregoing in a cost-effective, safe, reliable, efficient manner that provides value for money and uses public funds with respect, honesty and integrity.

3. In fulfilling item 2., at the direction of The Regional Municipality of York, and subject to financial, legal, budgetary, operating plan and funding requirements, directly from The Regional Municipality of York, or through governments, government agencies, and other funding partners, as the case may be, YRRTC Management, with oversight by the Board as appropriate, shall undertake the following:
 - (i) Identify, pursue, prepare submissions, negotiate, and arrange funding and funding opportunities, as the case may be, with governments, government agencies and other funding partners;
 - (ii) Undertake, implement and obtain, as the case may be, environmental and engineering assessment, design, mitigation, work plans, review and approval;
 - (iii) Solicit, establish, monitor performance, ensure compliance, compensate, and disestablish, as the case may be, contractual relationships with project partners, business partners and contractors;
 - (iv) Coordinate and implement with other nearby Regions, Regional Centres and Corridors, and Municipalities, as may be required for corridor specific environmental assessments or preliminary design work, and in a manner consistent with the Shareholder Direction;
 - (v) Align and enable the activities of YRRTC to be consistent with the goals and objectives of The Regional Municipality of York (e.g., affordability, timing, population and housing growth);

- (vi) Working with relevant municipal partners, facilitate, promote and grow transit-oriented development and joint development opportunities related to the Rapid Transit System;
 - (vii) Comply with, and not exceed, the letter and spirit of The Regional Municipality of York and YRRTC “Rapid Transit Agreement, any successor agreement, and The Regional Municipality of York’s core priorities.
 - (viii) Communicate, clearly and transparently as appropriate, with all stakeholders, including funders, partners, community and Indigenous stakeholders, federal and provincial ministries and agencies, local municipalities, the public, The Regional Municipality of York and the Board of YRRTC, including in respect of the role and responsibilities of YRRTC;¹
 - (ix) Coordinate with and promote transit-oriented development and joint development opportunities related to the Rapid Transit System;
 - (x) Take all reasonable steps (e.g., splash page of YRRTC, Frequently Asked Questions, other) to enhance clarity in communicating the role and responsibilities of YRRTC, vis-à-vis that of The Regional Municipality of York, so as to enhance clarity with external stakeholders; and
 - (xi) Report and be accountable to The Regional Municipality of York and the Board.
4. Coordinate and seek funding such that the Region’s Phase Three Rapid Transit Network: Bus Rapid Transit (BRT) Network construction, is achieved, consistent with the Regional Transportation Master Plan.
 5. Collaborate and coordinate with Public Works and Transportation/Transit Teams first-hand, in YR/YRRTC’s role to represent Regional needs as a part funder, and stakeholder, of the Yonge North Subway Extension project that Metrolinx is delivering, and engage in similar first-hand collaboration with Public Works and Transportation/Transit Teams with the local municipalities and other funding and delivery partners, including, as the case may be, the Government of Canada; the Government of Ontario; the Region; Transit Oriented Communities (e.g., Bridge, High-Tech and Royal Orchard stations) in designing, constructing, and otherwise fulfilling YR/YRRTC’s role in delivering Rapid Transit System, Projects and related infrastructure.
 6. (i) The multi-year Business Plan of YRRTC, consistent with Shareholder Direction and reflective of this Mandate, shall be reviewed and approved by the Board on an annual basis; (ii) the Business Plan shall include Key Performance Indicators (or the equivalent)

¹ For example, the following view surfaced during my interviews: Naming of YRT and YRRTC creates confusion for customers and the general public. Since inception of YRRTC, there has been regular confusion from the public with customers and the public not understanding the difference between YRT and YRRTC. Examples include transit users contacting YRRTC for service-related inquiries, and municipalities/levels of government not knowing who to contact for transit service related items.

to measure the achievement of the Business Plan; and (iii) the achievement of the Business Plan shall be monitored and regularly discussed by the Board.

2. Governance, Transparency and Accountability

7. The Board, the Chair of the Board (Board Chair), the Vice Chair of the Board, individual Directors, and the President, as the senior most Officer who performs the day-to-day management role, of YRRTC shall have explicit roles and responsibilities, in the form of stand-alone Guidelines or a Position Description (please see the Governance Report for further details), as the case may be, that are, in conjunction with the Shareholder, regularly reviewed and approved by the Board.
8. Comprehensive and formal orientation and continuing education shall be provided to YRRTC Directors on the nature and operation of YRRTC's business; the legal, regulatory, financial, technological and sustainability environment of YRRTC; the relationship and accountability to the Shareholder; financial reporting; governance and risks of YRRTC; educational opportunities for, or as desired by, Directors to maintain their competencies and knowledge of YRRTC; and the contribution that individual Directors are expected to make.

For further clarity in respect of the foregoing item, the Board of YRRTC shall take all reasonable steps to ensure that incoming Independent Directors² have desired expertise in transit operations, finance, and planning.

9. All actions of YRRTC shall be consistent with the current Agreement between The Regional Municipality of York and York Region Rapid Transit Corporation, and any successor agreement, and there shall exist adequate controls to ensure that any action that may not be in compliance with the foregoing Agreement between The Regional Municipality of York and York Region Rapid Transit Corporation; By-Law No. 1; Human Resources Policy No. 2012 – 1; Execution of Documents Policy No. 2010 – 2; Procurement of Goods and Services Policy No. 2010 – 1; and any other Agreements and Policies of YRRTC, are detected in as reasonably a practicable manner as possible, and promptly remedied and reported to the Board.
10. The President of YRRTC, who is appointed by the Board on behalf of the Shareholder, also has, within the Position Description of the President, accountability to the Board.
11. The Board meet regularly as appropriate, and at least once per year, in an in camera session in the absence of YRRTC Officers or other Staff, other than with the attendance of the representative of the Shareholder (e.g., Chief Administrative Officer) and Regional Clerk.

² Please see the Governance Report, at Recommendation 3 (v). An Independent Director would have no relationship with YRRTC or the Shareholder, and would bring desired competencies, attributes and diversity, if or as the case may be, to enhance the Board.

12. The Board meet regularly as appropriate, and at least once per year, in an in camera session with the President only, and no other YRRTC Officer or other Staff, other than with the attendance of the representative of the Shareholder (e.g., Chief Administrative Officer) and Regional Clerk.
13. Transparency and accountability in communication and reporting occur among the Shareholder, Board and Management of YRRTC.
14. The Board, every four years, shall be canvassed, in writing, on any opportunities for development or possible strengthening of governance practices, and act on implementing any governance enhancement as appropriate.

3. Communications and Stakeholder Relations

15. The Board and Shareholder shall be informed by YRRTC Management in a timely manner, through (i) regular and prompt reporting and communication of compliance with legislation, regulation, directives, agreements and policies; and (ii) providing prompt notification of any forecasting shortfalls, variances, exogenous or unplanned events, contentious matters or anomalies, if or as the case may be, and if or when in doubt, policy direction is sought by Management from the Board and the Shareholder.
16. YRRTC Management shall develop and maintain a consultative, substantive and engaging approach in managing all Stakeholder relationships effectively, including with business partners; comparable transit organizations; contractors; community and Indigenous stakeholders; funding partners; governments and government agencies; local municipalities; project partners; the media; the public; and the Shareholder.
17. YRRTC Management shall work effectively and collaboratively with the Region and Partners to plan, design, coordinate, promote and construct the Rapid Transit System and Rapid Transit Projects and related infrastructure in respect of Project Delivery; Project Oversight; Governance and Agreements; Communications; Stakeholder Relationships; Transit-Oriented Centres and Corridors; Advocacy; and Funding Opportunities.

4. Risk Management, Compliance and Internal Audit

18. The Board shall, in conjunction with the Shareholder, who shall set parameters within which risk is acceptable, review and approve annually, and report to the Shareholder, a written Enterprise Risk Management Framework (or the equivalent) provided by the President, that includes the significant financial and non-financial risks of YRRTC, the internal controls to mitigate such risks, and appropriate assurance that the internal controls are functioning as intended.
19. Significant financial and non-financial risks and their mitigants shall be, in conjunction with the Shareholder, regularly reported to the Board and Shareholder in writing throughout each year.

20. The President and Vice President Finance and Treasurer shall attest annually that YRRTC is in compliance with all relevant legislation, regulation, By-laws and agreements applicable to YRRTC.
21. Subject to the views and in coordination with York Region's Audit Service Branch, the Audit Services' Risk-Based Work Plan shall be brought forward to the Board annually. The Audit Committee, via Council, shall review and approve annually the Audit Risk-Based Work Plan.
22. Audit Services shall provide semi-annual Status of Management Action Plans to, in addition to the Audit Committee of the Shareholder, to the Board detailing (i) the remedying of any internal control deficiencies; and (ii) the implementation by Officers of YRRTC of Recommendations by Audit Services.
23. The Board shall have authority to retain any external service provider to provide an opinion on, in no particular order, (i) the adequacy of the design and implementation of internal controls over any significant risk(s) to YRRTC; (ii) any governance matter of YRRTC; or (iii) any legal matter of YRRTC, separate and apart from Legal Services and the Region. External legal services shall be retained through the Legal Services Branch.

5. Information Technology and Digitization

24. Investment in and commitments to technology and other resources shall occur to enhance (i) data collection, management, reporting, insights, and effects on policymaking; (ii) replacement of any outdated technology and other aged, or exceeding of useful life, assets; and (iii) risk oversight and reporting in real time. Proposed new investments will first consider like products and licensing already in place within the Region.
25. YRRTC Management shall continue to enhance accuracy, efficiency and internal controls, in the application of contract performance management; procurement and project management; cost allocation, support, and management practices; and quality compliance.
26. YRRTC Management shall continue to enhance, as appropriate, the collection, management, interpretation and otherwise use of data to streamline business processes and procedures, inform outcomes, enhance communication and augment performance management.

6. Financial Responsibility

27. Subject to The Regional Municipality of York's annual budget process, the Board shall review and approve the proposed budget for an ensuing fiscal year, and the financial statements and reporting during the current fiscal year, and oversees YRRTC and Officers to manage within this budget allocation.
28. Processes shall be in place, (i) in conjunction with the Shareholder, Metrolinx and other

fundors, as appropriate; and (ii) subject to the Regional Auditor, Metrolinx Auditor, and Ontario and Federal Auditor Generals, to review and approve YRRTC's Region-related funding, budget, business plan, capital position, reserves, and long-term debt financing.

29. (i) Regular, consistent and comprehensive fiscal updates and forecasts shall be provided to the Board so that plans can be formulated, in conjunction with the Shareholder, to address long-term funding and forecasting, Funder resiliency risk, political and regulatory risk, and any unexpected or predicted shortfall(s) that may occur; and (ii) reasonable steps occur, in conjunction with the Shareholder, as or if necessary, of prioritization of Rapid Transit System, Projects and related infrastructure and activities, such that the foregoing align with the Shareholder's goals, objectives and priorities, when considering the quantum, source, management and distribution of short- and long-term funding.
30. YRRTC Management shall work closely with the Shareholder to identify alternative or innovative funding sources and receive input from the Board in this regard.

7. Human Capital Management

31. The Shareholder, with Board input through participation in the hiring process, shall take all reasonable steps to ensure adequate succession planning occurs for the President.
32. The Board shall, in conjunction with the Shareholder, review and approve annually the YRRTC Goals (e.g., Annual Business Plan Key Performance Indicators) for which the President is responsible for achieving.
33. The Board or the Board Chair shall annually evaluate in writing the performance of the President, including achievement of Annual Business Plan Key Performance Indicators.
34. YRRTC continuously modernizes, upskills, refines and optimizes workforce expertise, management and deployment, so as to support best-in-class design and construction of the Rapid Transit System, Rapid Transit Projects and related infrastructure, in as cost-effective, safe and efficient manner as possible, that provides value for money, achieves or exceeds contractual and compliance obligations, and does not exceed the limitations within the Board-approved Enterprise Risk Management Framework (or the equivalent). Workforce expertise shall include, but not limited to, (i) capital delivery and negotiation expertise, which are critical skill sets for the current paradigm; and (ii) risk management acumen, which is a core skill for a capital delivery corporation.

8. Environmental Sustainability

35. YRRTC shall continue to design and construct an energy-efficient Rapid Transit System, Projects and related infrastructure to reduce greenhouse gas (GHG) emissions, conserve energy and water, control pollution, optimize materials, and withstand impacts from extreme weather and climate change.

36. YRRTC shall develop and implement, in collaboration with community stakeholders, funders, contractors and partners, as appropriate, policies, programs and practices to mitigate and monitor environmental impacts, including in respect of, for example, aquatic environment, terrestrial environment, tree inventory, species at risk, air quality, noise and vibration, heritage resources and cultural heritage landscapes, utilities, archaeology, excavated materials and groundwater management, stormwater management, and socio-economic and land use.³
37. Subject to the views and in coordination with the relevant incumbent or department within York Region, given broader Environment, Social and Governance reporting obligations, YRRTC shall consider the relevance and applicability of adopting, embedding and complying with, (i) within the designing and construction phases of the Rapid Transit System, Rapid Transit Projects, and related infrastructure; (ii) in collaboration with the Shareholder, municipalities, and business, funding and project partners, as appropriate; and (iii) with input, reporting and, as necessary, approval by the Board, a standard for environmental sustainability of rapid transit environmental disclosure, reporting and practice.

The selection of a standard for environmental sustainability shall include consideration and application of one or more of the following independent standards: (i) [Task Force on Climate-related Financial Disclosures](#), (ii) [Sustainability Accounting Standards Board](#), (including the [Construction Materials Standard](#) and [Road Transportation Standard](#)); (iii) [Global Reporting Initiative](#), and/or (iv) another independent environmental standard for rapid transit, in order to adopt more systematic disclosure of environmental sustainability processes and adoption of practices applicable to a rapid transit system, projects and related infrastructure.

9. Diversity and Inclusion

38. The Board and Officers of YRRTC shall continue their efforts to be diverse in their make-up, including in respect and consideration of the following groups, as applicable: women, Indigenous peoples, racialized persons, persons with disabilities, and LGBTQ2SI+ persons.
39. YRRTC Management shall develop policies, programs and practices (i) to ensure, to the fullest extent practicable, that the YRRTC workplace, rapid transit system, and transit-related projects and infrastructure are accessible, diverse, equitable and inclusive; and (ii) to the fullest extent practicable, YRRTC's communities, contractors, funders, local municipalities, partners and all other stakeholders are valued and respected; their voices are heard to inform such policies, programs and practices; and there is an absence of discrimination and harassment in all of YRRTC's relations with its stakeholders.

³ See, e.g., Metrolinx / City of Mississauga, Draft Environmental Project Report, Dundas Bus Rapid Transit Mississauga East," undated, accessed on 14 May 2023: <https://pub-mississauga.escrimetings.com/filestream.ashx?DocumentId=19901>

40. YRRTC Management shall develop, as appropriate, and in conjunction with the Shareholder and other stakeholders, policies, programs and practices to address any structural impediments and disadvantages that impoverished individuals, Indigenous peoples, members of the LGBTQ2SI+ community, persons with disabilities, racialized persons, and other marginalized groups have in (i) designing and constructing a rapid transit system, projects and related infrastructure; and (ii) securing adequate and affordable transportation and transit-related services, as appropriate.
41. YRRTC Management shall take all reasonable steps to ensure that data is collected to promote the foregoing evidence-based policies, programs and practices in a manner that is consistent with applicable legislation, regulation and transparency and privacy requirements of individuals, data management and data sharing.

10. Ethical Conduct

42. The Board shall satisfy itself, in as reasonably a practicable manner as possible, (i) of the integrity of the President and the Vice-President Finance and Treasurer; and (ii) that the President and the Vice-President Finance and Treasurer create a culture of integrity within YRRTC.
43. (i) A channel for reporting of possible wrongdoing within, or in respect of, YRRTC, by any Director, Officer, other Employee of the YRRTC, key Partner or Contractor, or other key Stakeholder of YRRTC, shall exist (or the equivalent channel offered by the Shareholder that is known and applicable to, and used by YRRTC), such that the Board, or a subset of Directors, may receive such reporting in an anonymous fashion if any individual reporting such possible wrongdoing desires; and (ii) the Board, or a subset of Directors, regularly reviews any report(s) of possible wrongdoing and takes appropriate action, or causes appropriate action to be taken, if or as necessary.
44. The Board shall enter into private session periodically with each of the President, the Vice-President Finance and Treasurer, and the External Auditor to ask if each is aware of any incidents or suspected incidents of fraud, in respect of YRRTC.

Conclusion

Through the foregoing recommendations, The Regional Municipality of York will be assured of wise use of taxpayer funds and best in class governance and delivery of a rapid transit system, projects and related infrastructure by YRRTC.

The President of YRRTC, annually, shall include a section within the Annual Report of YRRTC, which has been reviewed and approved by the Board, confirming that YRRTC has acted in accordance with this Mandate.

This Mandate shall be operative for the next ten years, or fewer in the prerogative of The Regional Municipality of York.