

UNIVERSITY OF TORONTO  
THE GOVERNING COUNCIL  
**REPORT NUMBER 128 OF THE BUSINESS BOARD**

**September 29, 2003**

To the Governing Council,  
University of Toronto.

Your Board reports that it met on Monday, September 29, 2003 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Ms. Jacqueline C. Orange (In the Chair)  
Mr. John F. (Jack) Petch, Vice-Chair\*  
Dr. Thomas H. Simpson, Chair  
of the Governing Council  
Professor Robert J. Birgeneau, President  
Professor Angela Hildyard,  
Vice-President, Human Resources  
Mr. Donald A. Burwash  
Mr. Bruce G. Cameron  
Ms. Susan Eng  
Dr. Paul V. Godfrey  
Ms. Françoise Dulcinea E. Ko  
Ms. Karen Lewis  
Mr. Gerald A. Lokash  
Ms. Kim McLean  
Mr. George E. Myhal  
Mr. Richard Nunn  
Mr. Roger P. Parkinson  
Mr. Timothy Reid  
Professor Arthur S. Ripstein  
Mr. Amir Shalaby  
Professor Jake J. Thiessen

Dr. John R. G. Challis, Vice-President,  
Research and Associate Provost

Dr. Sheldon Levy, Vice-President,  
Government and Institutional  
Relations  
Professor Shirley Neuman, Vice-President  
and Provost  
Professor Ian Orchard, Vice-President  
and Principal, University of Toronto  
at Mississauga  
Mr. John Bisanti, Chief Capital Projects  
Officer  
Ms. Sheila Brown, Acting Chief  
Financial Officer  
Mr. Louis R. Charpentier, Secretary of the  
Governing Council  
Ms. Catherine J. Riggall, Assistant Vice-  
President, Facilities and Services  
Ms. Christina Sass-Kortsak, Assistant  
Vice-President, Human Resources  
Professor Ronald D. Venter, Vice-Provost,  
Space and Facilities Planning  
Professor Safat Zaky, Vice-Provost,  
Planning and Budget

Secretariat:

Mr. Neil Dobbs  
Mrs. Beverley Stefureak

**Regrets:**

Ms. Dominique Barker  
Mr. Felix P. Chee  
Dr. Claude S. Davis  
Dr. Alice Dong

Ms. Mary Anne Elliott  
Dr. John P. Nestor  
Dr. Susan M. Scace  
Mr. Robert S. Weiss

\* Participated by telephone.

**In Attendance:**

Dr. Beata FitzPatrick, Director of the Office of the President and Assistant Vice-President  
Ms. Rivi Frankle, Assistant Vice-President, Alumni and Development  
Professor George Luste, President, University of Toronto Faculty Association  
Ms. Mary Anne Mavrinnac, Chief Librarian, University of Toronto at Mississauga  
Ms. Erin McGinn, Director, Operations and Government Relations, Office of the  
Vice-President, Research and Associate Provost

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**In Attendance:** (cont’)

Ms. Rosie Parnass, Quality of Work Life Advisor and Special Assistant to the Vice-President,  
Office of the Vice-President, Human Resources  
Professor Anastasios Venetsanopoulos, Dean, Faculty of Applied Science and Engineering

ALL ITEMS ARE REPORTED TO THE GOVERNING COUNCIL FOR INFORMATION.

**Chair's Remarks**

The Chair informed the Board of her and the Vice-Chair’s objective to conduct meetings of the Board within the two hours normally allocated to them. Members were asked for their co-operation and understanding if it became necessary to limit discussion of a particular item in order to ensure sufficient time for consideration of the other items on the agenda. In return, the Chair and Vice-Chair undertook to use the agenda planning meeting to scrupulously review the agenda and each agenda item, with a view to ensuring that appropriate time was allocated to each item and that each written item contained the information members would need to consider it expeditiously. The timing planned for the meeting was shown on the agenda.

The Chair continued with introductory remarks, noting that this would be a year for the consideration of major, long-range strategic issues. To facilitate the work of the Business Board in this process, the Vice-President, Business Affairs and the Vice-President and Provost had agreed to provide a series of briefings on the University’s overall financial situation to help inform the Board as it considered various initiatives such as investment policies and tuition fees. The briefings would be a feature of each meeting early in the academic year and would include: key drivers of financial health and performance; debt -- internal and external; capital planning and budgeting; operating planning and budgeting; ancillary operations; and endowment and pension funds. The Chair reviewed procedural issues and the primary responsibilities of the Board.

In conclusion, the Chair noted that, in early September, members of the Governing Council had been asked to sign a form acknowledging and undertaking their responsibility to keep in strictest confidence the confidential information received as members of the Council and its Boards. Co-opted members of the Board had received today a copy of the same form and the Chair requested that they complete the form as soon as possible and return it to the Office of the Governing Council. The form represents a formal acknowledgement of one aspect of the duty already imposed on members of the Board by the University of Toronto Act – the duty to act with “diligence, honesty and with good faith in the best interests of the University.”

**1. Report of the Previous Meeting**

Report Number 127 of June 19, 2003 was approved.

**2. Business Arising from the Report of the Previous Meeting**

There were no items of business arising.

**3. Financial Situation of the University: Background Briefing: Part I – Performance Indicators**

Ms Brown, Acting Chief Financial Officer, reviewed the Financial Health Indicators which were outlined in the Performance Indicators Report, 2002-03, Section 25. She explained the five indices

**REPORT NUMBER 128 OF THE BUSINESS BOARD – September 29, 2003****3. Financial Situation of the University: Background Briefing: Part I – Performance Indicators (cont'd)**

that were being introduced to assist the University to assess its financial health and spoke briefly to each with the assistance of PowerPoint slides illustrating the line graphs in Section 25.

A member questioned the reasons why comparisons were with universities in the United States. In particular, was it the University's intention to be considered a peer institution to those universities? Ms. Brown replied that comparisons to the United States were most relevant as the University of Toronto moved toward the US model of financing for capital infrastructure. There were only ten universities in Canada with credit ratings. This was too small a group to give good comparisons with respect to institutional financial health. The US data provided a broader base for a comparative picture. That picture showed the University of Toronto in a reasonable financial condition with a modest debt position. The picture would be slightly less optimistic once the borrowing approved by this Board in June was factored in. However, because other data would concurrently be factored in, it was difficult to predict accurately what the graphs would look like at this time next year.

There was a question about how the unfunded benefits issue played out with respect to these indices. Ms. Brown explained that when considering provision for benefits there was the recognition that certain benefits would continue beyond employment. The largest of these was the medical benefit for pensioners, for which a liability was building up and for which accounting was similar to that for the pension plan. The past-service liability was being added to the financial statements incrementally over fifteen years; however, rating agencies adjusted universities' financial statements for comparability to reflect the full value of the liability. What was important relative to the performance indicators was that all those in the comparator pool were treated in the same way.

A member asked how these data would help members make decisions about budget matters and if deferred maintenance was reflected in these indices of financial health. Ms. Brown responded that what she had just presented was only part of the financial picture; it gave some information of appropriate relationships and helped to assess if the University was in good financial shape. Deferred maintenance was not included in these data. It was measured by the Facilities Condition Index, the data on which were included in the annual report on deferred maintenance. The member expressed the view that it would be useful to have the information on deferred maintenance when considering the University's financial health.

**4. Government Relations: Background Briefing and Briefing Notes for Members**

The Chair said that members of the Business Board were, in fact, ambassadors of the University to the public. Dr. Levy had agreed to brief members on how they might assist in positioning the University with government and he did so with the assistance of PowerPoint slides (attached as Appendix "A"). He indicated that members might see themselves not as lobbyists but as members of the University in a position to respond effectively to opportunities to provide basic information on issues in a manner that would help the University – most particularly in areas of provincial control. He identified three key provincial issues: operating grants, funding for graduate growth, and tuition fees.

Concluding a discussion about how far a member might go toward attempting a response to a conflicting view, Dr. Levy suggested that where statement of an issue provoked a question in a listener, the member might take contact information (e-mail preferably) and indicate that the Vice-President, Government and Institutional Relations would be in touch to provide a fully informed response on the University's position.

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**4. Government Relations: Background Briefing and Briefing Notes for Members**  
(cont'd)

A member expressed some concern about an over expansion of graduate programs in response to a perceived future need. In particular, would the graduate growth be sustained after the bulge of the double cohort passed through graduate school? Both the Professor Birgeneau and Professor Neuman saw the growth as a permanent situation given increased immigration and increased participation in graduate school. Dr. Levy agreed.

At the request of several members, Dr. Levy commented generally on how the University would sustain communication on important issues in the event of a change in provincial government.

**5(a) Capital Projects Report**

The Chair noted that the Capital Projects Report was intended to provide context for members, and to assist in monitoring the progress of the University's extensive construction program. She stressed that the Board was not responsible for setting priorities for capital projects. Its responsibility was the affordability, execution and financing of projects.

Mr. Bisanti commented briefly on the report which had been distributed with the Agenda, drawing attention particularly to the changes since the Board had reviewed the previous version of the report in May. He reviewed the funding for the projects (\$294 million from existing funding and \$618.86 million to be borrowed) and reminded members that the list of future projects had been significantly reduced.

A member stated that, in future, it would be helpful to understand the control environment within which capital projects were recommended for approval or execution. The administration agreed to take this under advisement.

There was discussion about funding gaps and the classification of risk related to each project. Ms. Brown explained that the approach of the administration was to plan for the worst-case scenario. In each project, there was a cautious approach to ensure that the University did not go beyond its conservative borrowing capacity. Professor Neuman added that with the divisions having to carry the cost of the mortgage there was a powerful incentive for cost containment across the University. In addition, the work of Professor Venter and Vice-President Chee had contributed significantly to more effective planning and costing. Finally, the President added that, in the case of the funding gap for the Pharmacy Building, the only risk would be if the province were to dramatically reduce its need for pharmacists. The increased enrolment would result in revenue that was many times more than the carrying cost of the mortgage.

**5(b) Capital Project: University of Toronto at Mississauga: Academic Learning Centre**

Mr. Bisanti briefly reviewed his memorandum of September 16, 2003, highlighting with PowerPoint slides the need for this project, the space it would produce, the area it would cover, the date of completion and the funding sources.

A member asked if the Academic Learning Centre would also contain resources for graduate students. Mr. Bisanti stated that it would, though the breadth and depth of graduate research would likely require use of the resources at St. George campus as well.

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**5(b) Capital Project: University of Toronto at Mississauga: Academic Learning Centre (cont'd)**

On the recommendation of the Vice-President, Human Resources

YOUR BOARD APPROVED

Subject to Governing Council approval of the project,

THAT the Vice-President, Business Affairs be authorized:

- (i) to expend up to \$34,000,000 to undertake the design and construction of the Academic Learning Centre, University of Toronto at Mississauga, with funding for the project as follows:
  - (a) contribution of \$26,610,000 from SuperBuild 2002,
  - (b) mortgage of \$7,176,000 to be serviced by the Enrolment Growth Fund, and
  - (c) contribution of \$214,000 from the Students' Library Enhancement Fund; and
- (ii) to arrange any interim financing as required.

**5(c) Capital Project: University of Toronto at Scarborough: Arts Classroom Building**

Mr. Bisanti spoke to highlights from his memorandum of September 16, 2003 using Powerpoint, reviewing the need and purpose of the building, its area, its date of completion and its funding sources.

On the recommendation of the Vice-President, Human Resources

YOUR BOARD APPROVED

Subject to Governing Council approval of the project,

THAT the Vice-President, Business Affairs be authorized:

- (i) to expend up to \$20,380,000 to undertake the design and construction of the University of Toronto at Scarborough, Arts Classroom Building with funding as follows:
  - (a) contribution of \$12,620,000 from SuperBuild 2002, and
  - (b) mortgage of \$7,760,000 to be serviced by the Enrolment Growth Fund; and
- (ii) to arrange any interim financing as required.

**6. *Ontarians with Disabilities Act: University of Toronto Accessibility Plan, 2003-04***

Professor Hildyard's memorandum of September 5, 2003 to the Planning and Budget Committee and the attached "The University of Toronto *Ontarians with Disabilities Act* Plan 2003-04" had

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**6. *Ontarians with Disabilities Act: University of Toronto Accessibility Plan, 2003-04* (cont'd)**

been circulated with the Agenda. The Plan was being recommended for approval of Governing Council through the Academic Board, but because of its significance to the University community at large – and particularly with respect to human resources issues – Professor Hildyard had made it available to the Business Board for information. She commented briefly on the process for developing the Plan, goals of the Plan and how she hoped the goals could be achieved. Many of the objectives of the Plan this year had already been achieved, or soon could be, building on existing initiatives. They had to be accomplished within resources currently identified or through the reallocation of staff members' time, review of policy and of the architectural design standards, and promoting new or increased awareness. Instructional design would be improved, and there would be efforts, working with students, to encompass the non-academic life of the University. She hoped there would be a significant increase in accessibility scholarship and that a comprehensive survey on equity could be undertaken. Chemical and environmental sensitivities currently were not appropriately addressed and attention was needed to issues of mental health and illness.

In response to a question, Professor Hildyard reaffirmed her view that the Plan could be achieved through attitudinal change, increased awareness, paying attention to accessibility needs when purchasing, for example, new software and by ongoing staff development. She conceded that increased accessibility to current buildings would continue to be a challenge given the heritage nature of so many of the University's physical facilities.

As with any item for information, members were asked to make known their concerns or comments to the presenter, Professor Hildyard in this case, the Secretary, or to the Chair.

**7. Other Reports for Information**

These reports for information were part of a consent agenda. The Secretary had not been notified of any questions prior to the meeting. The Chair invited questions from the floor. There were none.

**7(a) Approvals under Summer Executive Authority: Annual Report**

A memorandum dated September 16, 2003 had been circulated with the Agenda reporting on the following approvals under Summer Executive Authority, 2003:

- (a) Approval Number 3 – Property: Acquisition of 3057 Mississauga Road North
- (b) Approval Number 5 – Capital Project: Open Space Plan, King's College Circle Precinct, Phase I – Additional Funding

**7(b) Calendar of Business, 2003 – 04**

An updated version of the Calendar of Business had been placed on the table.

**7(c) Report Number 69 of the Audit Committee – June 18, 2003**

Report Number 69 (June 18, 2003) of the Audit Committee was received.

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**7(d) Quarterly Report on Gifts and Pledges over \$250,000, May 1 – July 31, 2003**

The Quarterly Report on Gifts and Pledges over \$250,000 was presented to both the Academic Board and Business Board for information. The objective of the report was to enable monitoring to ensure that major gifts were consistent with the University's fundamental principles: that they did not imperil the "integrity, autonomy and academic freedom" of the University, and that gifts were consistent with academic priorities and did not steer the University's teaching and research to non-priority areas. There were no questions.

**8. Reports of the Administrative Assessors**

The administrative assessors had no reports to be given in open session.

**9. Date of Next Meeting**

The Chair reminded members that the Board's next regular meeting was scheduled for Monday, November 10, 2003 at 5:00 p.m. at the Chestnut Street Residence.

**10. Other Business**

There were no items of other business.

**11. Closed Session Reports**

The Board moved into CLOSED SESSION.

**11(a) Salary and Benefits: Report on Status of the Process with the University of Toronto Faculty Association**

Professor Hildyard reported.

**11(b) Employee Relations: Canadian Union of Public Employees Application to Represent the University's Instructors Teaching on Short-Term Contracts**

Professor Hildyard reported.

**11(c) Any other matters**

There were no other matters.

The Board moved into OPEN SESSION.

The meeting adjourned at 7:00 p.m.

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Recording Secretary

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Chair

October 17, 2003