

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 212 OF THE BUSINESS BOARD

Thursday, June 12, 2014

To the Governing Council,
University of Toronto.

Your Board reports that it met on Thursday, June 12, 2014 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Mr. W. John Switzer (Chair)	
Mr. Jeff Collins (Vice-Chair)	
Professor Scott Mabury, Vice-President, University Operations	Ms Sheila Brown, Chief Financial Officer
Professor Angela Hildyard, Vice-President, Human Resources & Equity	Mr. Paul Donoghue, Chief Administrative Officer, University of Toronto Mississauga
Professor John Bland	Ms Gail Milgrom
Mr. Andrew Girgis	Mr. David Palmer, Vice-President, Advancement
Mr. Gary D. Goldberg	
Professor Avrum Gotlieb	Ms Sheree Drummond, Secretary
Mr. William Hewitt	
Ms Zabeen Hirji	
Ms Paulette Kennedy	
Ms Nancy Lee	
Ms Mainawati Rambali	
Ms Catherine Riddell	
Mr. Howard Shearer	
Mr. Andrew Szende	
Mr. Christopher Thatcher	
Mr. Keith Thomas	
Ms Rita Tsang	
Ms B. Elizabeth Vosburgh	

Regrets:

Mr. Ian Freedman
Mr. Arthur Heinmaa
Mr. Mark Krembil
Ms Rosanne Lopers-Sweetman
Dr. Gary P. Mooney
Mr. Peter Robinson

REPORT NUMBER 212 OF THE BUSINESS BOARD – June 12, 2014

In Attendance:

Mr. Tad Brown, Senior Legal Counsel, Office of the Vice-President, Advancement and Office of the Vice-President, University Operations

Mr. Pierre Piché, Controller and Director of Financial Services

Mr. Paul Handley, Chief Administrative Officer, Faculty of Law

ITEMS 12 (a.), 12(b.), 14 and 16 ARE RECOMMENDED TO THE GOVERNING COUNCIL FOR APPROVAL. ALL OTHER ITEMS ARE REPORTED TO THE GOVERNING COUNCIL FOR INFORMATION.

The Chair welcomed members and guests to the meeting. He indicated that as he needed to leave the meeting early for a family event, the Vice-Chair would assume the Chair in his place. He also noted that the Senior Assessor, Professor Scott Mabury, would be participating in the meeting by phone.

The Chair took the opportunity to thank all members for their service to the Board over the course of the past year. He offered a special thanks to those members who would be concluding their terms: Professor John Bland; Mr. Andrew Girgis; Ms Rosanne Lopers-Sweetman; Mr. Gary Mooney; Mr. Andrew Szende; Ms Rita Tsang; Ms Maina Rambalia; and, Ms Elizabeth Vosburgh. He singled out Ms Vosburgh who was completing nine years as an alumni governor and who had served for eight of those years on the Business Board. He also thanked Mr. Jeff Collins for his valuable contributions to the Board in general and for the important role that he played as a member of the agenda planning group. Finally, he thanked the Board's assessors.

MAIN THEME – AUDITED FINANCIAL STATEMENTS AND FINANCIAL REPORTS

1. Financial Statements (arising from the meeting of the Audit Committee, June 11, 2014)

The Chair advised members that the financial statements were before the Board for consideration and recommendation to the Governing Council and that the remainder of the Financial Report was for information only. He informed members that the financial statements were reviewed in detail by the Audit Committee at its meeting the previous day (June 11, 2014). At the invitation of the Chair, Ms Paulette Kennedy, Chair of the Audit Committee, reported that Mr. Pierre Piché had given a detailed presentation on the financial statements at the June 11, 2014 meeting. She said that the Committee had looked at the statements twice, having reviewed the draft notes at the May meeting of the Committee and then again in final form at the June meeting. She said that the Committee met with the external auditors, both with management present as well as without management, and that no concerns were raised. The Committee had also reviewed the outstanding legal claims and had determined that there was nothing to draw to the attention of the Board. She complimented Ms Brown, Mr. Piché and their team for their work, and in particular for producing the statements under a very tight timeline. The Chair echoed these sentiments.

REPORT NUMBER 212 OF THE BUSINESS BOARD – June 12, 2014

At the invitation of the Chair, Ms Brown gave a brief presentation to the Board¹ that highlighted key components of the financial statements: She said that while it had been a good year she reminded members that the University still faced the structural issues that had been highlighted by the budget presentation in the spring.

In the discussion that followed a member asked about the inflation cushion for the endowment and whether it would be possible to increase endowment payouts rather than put additional money towards building the cushion. Ms Brown explained that, following on from the financial crisis of 2008-2009, it was important to ensure that the market value of every fund was restored to at least equal its book value and, beyond that, to ensure purchasing power protection for every fund. In response to a follow-up question, Ms Brown said that endowments were in a unitized pool which allowed for a payout in the short term for individual funds which had a market value less than book value. Nevertheless, she said that it was important not to lose sight of the fact that in the long run each fund needed to have a market value greater than book value. The Chair noted that he understood that individual reports were provided to each donor; Ms Brown further clarified that this was the case for all endowments with contributions of more than \$95,000. She said that these formed part of larger packages that were produced by the Division of University Advancement.

On a motion duly moved, seconded and carried

YOUR BOARD RECOMMENDS

THAT the University of Toronto audited financial statements for the fiscal year ended April 30, 2014 be approved.

The Chair thanked Ms Brown and her team for their exemplary work. He also congratulated Mr. Pierre Piché who would be receiving his doctorate at the convocation ceremony on June 13, 2014. Finally, he thanked the Audit Committee for their review of the statements.

2. Debt Policy Limit, Debt Allocations, Outstanding Debt Issued and Status of the Long Term Borrowing Pool to April 30, 2014**a. Standard & Poor's Ratings Services – University of Toronto Credit Rating Report (April 17, 2014)**

The Chair invited Ms Brown to speak to this item. Ms Brown reminded members that they had received the first annual report on the new debt strategy at a meeting earlier this year. Ms Brown reported that the actual results in comparison to the projections showed that the University had less total expenditures over the year than had been projected, in part this was because more money had been reserved (for operating contingencies, capital projects, etc.). She explained that

¹ <http://uoft.me/bb2014jun12pres>

REPORT NUMBER 212 OF THE BUSINESS BOARD – June 12, 2014

the debt burden ratio based on actual outstanding debt was 3.8%, which was 1.2% lower than the policy debt burden ratio of 5% and that the viability ratio, which was based on actual debt outstanding, was 1.2, which was higher than the desired lower threshold of 0.80. She also noted that the long term borrowing pool, which was an internal self-imposed sinking fund where funds were accumulated for repayment of debentures, amounted to \$162.3 million and that the University was well on its way to accumulating the money to retire those debentures when they would become due.

In response to a question for a member as to where the sinking fund assets showed up on the accounts, Mr. Piché said that on the balance sheet they would be reflected as 'cash on hand'. The Chair noted that while the assets were held in the same pool as the endowment funds they were not treated as endowment funds. The member noted that this meant that they were subject to market risk and Ms Brown confirmed that this was the case.

OTHER ITEMS**3. Design Review Committee****a. Revisions to the Terms of Reference of the Design Review Committee****b. Design Review Committee Annual Report , 2013**

The Chair noted that the revisions to the Terms of Reference of the Design Review Committee (DRC) was the last component of the revisions to the *Policy on Capital Planning and Capital Projects*. The Chair called on Professor Mabury to provide an overview of the changes being recommended Professor Mabury began by thanking Ms Gail Milgrom for her extensive work on this matter and noted that this would be her last meeting as she would be retiring at the end of the month. He acknowledged her dedicated service to the University and thanked her for her many and varied contributions.

Professor Mabury pointed out to members that the University had had some form of a design review committee since 1995 and that the Committee as it currently operated had come into existence in 2001. He said that the changes being introduced included a more punctuated and differentiated role for the DRC. Its role would be to highlight key design issues for the University, share expertise with staff and colleagues, and encourage others to act on their advice by clearly articulating strengths, weaknesses, and needed revisions to, designs and plans proposed for the University. Importantly, comments and recommendations of the DRC were to be given utmost consideration and it would be expect that these would be incorporated where possible into projects. He noted that there would continue to be two co-chairs, one appointed by the President who would have appropriate knowledge of design principles and practices as acquired through a significant body of professional design practice and the other, the Assistant Vice-President University Planning Design and Construction (AVP, UPDC). He said that the Committee would be comprised of 12 members, four of whom would be appointed by the President and must hold professional degrees in their respective fields – architecture, landscape architecture, urban design or city planning and expertise in sustainable design and in heritage

REPORT NUMBER 212 OF THE BUSINESS BOARD – June 12, 2014

buildings and landscapes would be welcome. He said that there would be two members from Governing Council, its Boards or the wider University Committee that would be appointed by the President, at least one of whom was a non-university employee. He noted that it would be important to have people at the table who would be responsible for carrying out the views and decisions of the DRC. He said that the Terms of Reference had been expanded so that the DRC's scope would include projects that were under the \$3 million threshold but that had significant impact on public, open spaces and historical buildings. Finally, he concluded by saying that there had been a deliberate segregation of procedures from policy, and that the procedures would be a living document.

A member commented that he wholeheartedly approved of the changes and said that it was clear that they were a result of a very thoughtful process. The Chair commented that this would introduce a more rigorous and structured process and that he felt that the newly constituted DRC would be more able to respond to the types of issues that had arisen in the past, particularly on matters related to historical buildings. Another member thanked Professor Mabury and his team for outlining a disciplined process and remarked that it would likely make it easier to demonstrate to neighbours and the wider community that projects had undergone appropriate and extensive scrutiny. The Chair brought the discussion on this matter to a close by thanking Ms Milgrom for her service to the University and commented that the revised Design Review Committee was a fitting book end to her career. Members expressed their appreciation for Ms Milgrom.

4. Reports of the Administrative Assessors

Professor Angela Hildyard distributed copies of the Quarterly Health and Safety Report to members. She also updated members on the matter of a former employee who was suffering from an asbestos related illness and that the Workplace Safety and Insurance Board (WSIB) had reviewed the documentation and had determined that occupational exposure to asbestos while employed at the University of Toronto had significantly contributed to the individual's current medical condition. She noted that this employee had ceased working at the University of Toronto in the early 2000s and assured members that the policies in place for the last decade would prevent a similar situation. She said that at the present time no fine had been levied. Finally, with reference to the fire in the dormitory where a student was on an exchange in the Czech Republic she informed members that the fire had not been serious and that there had been no injuries.

A member asked whether the University was concerned that as there had been one case of an asbestos related illness whether it was felt there might be more, specifically was there a sense that this was a large potential liability. Professor Hildyard replied that employees underwent regular checks on this. She said that of the two employees who had come forward with this illness it had only been confirmed in the one case that the University had some role. In response to a question from a member as to whether there had been outreach to other employees who had been employed at the same time as the individual who was unwell, Professor Hildyard replied that the University had been in communication with the union and that all employees had been advised of the situation and had been encouraged to get a medical check-up. She emphasized

REPORT NUMBER 212 OF THE BUSINESS BOARD – June 12, 2014

that current procedures would not permit the kind of exposure that had been experienced by the former employee in question.

OPEN SESSION CONSENT AGENDA

On a motion duly moved, seconded, and carried

YOUR BOARD APPROVED

THAT the consent agenda be adopted.

- 5. Report of the Previous Meeting – Report Number 211 – March 31, 2014**
- 6. Business Arising from the Report of the Previous Meeting**
- 7. Report on Capital Projects as of May 31, 2014**
- 8. Project Development Report – Project Closure Reports**
 - a. UTSC Instructional Centre**
 - b. St. George Data Centre**
- 9. Status Report on Debt to May 31, 2014**

CLOSING ADMINISTRATIVE MATTERS

- 10. Date of the Next Meeting – Monday, September 22, 2014 at 5:00 p.m.** (Orientation from 4:00 – 5:00 p.m.)

The Chair advised members that the date of the next meeting was Monday, September 22, 2014 at 5:00 p.m. and noted that there would be a one-hour orientation session prior to the meeting. He also advised members that the 2014-15 governance meeting schedule was available on-line on the Office of the Governing Council homepage.

*Pursuant to section 33(i) of By-Law Number 2,
items 11 - 17 were considered in camera.*

The Vice-Chair assumed the Chair for the remainder of the meeting.

THE BOARD MOVED *IN CAMERA*

- 11. Quarterly Report on Gifts and Pledges over \$250,000, February 1, 2014 to April 30, 2014**

REPORT NUMBER 212 OF THE BUSINESS BOARD – June 12, 2014

12. University of Toronto North Building Phase B

a. Financial Implications and Funding Sources (for approval)

On motion duly moved, seconded and carried

YOUR COMMITTEE APPROVED

THAT the recommendation regarding the Phase B of the UTM North Building Reconstruction contained in the memorandum from Professor Scott Mabury, Vice-President, University Operations, dated June 2, 2014, be approved

b. Execution of Project (for approval)

On motion duly moved, seconded and carried

IT WAS RESOLVED

THAT the recommendation regarding the execution of the Phase B of the UTM North Building Reconstruction project contained in the memorandum from Professor Scott Mabury, Vice-President, University Operations, dated June 2, 2014, be approved.

13. Collective Agreements

Professor Hildyard advised the Board of the details of the four agreements and indicated that the University had been able to find innovative ways to fund compensation increases without any net increase to compensation, consistent with the provincial government's expectations under the salary constraint legislation.

- a. May 1, 2014 to April 30, 2017 Collective Agreement between the University and the International Union of Painters and Allied Trades, District Council 46, Local 557**
- b. February 1, 2013 – January 31, 2015 Collective Agreement between the University of Toronto and UNITE HERE Local 75**
- c. May 1, 2014 – April 30, 2018 Collective Agreement between the University and the Carpenters' District Council of Ontario on behalf of Carpenters and Allied Workers Local 27**
- d. September 1, 2013 to August 31, 2015 Collective Agreement between the University and CUPE, Local 3907**

REPORT NUMBER 212 OF THE BUSINESS BOARD – June 12, 2014

14. July 1, 2014 Compensation increases for Professional, Managerial and Confidential staff; Advancement Professionals; Senior Research Associates and Research Associates

On motion duly moved, seconded and carried

YOUR COMMITTEE APPROVED

THAT the proposed Compensation increases for Professional, Managerial and Confidential staff; Advancement Professionals; Senior Research Associates and Research Associates be implemented as follows:

Merit Increases to be implemented effective July 1, 2014

ATB of 0.5% to be implemented effective July 1, 2014

Benefit changes to dependent scholarship program, effective July 1 2014

Pension Contribution increases:

To 7.25%/8.95% as of July 1, 2015

To 7.70%/9.50% as of July 1, 2016

15. Compensation Program: PTR for Faculty Members and Librarians

On motion duly moved, seconded and carried

YOUR COMMITTEE APPROVED

THAT the normal Progress-Through-The-Ranks (PTR) be implemented for faculty and librarians, effective July 1, 2014 on a without prejudice or precedent basis to the University's position that PTR/mert is part of the salary and benefit negotiations conducted with the Faculty Association pursuant to Article 6 of the *Memorandum of Agreement* with the Faculty Association.

16. Report of the Striking Committee: Co-opted Membership of the Business Board and the Audit Committee for 2014 - 15

On a motion duly made, seconded and carried

YOUR COMMITTEE APPROVED

BUSINESS BOARD

(a.) THAT Mr. Paul Handley be appointed to the Business Board as a co-opted administrative staff member for a one-year term from July 1, 2014 to June 30, 2015; and

(b.) THAT Mr. Ian Freedman and Mr. Chris Thatcher be re-appointed to the Business Board as co-opted lay members for three-year terms from July 1, 2014 to June 30, 2017.

REPORT NUMBER 212 OF THE BUSINESS BOARD – June 12, 2014

- (c.) THAT Ms Sara Gelgor be appointed to the Business Board as a co-opted lay member for a two-year term from July 1, 2014 to June 30, 2016.

AUDIT COMMITTEE

- (a.) THAT the following be appointed as co-opted members of the Audit Committee for one-year terms from July 1, 2014 to June 30, 2015:

Mr. Robert Boeckner
Ms Kathryn A. Jenkins
Ms Penelope Somerville
Mr. Chris Thatcher

- (b.) THAT Ms Paulette Kennedy be appointed Chair of the Audit Committee and Mr. Brian Lawson be appointed Vice-Chair of the Audit Committee for one-year terms from July 1, 2014 to June 30, 2015.

17. *In Camera Reports of the Administrative Assessors*

Professor Mabury updated the Board on the University of Toronto Libraries High-Density Library Storage Facility Expansion project.

The Board returned to open session.

The meeting adjourned at 6:45 p.m.

Secretary

Chair

June 17, 2014