

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

**REPORT NUMBER 220 OF THE BUSINESS BOARD**

**Thursday, June 18, 2015**

To the Governing Council,  
University of Toronto.

Your Board reports that it met on Thursday, June 18, 2015 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Mr. W. John Switzer, (Chair)  
Ms N. Jane Pepino (Vice-Chair)  
Professor Scott Mabury, Vice-President  
University Operations  
Professor Angela Hildyard, Vice-President,  
Human Resources and Equity  
Ms Sheila Brown, Chief Financial  
Officer  
Mr. David Norris Bowden  
Ms Caitlin Campisi  
Mr. Ben Coleman  
Mr. Jeff Collins  
Mr. Ian Freedman  
Mr. Gary D. Goldberg  
Professor Avrum Gotlieb  
Mr. Paul Handley  
Mr. William Hewitt  
Ms Zabeen Hirji\*  
Mr. Mark Krembil  
Ms. Nancy Carolyn Lee  
Mr. John Paul Morgan  
Ms Catherine Riddell  
Mr. Peter Robinson  
Mr. Howard Shearer \*  
Mr. Christopher Thatcher  
Mr. Keith Thomas

**Presidential Assessors**

Ms Christine E. Burke, Director,  
Campus Facilities and Planning  
Mr. Paul Donoghue, Chief  
Administrative Officer, UTM  
Ms Sally Garner, Executive Director,  
Planning & Budget Office  
Mr. Malcolm Lawrie, Assistant Vice-  
President, University Planning,  
Design and Construction  
Mr. David Palmer, Vice-President,  
Advancement  
Professor Cheryl Regehr, Vice-President  
and Provost

**Secretariat:**

Mr. David Walders, Secretary

\*Participated by telephone

**Regrets:**

Ms Sara Gelgor  
Mr. Arthur Heinmaa  
Professor Edward Iacobucci

**In Attendance:**

Mr. Bob Boeckner, Member, Audit Committee

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

Ms Elizabeth Cragg, Director, Office of the Vice-President, University Operations

Mr. Pierre Piché, Controller and Director of Financial Services

**MAIN THEME - AUDITED FINANCIAL STATEMENTS AND FINANCIAL  
REPORTS**

ITEMS 11 and 12 ARE RECOMMENDED TO THE GOVERNING COUNCIL FOR  
APPROVAL. ALL OTHER ITEMS ARE REPORTED TO THE GOVERNING  
COUNCIL FOR INFORMATION.

*Pursuant to section 33(i) of By-Law Number 2,  
items 1-10 were considered in camera.*

The Chair welcomed members and guests to the meeting

The Board moved *in camera*.

**1. Quarterly Report on Gifts and Pledges over \$250,000, February 1, 2014 to April  
30, 2015**

The Quarterly Report was received by the Board for information.

**2. Real-Estate Transaction ~ Financing of 167 College Street**

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President of University  
Operations, as outlined in the memorandum dated June 9, 2015, regarding the financing  
of 167 College Street.

**3. Capital Project: University of Toronto Mississauga Biology Greenhouse -  
Execution of the Project.**

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On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President of University Operations, as outlined in the memorandum dated June 9, 2015, regarding the execution of the project of the University of Toronto Mississauga Biology Greenhouse.

**4. Capital Project: Faculty of Medicine Biomedical Laboratories in the MaRS Centre Phase 2 Tower – Execution of the Project.**

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President of University Operations, as outlined in the memorandum dated June 9, 2015, regarding the execution of the project of the Faculty of Medicine Biomedical Laboratories in the MaRS Centre Phase 2 Tower.

**5. Collective Agreement between the University of Toronto and CUPE 3261**

The Collective Agreement was received by the Board for information.

**6. Collective Agreement between the University of Toronto and Unifor, Local 2003**

The Collective Agreement was received by the Board for information.

**7. Collective Agreement between the University of Toronto and CUPE 3902**

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Angela Hildyard, Vice-President, Human Resources and Equity, as outlined in the memorandum dated June 8, 2015, regarding the collective agreement.

**8. Compensation Increases for Professional, Managerial and Confidential Staff, Advancement Professionals and Senior Research Associates/Research Associates**

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On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Angela Hildyard, Vice-President, Human Resources and Equity, as outlined in the memorandum dated May 26, 2015, regarding the compensation increases.

**9. Report of the Striking Committee: Co-opted Membership of the Business Board and the Audit Committee for 2015 - 16**

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Mr. John Switzer, Chair, Business Board, as outlined in the memorandum dated June 8, 2015, regarding the co-opted membership of the Business Board and the Audit Committee.

**10. In Camera Reports of the Administrative Assessors**

Professor Scott Mabury updated the Board on a real estate transaction.

The Board moved into open session.

**11. Audited Financial Statements for the Fiscal Year ended April 30, 2015**

Ms Sheila Brown provided introductory remarks, noting that the fiscal year ended April 30, 2015 had been positive from an investment perspective, with a 15% return on investment. As well, academic divisions had now developed and implemented multi-year financial plans, which had been extremely beneficial. She then offered a presentation on the Audited Financial Statements that highlighted the following main themes

- Revenue and Expenses
- Assets, Liabilities and Net Assets
- Performance of the Long-Term Capital Appreciation Pool
- Endowments
- Financial Results Compared to Forecast

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In reply to a members question regarding the increase in endowment payouts, Ms Brown replied that payouts had been kept flat at \$7.56 per unit for several years in order to restore the financial health of the endowment. In consideration of the current investment environment, combined with projected investment performance, the endowment payout had been increased to the per unit payout of the previous year, plus inflation. Ms Brown also confirmed that the policy for endowment payouts was set by the University Administration. In response to another members question regarding the financial accounting for intellectual property (IP), Dr. Piche noted that IP would only be included in the audited financial statements once the ownership interest in IP has been sold.

On motion duly made, seconded and carried

**YOUR BOARD RECOMMENDED**

THAT the University of Toronto audited financial statements for the year ended April 30, 2015 be approved.

**12. Appointment of the External Auditors**

Ms Brown reminded members that during the previous year, there had been a request for proposals with respect to the external auditors and that Ernst & Young had been selected. The University had been very satisfied with the work performed by the E&Y team and the relationship that had been fostered between E&Y and the University. She also noted that the Audit Committee had instituted a formal policy to conduct reviews of the external auditors on an annual basis.

Mr. Chris Thatcher, a member of the Audit Committee, reported that the Committee had conducted a review of the performance of the external auditors at its meeting of June 17, 2015. The Committee had found that the performance of the external auditors had met, and in many cases exceeded, expectation. The Committee unreservedly recommended to the Business Board the appointment of E&Y.

On motion duly made, seconded and carried

**YOUR BOARD RECOMMENDED**

THAT the recommendations of the Audit Committee for the appointment of external auditors be approved.

**13. Debt Policy Limit, Debt Allocations, Outstanding Debt Issued and Status of the Long Term Borrowing Pool to April 30, 2015**

Ms Brown explained that this Report, which was an annual item presented to the Board for information, provided an update on the total debt policy limit, the actual debt burden ratio and viability ratio, as well as an update of the status of the long-term borrowing pool.

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**a. Standard and Poor's Credit Rating Report**

Ms Brown reported that the S&P Credit Rating for the University remained at AA Stable, which was a strong investment grade rating.

**b. Status Report on Debt to May 31, 2015**

Ms Brown noted that this Report, which was a regular report to the Board, provided an update to May 31, 2015 on the University's debt policy as well as external and internal debt.

**14. Guideline on the Use of Operating Reserves as Matching for Donations**

Professor Regehr offered comments on the *Guideline*. She noted that the *Policy on Approval of Inter-Fund Transfers* had been originally implemented in 1979, reflecting the funding accounting underpinning the audited financial statements at that time. During the 1990's, several permanent overrides to the *Interfund Transfer Policy* were taken through governance to delegate, to the administration, matching within certain limits of donations for student scholarships and Faculty chairs. In 2014-15 and 2015-16, delegations of authority for the Provost to approve inter-fund transfers up to \$2 million for a broader range of matching initiatives were put into the Budget Report (e.g. College ONE programs).

Financial Services was currently undertaking a review of the *Policy* itself with a view to updating it to bring it in line with current financial realities. In the interim, this *Guideline* has been developed to provide a framework for the use of operating reserves as donation matching funds both for the pre-existing programmes and for the additional delegation of authority contained in the Budget Report.

In reply to a member's question, Professor Regehr replied that the total amount that had been transferred from operating reserves to endowments in the last year had been approximately \$10M. There was no maximum cap on the total dollar figure eligible for transfer from the operating reserves to other funds.

**15. University Procurement Policy: Change to Approval Authority Schedule**

Ms Brown noted that changes were needed to the Approval Authority Schedule, which was part of the Procurement Policy, occasioned in part by a change in the University's electronic procurement system as well as the need to correct a transcription error in the previous Schedule. In addition, it was hoped that the amended Authority Schedule would be a valuable training tool.

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On motion duly made, seconded and carried

YOUR BOARD APPROVED

THAT the *Procurement Policy* included as Attachment 1, replacing the *Procurement Policy* included as Attachment 2, which had been approved by the Business Board on April 4, 2011, be approved.

**OPEN SESSION CONSENT AGENDA**

On a motion duly moved, seconded, and carried

YOUR BOARD APPROVED

THAT the consent agenda be adopted.

**16. Report of the Previous Meeting, Report Number 219, April 7, 2015**

The Report of the previous meeting was approved.

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

There was no business arising from the Report of the Previous Meeting

**18. Project Development Report – Project Closure Report**

**19. Category 5 Cost Recovery Fee, 2015-16.**

**CLOSING ADMINISTRATIVE MATTERS**

**20. Other Business**

The Chair reminded members of the Board Evaluation Survey that would be distributed by the Secretariat.

Noting it was his final meeting as Chair of the Board, the Chair expressed gratitude to the Assessors, the Secretary and the membership for their support and guidance. He noted the many accomplishments of the Board and the invaluable role of the Board within University Governance. The Secretary and the Senior Assessor presented the Chair with a commemorative chair in recognition of his distinguished service.

**21. Date of the Next Meeting – Monday, September 21, 2015**

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The meeting adjourned at 7:15 p.m.

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Secretary

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Chair

June 18, 2015