

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 216 OF THE BUSINESS BOARD

Monday, January 26, 2015

To the Governing Council,
University of Toronto.

Your Board reports that it met on Monday, January 26, 2015 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Mr. W. John Switzer (Chair)	Ms Christine E. Burke
Ms Jane Pepino (Vice-Chair) **	Mr. David Palmer, Vice President, University Advancement
Professor Scott Mabury, Vice President University Operations	Mr. Louis Charpentier, Secretary of the Governing Council
Ms Sheila Brown, Chief Financial Officer	Mr. David Walders, Secretary
Professor Angela Hildyard, Vice President, Human Resources and Equity	
Ms Caitlin Campisi	
Mr. Ben Coleman **	
Mr. Jeff Collins	
Mr. Ian Freedman	
Ms Sara Gelgor	
Professor Avrum Gotlieb **	
Mr. Paul Handley	
Professor Edward Iacobucci	
Ms Nancy Carolyn Lee	
Ms Catherine Riddell **	
Mr. Peter Robinson	
Mr. Howard Shearer *	
Mr. Christopher Thatcher *	
Mr. Keith Thomas **	

* Participated by telephone

** Absent for Item 3

Regrets:

Mr. David Norris Bowden
Mr. Gary D. Goldberg
Mr. Arthur Heinmaa
Mr. William Hewitt
Ms Zabeen Hirji
Ms Paulette Kennedy
Mr. Mark Krembil
Mr. John Paul Morgan

In Attendance:

Ms Barbara Dick, Assistant Vice-President, Alumni Relations
Ms Gillian Morrison, Assistant Vice-President, Divisional Relations and Campaigns

Professor Donald Ainslie, Principal, University College
Mr. Larry Alford, Chief Librarian
Mr. Alfred Cheng, Chief Administrative Officer
Ms Elizabeth Cragg, Director, Office of the Vice-President University Operations
Ms Nora Gillespie, Legal Counsel, Office of the Vice-President & Provost and Office of the Vice-President, Human Resources & Equity
Ms Archana Sridhar, Assistant Provost

ITEMS 1a, 3 and 7 ARE RECOMMENDED TO THE GOVERNING COUNCIL FOR APPROVAL. ALL OTHER ITEMS ARE REPORTED TO THE GOVERNING COUNCIL FOR INFORMATION.

MAIN THEME: UNIVERSITY ADVANCEMENT

Pursuant to section 33(i) of By-Law Number 2, items 1-5 were considered in camera.

THE BOARD MOVED *IN CAMERA*

1. Capital Project: Robarts Library Renewal and Expansion: Robarts Library Commons

a) Execution of Project

On motion duly moved, seconded and carried

YOUR BOARD APPROVED

Subject to Governing Council approval in principle of the project,

THAT Professor Scott Mabury, Vice-President, University Operations, be authorized to implement the project for the Robarts Library Renewal and Expansion: Robarts Library Commons, as outlined in the memorandum from Professor Mabury, dated January 15, 2015.

2. Collective Agreement between the University of Toronto and CUPE Local 3902

On motion duly moved, seconded and carried

YOUR BOARD APPROVED

THAT the Collective Agreement between the University and CUPE, Local 3902 Unit 5, dated January 12, 2015, be approved.

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3. Striking Committee Membership: 2015

On motion duly moved, seconded and carried

YOUR BOARD APPROVED

THAT the following be appointed to the Business Board Striking Committee to recommend appointments for 2015:

Ms Jane Pepino (Lieutenant-Governor-in-Council appointee; Vice-Chair)
Ms Catherine Riddell (administrative staff)
Mr. Ben Coleman (student)
Professor Avrum Gotlieb (teaching staff)
Mr. Keith Thomas (alumni)

4. Quarterly Report on Gifts and Pledges over \$250, 000, August 1, 2014-October 31, 2014

Members received the Quarterly Report on Gifts and Pledges over \$250, 000, August 1, 2014-October 31, 2014, for information.

5. Reports of the Administrative Assessors

Professor Hildyard provided an update regarding ongoing bargaining between the University and unionized employee groups.

Professor Mabury provided the Board with an update on a real estate transaction.

THE BOARD MOVED INTO OPEN SESSION

6. Annual Report: Vice-President, Advancement, 2013-14

Mr. David Palmer, Vice-President, Advancement, introduced those members of the Advancement portfolio who were present and thanked them for their assistance in preparing the Annual Report. He then offered a presentation on the Annual Report of Advancement.¹

Several members commended Mr. Palmer and his office on the progress made to date towards the Boundless Campaign and noted that advancement initiatives had significantly furthered the academic mission of the University, notably in the area of partnerships between the University and partner hospitals. In reply to members' questions concerning Advancement's objectives and initiatives following the conclusion of the Boundless Campaign, Mr. Palmer noted that, while campaigns such as Boundless were often initiated to catalyze specific fundraising initiatives over a

¹ For the complete presentation, please see:

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finite period of time, the Office of Advancement was in a continuous state of campaigning and stewarding donor relations. This often involved liaising between potential donors and various University Departments to identify initiatives that would most greatly benefit from advancement funds. In response to a member's question regarding the percentage of Boundless pledges that had actually been received to date, Ms Morrison replied that an estimated 60% of the total reported Boundless pledges had been received to date. Finally, in reply to a member's question regarding the average time frame for receipt of full payment of donor gifts, Mr. Palmer replied that, on average, most multi-year pledges were paid out over a three to five year timeframe, and that on occasion, but not commonly, pledges will be paid over a longer period of seven to ten years.

7. Tentative agreement between the University and University of Toronto Faculty Association (UTFA) on the Memorandum of Agreement

Professor Hildyard noted that the Office of the Vice-President and Provost and the University's Legal Counsel had been instrumental in effectuating this agreement. She noted that the current Memorandum of Agreement (MOA) was reached following a desire by both the University and UTFA to modernize the original MOA signed in 1977. To that end, a Special Joint Advisory Committee (SJAC) had been convened two years ago and had undertaken extensive consultation. The result was changes to the existing MOA; these had been ratified by the UTFA Council in December, 2014 and would now be brought forward for consideration by governance. The proposed amendments being brought forward to the Business Board included amendments to Article 2 (to institute a new non-binding, facilitation and fact-finding process for addressing potential changes to so-called 'frozen policies'), Article 5 (clarifying the statement on academic freedom) and Article 6 (to introduce changes to salary and benefits). The proposed changes to the MOA regarding Articles 2 and 6 had only been agreed to in principle but had not yet been drafted with specific wording. Conversely, approval was being sought for the exact language regarding Article 5. Finally, Professor Hildyard advised that there were other proposed changes regarding the MOA that would be brought forward to the Academic Board for consideration, as the matters fell within the purview of that Boards' Terms of Reference.

A member posed a question regarding the proposed new *Policy and Procedure for Faculty and Librarians on Academic Restructuring* (which would be brought to the Academic Board for consideration), as to whether, under that *Policy*, restructuring would have to take place solely for academic reasons and not financial ones. Professor Hildyard replied that "restructuring" had a precise definition in the new *Policy*, which would only cover disestablishment, amalgamation, or transfer from one campus to another of an "academic unit", which in turn was defined as a division, Faculty, department, or EDU:A or B.

The new *Policy* sets out a process of notification and consultation if such a restructuring was proposed. Any academic restructuring proposal must contain a clear academic rationale and must also consider budgetary and financial information. For example, a restructuring could be proposed because of significant changes in a particular academic field or discipline, which had resulted in severely reduced student demand and enrolment in a particular division or department.

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On motion duly moved, seconded and carried

It was Recommended to the Governing Council,

THAT the tentative *Agreement Between the University of Toronto Faculty Association and the University Administration on Article 5 of the Memorandum of Agreement* (dated October 10, 2014) be approved, effective immediately; and

THAT, the tentative *Agreement Between University of Toronto Faculty Association and the University Administration on the Memorandum of Agreement* [Articles 2 and 6] (dated October 10, 2014) be approved in principle, effective immediately.

8. Capital Projects Reports (for information)

(a) Capital Projects and Real Estate: Annual Review to December 31, 2014

(b) Capital Projects Report to January 31, 2015

i. Capital Projects – Occupied as at January 31, 2015

ii. Capital Projects – Under Construction as at January 31, 2015

The Chair explained that the Capital Projects Reports would be deferred to the next regular meeting of the Board (which would occur on March 2, 2015) due to the unavailability of a staff member as a result of a medical emergency.

9. Reports on Debt

(a) Annual Debt Strategy Review

Ms Brown reminded members that the Board had approved the Debt Strategy for the University in 2012 and that this report was the second annual review of that Strategy. The central aim of the review was to answer two fundamental questions: was the Debt Strategy still prudent and was it delivering on the priority debt needs for the University. The current review had answered ‘yes’ to both questions.

In reply to a member’s suggestion, Ms Brown agreed that, at a future meeting of the Board, a case study could be presented showing the ways in which the financing approved by the Business Board for a capital project affected the allocation of the University’s debt as shown in the Status Report on Debt.

(b) Status Report on Debt

Ms Brown indicated that she had no comment on the Report other than to note that the debt policy limit was updated every June.

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Ms Brown reported that the Moody's Credit Report, which was issued by one of three credit rating agencies utilized by the University, had issued a rating of "Aa2 Stable" for the University, which was a good rating. When asked by a member about the potential impact on the University of the current negative outlook for the Province of Ontario (Aa2 negative), Ms Brown replied that, when issuing its negative report on the Province, which had occurred a few months ago, Moody's had not included the University of Toronto amongst those institutions that it believed would be affected. Finally in response to a member's question regarding the University's susceptibility to interest rate fluctuations, Ms Brown replied that all of the existing debenture debt issued by the University were at fixed rates, with repayment of principal due between 2031 and 2051.

OTHER REPORTS FOR INFORMATION**10. Forecast of University Financial Results at April 30, 2015**

Ms Brown noted that this forecast, which was presented annually to the Board for information, contained forecasts of income statements and net assets of the University. Projections were made which took into account several possible investment return scenarios which could affect the Audited Financial Statement – which would be presented to the Board for consideration at the June, 2015 meeting.

In reply to a member's question, Mr. Brown commented briefly on the impact that the revised mortality tables for pensioners (introduced by the Canadian Institute of Actuaries in February, 2014) would have on the University's accrued pension liability at April 30, 2015.

11. Senior Appointments and Compensation Committee: Annual Report, 2013-14

Mr. Louis Charpentier, Secretary of the Governing Council, reported that the Committee had discharged its duties as enumerated under the *Policy on Appointments and Remuneration*, which included receiving reports on compensation and appointment decisions that were designated as being within the sole purview of the President.

12. Health and Safety Requirements: Quarterly Report on Compliance

Professor Hildyard indicated that she had nothing to add to the Report but would be pleased to take questions from members. Members did not raise any questions.

13. Annual Report of the Responsible Investing Committee, 2013-14

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Ms Brown informed members that, rather than being a formal governance body, the Responsible Investing Committee (RIC) was advisory to her in her role as Chief Financial Officer. The RIC considered overall policy with respect to responsible investing, rather than specific investments or divestments. She also noted that the RIC meetings were typically attended by the President and Chief Executive Officer of the University of Toronto Asset Management Corporation (UTAM) or another UTAM representative.

The chair asked Sheila Brown to express appreciation on behalf of the Business Board to the members of the RIC for their work and sustained commitment.

14. Reports of the Administrative Assessors

There were no open session reports from the Administrative Assessors.

CONSENT AGENDA

On a motion duly moved, seconded, and carried

YOUR BOARD APPROVED

THAT the consent agenda be adopted and items approved.

15. Reports of the Previous Meetings

Members received and approved report number 214, from the meeting of November 3, 2014, and report number 215, from the special meeting of December 10, 2014.

16. Business Arising from the report of the Previous meeting

There was no business arising from the report of the previous meeting.

17. Report Number 115 of the Audit Committee

The Board received Report Number 115 of the Audit Committee (December 2, 2014) for information.

CLOSING ADMINISTRATIVE ITEMS

18. Date of Next Meeting – Monday, March 2, 2015

The Chair advised members that the next regular meeting was scheduled for Monday, March 2, 2015 at 5:00 p.m.

19. Other Business:

(a) Presentation: Landmark Committee

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Professor Mabury and Professor Ainslie provided a brief report for information on the Landmark Committee that had been formed to make recommendations for the revitalization of King's College Circle/Front Campus, Sir Daniel Wilson Quadrangle, Hart House Circle and the Back Campus/Tower. Professor Mabury noted that some of the themes that guided the Landmark Committee had included an improvement to the pedestrian experience; enhancement of green space; support events – specifically student events; the removal of surface parking from King's College Circle, Hart House Circle and; limiting traffic on King's College Circle and Hart House Circle. At the current stage of the project, the community would be invited to provide input on the revitalization project.

In reply to a member's question, Professor Mabury confirmed that while this proposed project would fall within the St. George Master Plan, consultation would be a tri-campus initiative. In response to a member's question regarding timing for completion, Professor Mabury reported that, while it was hoped that the project would be clearly defined within two years, there would be a number of interim initiatives designed to offer solutions to issues the project would eventually address on a larger and more comprehensive scale.

The meeting adjourned at 7:20 p.m.

Secretary

Chair

January 27, 2015