

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 219 OF THE BUSINESS BOARD [Revised]

Tuesday, April 7, 2015

To the Governing Council,
University of Toronto.

Your Board reports that it met on Tuesday, April 7, 2015 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Mr. W. John Switzer, (Chair)
Professor Meric Gertler, President
Professor Angela Hildyard, Vice-President,
Human Resources and Equity
Ms Sheila Brown, Voting Assessor,
Chief Financial Officer
Mr. David Norris Bowden
Ms Caitlin Campisi
Mr. Ben Coleman
Mr. Jeff Collins
Mr. Ian Freedman
Ms Sara Gelgor
Mr. Gary D. Goldberg
Professor Avrum Gotlieb
Mr. Paul Handley
Mr. Arthur Heinmaa
Mr. William Hewitt
Ms Zabeen Hirji
Mr. Mark Krembil
Ms. Nancy Carolyn Lee
Mr. John Paul Morgan
Ms Catherine Riddell

Mr. Peter Robinson
Mr. Christopher Thatcher
Mr. Keith Thomas

Presidential Assessors

Ms Christine E. Burke, Non-Voting
Assessor
Mr. Paul Donoghue, Chief
Administrative Officer, UTM
Ms Sally Garner, Executive Director,
Planning & Budget Office
Mr. Malcolm Lawrie, Non-Voting
Assessor
Ms Anne E. MacDonald, Non-Voting
Assessor

Secretariat:

Mr. David Walders, Secretary

Regrets:

Professor Edward Iacobucci
Ms Paulette Kennedy
Ms N. Jane Pepino
Mr. Howard Shearer

In Attendance:

Mr. Harvey Botting, Member, Governing Council

Mr. Bob Boeckner, Member, Audit Committee

Ms Lisa Becker, Director, Operational Due Diligence & Chief Compliance Officer,
University

of Toronto Asset Management Corporation (UTAM)

Mr. Alex Brat, Director, Labour Relations

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

Ms Gloria Cuneo, Director, Student Family Housing

Mr. Marc Drouin, Director, Environmental Health and Safety

Ms Rosalyn Figov, Director, Operations and Finance

Ms Katy Francis, Director, Strategic Human Resources Communications

Ms Melanie Grant, Administrative Coordinator

Mr. John Hsu, Chief Operating Officer, UTAM

Mr. Adrian Hussey, Managing Director, Portfolio and Risk Analysis, UTAM

Ms Erin Jackson, Executive Director, Central Administration Human Resources Services
& Integrated Human Resources Service Delivery

Ms Nadina Jamison, Executive Director, Stakeholder Relations and Strategic Priorities

Ms Yvonne MacNeil, CAO, University College

Professor John Marshall, Department for the Study of Religion

Mr. William (Bill) Moriarty, President and CEO, UTAM

Ms Rosie Parnass, Executive Director, Organizational & Leadership Development, & and
Work Life Support

Mr. Pierre Piché, Controller and Director of Financial Services

Mr. Chuck O'Reilly, Director, Manager Selection & Portfolio Construction, UTAM

Ms Deb Osvenny, Executive Director, Total Rewards

Mr. Cameron Richards, Managing Director, Investment Strategy & Co-CIO, UTAM

Ms Meredith Sandles, Senior Human Resources Policy and Project Specialist

Mr. Daren Smith, Managing Director, Manager Selection & Portfolio Construction,
UTAM

ITEMS 4 and 14(a) 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 14-16 were considered in camera.*

MAIN THEME – HUMAN RESOURCES AND EQUITY

The Chair welcomed members and guests to the meeting. He advised that the Board's Senior Assessor, Professor Scott Mabury, was not in attendance as he was attending a family funeral, and expressed sympathy to Professor Mabury and his family on behalf of the Board.

REPORT NUMBER 219 OF THE BUSINESS BOARD – Tuesday, April 7, 2015

He then invited Professor Hildyard to offer her annual report, which would cover items 1 and 2 on the agenda.

1. Annual Report of the Vice-President, Human Resources and Equity, 2013-14

Professor Hildyard invited those members of her team in attendance from the Division of Human Resources and Equity to introduce themselves. She then offered a presentation on her Annual Report highlighting the following themes¹:

- Employee Engagement
- Top Employer Awards
- Recognition
- Community Outreach
- Communications
- Labour Relations
- Leadership Development
- Health, Safety & Well-Being
- Equity & Diversity

Following the presentation, members asked several questions on three topics: underrepresentation of Aboriginal persons and persons with disabilities among employee groups; retention of staff, and; diversity within, and job advancement possibilities for, sessional lecturers.

Professor Hildyard reported that there were ongoing initiatives within the Division to increase the proportion of Aboriginal persons and persons with disabilities within the University's workforce, including expanded use of social media to attract a diverse candidate pool. She also noted that there existed many initiatives to attract a diverse pool of students at the University, and that these initiatives may lead to a more diverse pool of candidates aspiring to join the University's workforce. To that end, the President informed the Board there was a full-time Aboriginal recruitment officer for students, and Mr. Tad Brown outlined some recent significant Advancement donations targeted specifically at Aboriginal students.

Turning to retention of staff, Professor Hildyard reported that, while there was lateral movement of administrative staff within various portfolios within the University, incidents of staff leaving the University for opportunities outside the University were relatively low. Finally, regarding sessional lecturers, Professor Hildyard noted that since data on diversity among staff in this employee group had only been collected for one year, and since the response rate for the survey was just over 35%, it was difficult to accurately ascertain diversity. She also noted that when addressing advancement issues it was important to keep in mind that many members of this employment group are

¹ For complete presentation, please see: <http://uoft.me/BB2015Apr7-B>

REPORT NUMBER 219 OF THE BUSINESS BOARD – Tuesday, April 7, 2015

employed in full-time positions outside the University and lectured on a strictly part-time basis.

The Chair thanked Professor Hildyard and her team for their work on the Annual Report and the presentation to the Board.

2. Employment Equity: Annual Report, 2014

3. Health & Safety Requirements: Quarterly Report on Compliance

Professor Hildyard indicated that she had no comments to make regarding the Quarterly Report and there were no questions from Board members.

4. Ancillary Operations: Residential Housing – Operating Results for 2015-15 and Budget, 2015-16

Ms Anne MacDonald offered a presentation on residential housing ancillary finance and operations that addressed the following main themes²:

- Unit Mix
- Revenues
- Operating Costs
- Capital Renewal

There were no questions from members and the Chair thanked Ms MacDonald for her presentation.

On a motion duly moved, seconded, and carried

YOUR BOARD APPROVED

THAT the operating budget for the Residential Housing Ancillary for 2015-16, as contained in the ‘2015-16 Budget’ column of Schedule 1 to the Overview of Operations and Business Plan for 2015-20, be approved.

5. University of Toronto Asset Management Corporation: Annual Report and Financial Statement, 2014

Mr. Moriarty invited the UTAM staff in attendance to introduce themselves and he then presented his Annual Report which highlighted the following themes³:

- Annual Returns vs. University Targets

² For complete presentation please see <http://uoft.me/BB2015Apr7-C>

³ For complete presentation, please see: <http://uoft.me/BB2015Apr7-A>

REPORT NUMBER 219 OF THE BUSINESS BOARD – Tuesday, April 7, 2015

- Benefit Derived from Favourable Capital Markets Environment
- Value-Add from Active Management Decisions in 2014 and Over a 5-Year Period
- Portfolio Asset Mix
- Public and Private Market Returns
- Portfolio Risk v.s Risk in the Reference Portfolio
- Possibility of Future Challenging Investment Environment.

In reply to questions from members, Mr. Moriarty confirmed that the 17% cash position in the portfolio was used to back derivative contracts that were used to rebalance the portfolio on a quarterly basis. In response to a question from the Chair, Mr. Moriarty reported that the President's Investment Advisory Committee received a review on the reference portfolio once a year and UTAM undertook a deep-dive review of the Reference Portfolio every 2-3 years. A deep-dive was being undertaken during the current year.

The Chair thanked Mr. Moriarty for his presentation.

6. Pension Plans Annual Financial Report for the Year Ended June 30, 2014

Ms Brown informed the Board that the University's application to the Provincial Government for Stage 2 Solvency Relief had been accepted. As such, the Annual Financial Report had only recently been finalized and was therefore now being presented to the Board. Additionally, Ms Brown outlined various initiatives within the Broader Public Sector, the University community and the University of Toronto itself to explore Jointly Sponsored Pension Plans.

She then offered a presentation on the Annual report that addressed the following main themes⁴:

- Going Concern Results for the Year
- Market Value of Pension Assets for the Year
- Going Concern Market for the Year
- Components of Change in Pension Plan Deficit – July 1, 2006 – June 30, 2014
- Solvency Results for the Year

Members asked questions regarding the University's deficit in relation to that of other comparable universities, the future plans for making special payments to the Pension Plan and whether the Provincial Government was likely to permit the use of letters of credit to fund the Pension Plan's solvency deficiency.

In reply, Ms Brown reported that, as a percentage of the total value of pension assets in the Plan, the University's deficit was comparable to peer Universities with defined benefit pension plans. Turning to special payments, she noted that that, in light of the University being accepted for Stage 2 solvency relief, a revised plan for special payments would be presented to the Board, possibly as early as this governance year. Finally, Ms Brown reported that it was unclear whether the Province would permit the use of letters of credit to fund the Plan's solvency shortfall.

The Chair thanked Ms Brown for her presentation.

⁴ For complete presentation, please see: <http://uoft.me/BB2015Apr7-D>

REPORT NUMBER 219 OF THE BUSINESS BOARD – Tuesday, April 7, 2015

7. Reports of the Administrative Assessors

Ms Brown reported that the Dominion Bond Rating Service (DBRS) had recently confirmed the rating of the University at AA, Stable.

In reply to a member's question, Ms Brown confirmed that DBRS does not examine or opine on debt which is internal to the University.

Before moving to the consent agenda, the Chair informed the meeting that a member had submitted two requests: the first request was to raise some matters of business arising from the report of the previous meeting; the second request was that one item, Report on Capital Projects as of March 31, 2015, be removed from the consent agenda for individual consideration. The Chair explained that the former request would be dealt with during the open session of the meeting, while the latter would be addressed in the *In Camera* session.

At the invitation of the Chair, the member raised items of business arising from the last meeting of the Board, making two requests of the University administration:

The first request was for a comparison chart of 2014/15 v.s. 2015/16 for salary adjustments, per employee category, outlining salary increases as a percentage from 2014/15 to 2015/16 per employee group. The second request was for a list of projected increases and non-increases for 2016/17 student tuition fees, including a variety of scenarios for increases and non-increases.

The Chair indicated that, at the next regular meeting of the Board, the responsible Assessors would advise as to the feasibility of addressing these requests.

OPEN SESSION CONSENT AGENDA

On a motion duly moved, seconded, and carried

YOUR BOARD APPROVED

THAT the consent agenda be adopted.

8. Reports of the Previous Meeting

Members received Report Number 217 (September 22, 2014) and Report Number 218 (March 26, 2015, special meeting) for information.

9. Business Arising from the report of the Previous meeting

There was no other business arising from the reports of the previous meeting.

REPORT NUMBER 219 OF THE BUSINESS BOARD – Tuesday, April 7, 2015

10. **Status Report on Debt to March 31, 2015**
11. **Report on Capital Projects as of March 31, 2015**
 - a) **Occupied**
 - b) **Under Construction**
12. **Service Ancillaries Operating Plans**

CLOSING ADMINISTRATIVE MATTERS

13. **Date of Next Meeting: Thursday, June 18, 2015**

The Chair advised members that the date of the next meeting would be Thursday, June 18, 2015 at 5:00 p.m.

THE BOARD MOVED *IN CAMERA*

14. **Capital Project: University College Revitalization**
 - a) **Execution of Project**

On a motion duly moved, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President University Operations, as outlined in the memorandum dated March 25, 2015 regarding execution of the University College Revitalization Project.

15. **Collective Agreement: University of Toronto and CUPE 3902 Unit 3**

The Collective Agreement was received by the Board for information.

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

Professor Hildyard provided the Board with a update on two labour relations matters. Mr. Malcolm Lawrie addressed several questions raised in advance by a member regarding a capital project and quarterly reporting of capital projects.

The Board returned to open session.

The meeting adjourned at 7:20 p.m.

Secretary

Chair

April 8, 2015