UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 142 OF THE BUSINESS BOARD

June 23, 2005

To the Governing Council,
University of Toronto.

Your Board reports that it met on Thursday, June 23, 2005 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Ms Jacqueline C. Orange (In the Chair)
Ms Catherine J. Riggall, Vice-President, Business Affairs
Mr. Donald A. Burwash
Mr. Brian Davis
Dr. Claude S. Davis
Dr. Alice Dong
Ms Mary Anne Elliott
Ms Susan Eng
Dr. Gerald Halbert
Ms Françoise D. E. Ko
Mr. Gerald A. Lokash
Mr. George E. Myhal
Dr. John P. Nestor
Mr. Roger P. Parkinson
Mr. Timothy Reid
Ms Marvi H. Ricker
Dr. Jon S. Dellandrea, Vice-President and Chief Advancement Officer
Professor Vivek Goel, Vice-President and Provost
Mr. John Bisanti, Chief Capital Projects Officer
Ms Sheila Brown, Chief Financial Officer
Ms Rivi Frankle, Assistant Vice-President, University Advancement
Ms Christina Sass-Kortsak, Assistant Vice-President, Human Resources
Professor Ronald D. Venter, Vice-Provost, Space and Facilities Planning
Professor Safwat Zaky, Vice-Provost, Planning and Budget

Secretariat:

Mr. Neil Dobbs
Mr. Andrew Drummond

Regrets:

Ms Dominique Barker
Dr. Paul V. Godfrey
Professor Angela Hildyard
Ms Kim McLean
Mr. Richard Nunn
The Honourable David R. Peterson
Mr. Andrew Pinto
Professor Arthur S. Ripstein
Mr. Robert S. Weiss

In Attendance:

Professor David Farrar, Deputy Provost and Vice-Provost, Students
Ms Susan Addario, Director of Student Affairs
Professor Bruce Kidd, Dean, Faculty of Physical Education and Health
Mr. Hal Koblin, Special Adviser to the Vice-President and Chief Advancement Officer

In Attendance (Cont'd)

Ms Rosie Parnass, Quality of Work Life Advisor and Special Assistant to the Vice-President, Office of the Vice-President - Human Resources and Equity
Mr. Pierre Piché, Controller and Director of Financial Services
Professor Edward Relph, Special Advisor to the Vice-President and Principal, Campus Development, University of Toronto at Scarborough
Mr. Terry Rubenstein, Director of Financial Services and Information Technology, Faculty of Physical Education and Health

ITEMS 2 AND 3 CONTAIN RECOMMENDATIONS TO THE GOVERNING COUNCIL FOR APPROVAL.

1. Report of the Previous Meeting

Report Number 141 (May 2, 2005) was approved.

2. Financial Statements, 2004-05

Ms Brown reported that the Audit Committee, at its meeting of May 17, 2005, had reviewed the notes to the financial statements. At its meeting OF June 22, 2005, the Committee had examined the statements as a whole. The Committee had received a detailed presentation, copies of which had been placed on the table for the Business Board's meeting. The audit of the financial statements had been completed, and the external auditors' report was unqualified.

Ms Brown reviewed the highlights of the year's financial results. Revenues had been approximately $1,653.8-million and expenses had been $1,612.6-million, resulting in a net income of $41.2-million for the year. Total assets at the end of the year amounted to $3.3-billion and liabilities $1.6-billion, with net assets at the end of the year amounting to $1.6-billion. The largest element in the net assets were the University's endowment funds amounting to $1.423-billion, up from $1.288-billion at the end of the 2004-05 year.

Ms Brown said that the year had been a good one overall, with steady investment income – an outcome which could vary greatly from year to year and which therefore was a key one in determining the financial result in any particular year. The financial outcome was also aided by the receipt of two significant grants from the Government of Ontario late in the fiscal year. The Government provided a $26-million grant to assist the University to pay for needed repairs to buildings. That was the largest component of the $41-million net income for the year. In addition, the Government made a grant of $27-million to the endowment for fellowships to support outstanding graduate students. Because it was an externally restricted contribution to the endowment, the $27-million was accounted for as a direct addition to the endowment and it did not form a part of the University's revenue or its net income. The $135.1-million increase in the value of the University's endowments was the outcome of four factors: $34.9-million of donations, $37.8-million of government grants to the endowment;

2. Financial Statements, 2004-05 (Cont'd)

$18-million of transfers from expendable funds to the endowments, and the reinvestment of $44.4-million of the investment earnings above the amount required for payouts to the beneficiaries of the endowments. That $44.4-million reinvestment was used to maintain the inflation-adjusted value of the endowment and its payouts and to provide a cushion for years when investment returns were poor.

Ms Brown addressed the operating fund alone (i.e., excluding the results of the capital fund, the ancillary operations fund, and the restricted fund). She recalled that the Board had reviewed the operating budget for 2004-05 and two financial forecasts. The budget and the forecasts were cash-based, whereas the financial statements were based on accounting principles and included such non-cash expenses as depreciation and employee future benefits – the cost of future benefits earned by employees on account of their service during the past fiscal year. In the operating fund, revenues were $1.14-billion and expenses were $1.07-billion, for a net income of $72.7-million before various transfers and other changes. Those transfers included such budget commitments as contributions to donation-matching programs, divisional payments for capital projects, and the setting aside of monies for the Supplemental Retirement Arrangement. Other charges on the operating budget included accounting for fixed assets in the capital fund. After those transfers and other charges, the operating fund deficit had increased by $27.4-million, rising to a cumulative deficit of $37.9-million. That was very close to the budgeted cumulative deficit of $38-million.

Among the matters that arose in questions and discussion were the following.

(a) Government of Ontario budget. A member asked how the University would be affected by the Ontario budget announcement of $6.2-billion of assistance to post-secondary education over the years to 2010. Professor Goel and Ms Brown replied that for the 2004-05 fiscal year, the additional assistance had taken the form of the $26-million grant to pay for deferred maintenance and repair work and the $27-million grant to support graduate fellowships. Those grants were made by the Government just before its fiscal year end on March 31, and represented one-time-only grants. The University had placed the $27-million grant for graduate fellowships in its endowment and planned to use it to match donations from benefactors for individual endowments to support fellowships. For 2005-06, it was still unclear how the additional Government grants would be distributed. Professor Goel cautioned that a substantial amount of the additional support that was anticipated had already been included in the budget. In addition, much or all of the additional funding would entail corresponding increases in expenditure. For example, the University anticipated additional funding for graduate education, but it would be required to use that funding to take on additional graduate enrolment and therefore additional faculty and associated costs to teach the increased number of students.

(b) Outcome of additions to the endowment. In response to a question, Ms Brown said that donations specifically to the endowment were accounted for separately as direct additions to the endowment and not as revenue. Such donations were restricted to that purpose, as was the

2. Financial Statements, 2004-05 (Cont'd)

income generated by the individual endowment accounts that the donations funded. A portion of the payout from the endowment each year was transferred to the operating fund to pay for endowed chairs and professorships and student awards.

(c) Cost of the deficit. In response to a question, Ms Brown said that the University did not have to borrow externally to cover the cost of its deficit. Its cash flows were sufficient that, although all of the cash was committed for spending, a part of the cash on hand was used both to cover the deficit and to form the Expendable Funds Investment Pool, which ranged in amount between $300-million and $600-million. That money could be invested, in part in internal loans for capital projects and in part externally in conservative investments. The cost of the deficit was therefore an opportunity cost – the availability of less money to invest externally for a target return of the one-year treasury bill rate plus 50 basis points (one half of one percent).

(d) Deferred maintenance. A member asked about the University's plan to deal with its deferred maintenance problem, estimated to amount to $347-million at the end of the 2004-05 fiscal year. Professor Goel referred to the special provincial grant of $26-million for deferred maintenance work. That amount had been put towards deferred maintenance projects completed in the 2004-05 fiscal year. Thus, the Province's grant meant that the previously committed amount could be carried forward into the new budget year. The University had not yet determined the specific uses for the released funds, but they would be put towards deferred maintenance. Furthermore, the current six-year budget model had increased the resources available for deferred maintenance.

Mr. Myhal reported that the Audit Committee had reviewed the financial statements carefully. In so doing, it had met privately with both the external and the internal auditors without management present. He was pleased to state that the auditors had reported no issues of concern.

The Chair stated that preparing the April 30 financial statements in time for their approval at the June meeting of the Governing Council was a remarkable feat, especially in so large and complex an institution. She congratulated and thanked: Ms Riggall, Ms Brown, Mr. Piché, Mr. Mark Britt (the Director of Internal Audit), the external auditors, and all of the members of their teams.

On the recommendation of the Audit Committee,

YOUR BOARD RECOMMENDS

THAT the University of Toronto audited financial statements for the fiscal year ended April 30, 2005 be approved.

3. External Auditors: Appointment for 2005-06

On the recommendation of the Audit Committee,

YOUR BOARD RECOMMENDS

(i) THAT Ernst & Young LLP be re-appointed as external auditors of the University of Toronto for the fiscal year ending April 30, 2006;

(ii) THAT Ernst & Young LLP be re-appointed as external auditors of the University of Toronto pension plans for the fiscal year ending June 30, 2006; and

(iii) THAT the members of the University of Toronto Innovations Foundations be requested to re-appoint Ernst & Young as external auditors of the Foundation for the fiscal year ending April 30, 2006 at remuneration to be fixed by the directors of the Foundation.

4. Report of the Vice-President and Chief Advancement Officer

The Chair said that Dr. Dellandrea was about to complete his remarkable tour of service as the University's Vice-President and Chief Advancement Officer, and he was attending his final Business Board meeting. She invited him to address the Board.

Dr. Dellandrea said that he had asked to speak at this meeting to thank the Board for the privilege of serving the University of Toronto over the past 11½ years. He also wished to share some observations that might be helpful to the key role played by Business Board in its oversight of the Division of University Advancement. He was very optimistic about the potential for future advancement success at the University of Toronto. The University would be entering the next phase of its advancement program from a position of considerable strength. The University had concluded its Campaign on December 31, 2003, when it had reached its $1-billion objective one year ahead of schedule. The University had not been resting on its laurels since that time. During the sixteen-month period from the end of the Campaign to April 30, 2005, it had attracted $136.3-million in private commitments – more than was raised during the final phase of the Campaign.

Dr. Dellandrea made six key observations on how the University could best maintain its record of achievement. The first was to maintain the overarching principle that had guided his term as Vice President – that advancement was servant to the aspirations of the academic leaders and governance. On January 27, 1994, when he had first addressed the Governing Council as the University's new Vice-President and Chief Development Officer, he had stated that the most important promise he could make was that the full spectrum of advancement activities on his watch would be fully servant to the academic objectives of the University. That had been critical

4. Report of the Vice-President and Chief Advancement Officer (Cont'd)

to the success of the Campaign – University representatives were able to tell prospective donors that all of the projects they were being invited to support had been previously vetted by the University and designated as top academic priorities. That commitment had also increased the legitimacy with which the Campaign was viewed by faculty, staff, and students, and it had enabled the Campaign leaders to enlist advocates across all three campuses.

Second, success in advancement activity was not possible without a significant and ongoing investment. When then-Vice-President and Provost Adel Sedra had presented the Campaign budget to the Business Board in 1995, there had been a commitment that total Campaign expenditures would come within the range of 11% - 13%, which was typical at major North American research universities. The actual expenditures were 10.75% of the amount raised during the Campaign. Going forward, the Division of University Advancement remained committed to coming in at the low end of the range for cost-per-dollar-raised.

Dr. Dellandrea's third point was the critical role of stewardship. One of the most essential determinants of the long-term success of the advancement program at the University of Toronto would be the commitment to maintain strong relationships with donors. There was a view that previous campaigns had taken something of a "take the money and run" approach.
Dr. Dellandrea and his colleagues had spent much of the first three years of his Vice-Presidency rectifying that view with an intensive 'thank you campaign" to renew donor ties. The University presented a detailed report to many of its major donors on the impact of their previous philanthropy. That accountability and relationship-building exercise had played a key role in the success of the Campaign, and development officers now spent about 50% of their time actively engaged in donor stewardship.

Dr. Dellandrea stressed, fourth, the importance of outreach as a key element of building for the future. Over the past decade, the University's donor base had grown from the 35,000 contributors to the previous Breakthrough Campaign to more than 112,000 donors, including more than 50,000 first-time donors. In recognition of the importance of growing the donor base, the Division of University Advancement had now opened one of the largest university-based calling centres in North America. That had tripled the Division's capacity to reach out, both to increase the University's ability to build alumni ties and to obtain support from alumni and friends.

Dr. Dellandrea stressed, fifth, the importance of building and keeping the right team. Although he personally had received a great deal of the credit for the advancement accomplishments over the past years, the truth was that the University could not have achieved what it had without the loyalty and involvement of its alumni, the dedication of its faculty, and the commitment of its staff. Over the past decade, the University had built a team of advancement professionals who were in many ways the envy of the profession. Dr. Dellandrea recognized clearly that one of his first and most urgent challenges at Oxford University would be to build an advancement staff that was as capable and as committed as the one he was leaving at the University of Toronto.

4. Report of the Vice-President and Chief Advancement Officer (Cont'd)

Dr. Dellandrea stated, sixth, that none of what he had described would be possible without strong presidential leadership, a close partnership with the Vice-President and Provost, and the ongoing commitment of principals, deans, chairs, faculty, alumni, and students. Such a close partnership was the result of making advancement servant to an academic planning process with deep roots across the University. It was also the result of a sense of mission, articulated by the President, that both inspired the community to action, and reflected the vision and aspirations of the faculties, colleges, and departments. The University of Toronto community had come together as never before, and it had changed the face of philanthropy, within the University and across Canada.

Dr. Dellandrea concluded on a personal note by saying that he had been privileged to serve the University of Toronto as Vice-President for the past 11½ years. He left his position confident that his successor would have a very strong platform upon which to build for the future advancement success of the University. He said that it had been a pleasure to serve the University that had shaped his life, and he was profoundly grateful for the experience and for the many friends he had made.

The Chair stated that Dr. Dellandrea had served the University with extraordinary distinction for many years, first and many years ago at the University of Toronto at Scarborough, and (following service elsewhere) since 1994 as Vice-President and Chief Advancement Officer. Many of the new buildings on the University's campuses, many endowed chairs, and many student awards would bear witness for generations to come of his enormous success. On behalf of the Board, the Chair thanked Dr. Dellandrea for his service and presented him with a gift, which she asked Dr. Dellandrea to accept as a small token of the Business Board's admiration and gratitude. The Board, with its prolonged applause, joined in the Chair's thanks and best wishes.

5. Capital Projects Report

Professor Venter presented his regular report on capital projects. The total cost of the approved projects on the capital plan shown on the previous report had been $1,052.550-million, a figure that was unchanged as of this time. With the Board's approval of the four projects on its agenda for this meeting, that total would increase to $1,077.646-million.

With respect to borrowing, Professor Venter reported that as at the April 30, 2005 end of the fiscal year, $370.820-million of funding was available from all sources for the $1,052.550 million cost of the capital plan. That left a requirement for borrowing $681.730-million. That requirement had been increased slightly by a $25,000 closure adjustment on the purchase of the office building at 500 University Avenue and a $278,000 increase in the cost associated with the Toronto District School Board properties, leaving a borrowing requirement of $681.427-million. However, $6.338-million of the $26-million grant from the Province of Ontario for deferred maintenance had been applied to the cost of appropriate projects on the capital plan: the King's College precinct project, the steam-line project, the Southeast Infrastructure project and the School of Continuing Studies building. The outcome was a reduction of $6.338-million in the

5. Capital Projects Report (Cont'd)

borrowing requirement to $675.391-million. Approval of the four proposed projects on the current agenda would increase the borrowing requirement to $695.161-million, leaving $75.429-million of approved borrowing capacity available for other projects.

Professor Venter recalled that he had been asked at the previous meeting to include in his regular reports the details of completed capital projects on which the books had been closed and any borrowing ("mortgages") fully established. He had previously reported on one such project, the Bahen Centre for Information Technology, which was included in the new report. For that project, the approved cost had been $108.81-million. The final cost had been $112.189-million. Funding available, including borrowing, had amounted to $112.231-million, leaving a surplus of $42,000. There was some remedial work to be done on the building, which was now regarded as an independent project and funded by the Accommodations and Facilities Directorate. The $42,000 surplus had been transferred to cover a part of the cost of that additional work. The sources of funding for the main project were displayed in the report. $74.7-million of funding had been received from various sources. (That category included, for all projects, donations, the Canada Foundation for Innovation, the Ontario SuperBuild Fund, the Ontario Innovations Trust, the Ontario Facilities Renewal Program, cash supplied by the divisions for their projects from their carry-forward funds, interest earned on monies received for the project and other sources.) That left a requirement for $37.498-million borrowing. The report also displayed the sources of repayment of the borrowing, in this case principal amounts of: $18.62-million by the University Infrastructure Investment Fund (an internal fund originally funded by the operating budget using employer pension-contribution savings and later by regular operating fund appropriations), $8.778-million by the Faculty of Arts and Science, $9.140-million by the Faculty of Applied Science and Engineering, and $960,000 by the Office of the Vice-President, Business Affairs.

Professor Venter reported that the books had now been closed on four additional projects, in all cases the purchases of property and with the full cost borrowed: the Toronto District School Board properties ($17.278-million principal amount to be repaid by the University Infrastructure Investment Fund), the office Building at 500 University Avenue ($15.825-million principal amount to be repaid by the University Infrastructure Investment Fund), purchase of the Medical Arts Building ($14.260-million principal amount to be repaid by the University Infrastructure Investment Fund) and the purchase of the former Colony Hotel (excluding the project to upgrade the building for the 89 Chestnut Street Residence, $68.404-million to be repaid from revenues earned by the Residence). The outcome of all of the closed projects was included in table 1 of the summary page – the first page - of Professor Venter's report.

Professor Venter reported that a further three projects were nearing closure, and the Board could expect a report at its first meeting in the fall. Those projects were: the Centre for Applied Biosciences and Biotechnology at the University of Toronto at Mississauga, which had been completed on budget; the project to renovate the office building at 500 University Avenue for various units in the Faculty of Medicine, which had been completed at $42,000 under the approved project cost; and the Early Learning Centre childcare facility, which had been completed on budget.

5. Capital Projects Report (Cont'd)

Professor Venter pointed out that the summary page also included information on the four projects about to be considered by the Board at today's meeting.

The Chair thanked Professor Venter for his report and for the highly professional additional page that would be of great help to the Board in keeping track of the effect of closed projects.

6. Borrowing Strategy: Annual Status Report to April 30, 2005

Ms Brown recalled that the Governing Council, acting on the recommendation of the Board, had one year ago approved the new Borrowing Strategy. There were two sources of borrowing: internal and external. The first involved the use of the University's expendable funds for loans to capital projects, making available $200-million of the Expendable Funds Investment Pool (EFIP) – the pool used to invest monies that had been appropriated to various budget units but not yet spent. For the University to use those funds for relatively long-term financing for capital projects, it was of course essential that the EFIP have cash flows that would consistently leave at least a $200-million balance. That was the case, and the general level of the balance on the cash float, while it varied over the course of the year, was in general rising because of the increased level of enrolment and activity at the University.

Ms Brown said that the second source of loans to individual capital projects was the University's external borrowing. The Borrowing Strategy approved one year ago defined the University's maximum borrowing capacity as 40% of its net assets smoothed over five years, amounting to an estimated $587.0-million. The total amount of borrowing approved at that time was $565.1-million. That borrowing consisted of three elements. The first was a balance of $55.1-million on various loans that had been taken out, primarily for residences and parking structures, before the approval of the first Borrowing Strategy. That balance had declined over the year by about $5-million, to about $50-million as at April 30, 2005, as the result of principal payments on those loans and as a result of the buyout of two mortgage loans that had borne high rates of interest. The second element of borrowing was the $160-million bullet debenture issued in 2001 and due in 2031. The third component of the borrowing was the $200-million bullet debenture issued in 2003 and due in 2043. In addition, the Governing Council had one year ago authorized a further $150-million of external borrowing, which authorization had not yet been used. The use of that borrowing would depend on the University's need for the funding for capital projects and on credit market conditions. There would in fact probably be need for some of that amount during the 2005-06 fiscal year. As at the April 30, 2005 end of the fiscal year, the University's net assets were greater than predicted, increasing the maximum borrowing capacity to $593.9-million.

A member recalled that Professor Venter's report showed that $75.429-million of the University's approved borrowing capacity remained to be assigned. Nearly $20-million of that amount would be used up with approval of the projects appearing later on the agenda. Numerous other projects remained on the capital plan awaiting approval, including some described as

6. Borrowing Strategy: Annual Status Report to April 30, 2005 (Cont'd)

"moving forward with conditions" and still others described as having an "urgent need but full funding required to proceed." He asked how much additional borrowing would be required to complete all of the projects on the plan. He observed that with the University moving to the limit of its borrowing capacity, there was a high premium on choosing the most important projects. While he acknowledged that the Business Board was not responsible for making those decisions, it was responsible for ensuring that borrowing was undertaken in a fiscally responsible manner. Professor Goel replied that the University should have sufficient borrowing capacity to complete the high priority projects described as "moving forward with conditions," with borrowing of an estimated $73.5-million required. Of the projects described as having "an urgent need but full funding required to proceed," one had been approved in principle by the Governing Council (a new building for the Faculty of Law) and another was proceeding towards Governing Council approval (a new University Art Centre to be located in Victoria University's Lillian Massey Building). But, those projects would proceed only if the University was able to meet the full cost by fundraising. None of the projects on the "urgent need but full funding required to proceed" list could proceed unless sources of funding were identified or unless the Board approved additional borrowing. Professor Goel agreed that there was need for a great deal of care in selecting the projects to be financed using the limited remaining borrowing capacity. That was the reason for the development of the new capital plan, which had been determined through an exhaustive program of consultations and priority-setting.

Professor Goel noted that the Government of Ontario's budget had made provision for some capital funding for projects to expand medical and graduate enrolment. The University would seek to match the Government's criteria in order to qualify for that funding to the maximum extent possible. He also noted that the Province was considering the support of capital projects through a program of financing rather than cash grants. Implementation of that option would give rise to a need for the University to revise the way it looked at its borrowing strategy.

7. **Deferred Maintenance: Annual Report**

Ms Riggall noted that the Annual Report on Deferred Maintenance had originally been prepared for presentation in the fall, but it had been deferred first owing to the pressure of the Board's crowded agendas and then owing to the Province's decision to provide a grant of $26-million to assist the University with its deferred maintenance problem, which had a major effect on the context of the report. Mr. Swail said that the problem was a serious one, with the cost of needed repair and maintenance work currently estimated at $274-million. On the St. George Campus alone, the deferred maintenance estimate was $247-million. The estimate was a highly conservative one, excluding: environmental liabilities such as asbestos and PCB transformers; utilities infrastructure; and residences and other ancillary facilities. The University, in common with other Ontario universities, was in the final year of an audit of the condition of its facilities. It was anticipated that the audit would be completed by September, 2005. In 2006, the University would audit the condition of its utilities infrastructure. The University's operating budget had allocated $8.4-million per year to addressing the deferred-maintenance problem, and

7. **Deferred Maintenance: Annual Report** (Cont'd)

the Province had made its special grant of $26-million. While that was very good news indeed, it was essential that there be funding provided on a consistent basis.

Among the matters that arose in questions and discussion were the following.

(a) Robarts Library. A member expressed surprise at the very poor condition of the relatively modern Robarts Library building. The requirement for $28.4-million of work for a building with an estimated replacement value of $111.1-million meant a very poor facility conditions index of 25.6. Professor Goel, Ms Riggall and Mr. Swail attributed the problem to three factors. First, the building was one of the largest on campus. Second, it was now, in fact, quite old, with leaks having developed in its roofs, elevators reaching the stage of needing replacement, and other problems. Third, the general quality of construction during some past periods was also an issue.

(b) Basis of the determination of the total cost for deferred maintenance. A member noted that the University had arrived at an estimated cost of $247-million for deferred maintenance work on the St. George Campus although all buildings had not yet been audited. Mr. Swail replied that for buildings without audits, estimates had been prepared on the basis of the age of various building components.

(c) Progress in dealing with the problem. In response to a question, Ms Riggall and Mr. Swail said that of the monies supplied by the Province and budgeted by the University, approximately $15-million to $16-million had been available to address the deferred maintenance inventory, with the remainder being used for spending on infrastructure needs. While that would contribute significantly to a reduction in the cost of deferred maintenance overall, new problems continued to arise, and new buildings were being added, meaning that the total amount of deferred maintenance would not likely shrink as much as might be hoped.

(d) Future reports. A member asked if future reports could, in a manner similar to the capital projects reports, provide a prioritized list of work needing attention with estimates of the cost. It was important to the Board, to discharge its responsibility, that it understand the degree of urgency of various projects, that it satisfy itself that progress was being made on dealing with the most urgent problems, and that it be clear that the list of remaining projects consisted of less urgent ones. Ms Riggall and Professor Goel replied that the list of deferred-maintenance needs and the decisions about priorities in dealing with them were dynamic and multi-dimensional ones. New problems arose all the time, and new space was being added. Decisions on dealing with the problems depended on a number of factors: the severity of the consequences of failures, the opportunity to address problems in connection with renovation work, and future plans for particular buildings. The University had decided to invest $8-million per year to keep the problem from getting out of hand, and the Province had recognized the importance of the problem, leading to the hope that dedicated Provincial funding would continue. The Chair asked that the administration look into providing as much additional information as possible in future

7. Deferred Maintenance: Annual Report (Cont'd)

reports. While details of needed work on a project-by-project basis might well not be appropriate, it would be helpful to the Board to have more information to assist it in understanding the problem and the work being completed and planned to deal with it.

8. Report on Use of Operating Funds for Capital Projects

The Chair reminded the Board that the use of University resources was a matter within the terms of reference of the Planning and Budget Committee and the Academic Board. However, the matter was of interest to members of the Business Board, and Ms Brown had kindly agreed to present to the Board the same report on the subject that she had recently presented to the Planning and Budget Committee.

Ms Brown presented data on the proportion of funding and borrowing to support the Capital Plan that came from the operating fund. The total cost for the projects on Professor Venter's April 30, 2005 capital projects report to the Business Board was $898.4-million. The funding available to support those projects was $370.8-million, or 41% of the cost of the projects. The sources of funding were as follows, with the last two representing monies from the operating fund:

- $153.3-million from government grants targeted for particular projects;
- $97.1-million from grants made by the Canada Foundation for Innovation and the Ontario Innovation Trust, targeted for particular projects to provide the infrastructure for research;
- $64.0-million from donations for capital projects;
- $3.2-million from the ancillary operations to support construction of the facilities they used, in particular student residence buildings and parking structures;
- $2.8-million from student levies for student facilities;
- $11.2-million from interest earnings on funds on hand;
- $1.5-million from the School of Continuing Studies from its revenues for the renovation of its building;
- $14.0-million from the University Infrastructure Investment Fund, which was funded by the operating budget;
- $23.7-million from the academic divisions.

The additional cost was financed by borrowing of $527.6-million, or 59% of the cost of the projects. The sources of repayment were as follows, with the principal amounts shown. The particular sources would also pay the interest costs.

- $251.3-million from the ancillary operations, to pay for the construction, renovation or purchase of their buildings;
- $23.0-million from student levies to pay for student facilities;

8. Report on Use of Operating Funds for Capital Projects (Cont'd)

- $109.9-million from the University Infrastructure Investment Fund, funded by the operating budget;
- $49.9-million from the Enrolment Growth Fund, funded by the operating budget appropriations to the divisions that were accommodating increased enrolment, generating additional revenue in doing so;
- $54.8-million from the budgets of the academic divisions, often from carried-forward, unspent appropriations at year-end.
- $38.7-million funding gap, with sources of repayment still to be identified.

Ms Brown noted that it was difficult to determine whether monies from the divisions were from their operating funds. In some cases, the source could be divisional revenue. In others, the source could be restricted funds. It was also not possible to know the source of repayment of borrowed funds from the academic divisions or from the element described as the funding gap. Frequently, it was intended that future donations would offset some or all of this cost, with monies taken from operating funds only if necessary.

Ms Brown displayed bar graphs illustrating the proportion of operating funds spent for buildings, land and site services at the University of Toronto and other Ontario universities in 2002-03 and 2003-04. The costs included: acquisition costs; land improvements and site preparation including landscaping, sewers and roads; building construction costs; fees and planning costs; and costs such as utilities incurred during the construction period. The proportion of operating funds used for capital costs was very small.

In response to questions, Professor Goel and Ms Brown said that the $23.7-million of cash funding provided by the divisions would be spread over seven or eight years, and its source would be primarily unspent operating appropriations / savings from previous years that divisions were permitted to carry forward and use for various purposes, including additions or improvements to their facilities. With respect to the $54.8-million of borrowing to be repaid by the divisions, it was necessary to add an amount to cover interest and to calculate amortization over long periods of about 25 years. An amount of about $4.5-million per year represented a reasonable estimate. Divisions were required to prepare financial plans demonstrating their ability to service their debt before their projects were permitted to proceed. An amount of about $240-million was being financed by all sources in the operating budget, with carrying cost of about $20-million per year.

A member thanked Ms Brown for the presentation, which he described as very helpful. The Chair suggested that it would be appropriate to look at the matter again in the orientation for 2005-06.

9. Capital Project: Varsity Centre for Physical Activity and Health

The Chair thanked Professor Venter for his very helpful, detailed briefing on this project in the half hour preceding this meeting.

Mr. Bisanti observed that the project now before the Board differed significantly from previous proposals for Varsity Stadium in its scope, size, scale and complexity. That said, it would still be a complex task to design the proposed facility within the constraints of the site. The University had arranged numerous town-hall meetings to discuss plans for the project, both for members of the University and for the broader community. The proposal enjoyed wide support from the Faculty of Physical Education and Health, the City and the surrounding community, which had been a vocal opponent of previous plans to rebuild the stadium. There had been extensive student involvement in the planning process. The proposal was within the current limits of the City plan for the University precinct; there would be no need to apply for a zoning variance. The project had been reviewed by the Planning and Budget Committee and the Academic Board and had been recommended to the Governing Council for approval.

Mr. Bisanti said that it was proposed to build the project in four phases strictly because of funding constraints. The first phase, to cost about $16.4-million, would include preparation of the master design for the entire project; a 5,000-seat structure for spectators, including public washrooms, change rooms, a media gondola and entrances; a playing field with a top-quality artificial surface; a running track meeting international standards; floodlights; a scoreboard; fencing and landscaping; and foundations and services as required below the field to support a bubble that would cover the field during the winter months. The completion of later phases would depend on the availability of funding. They would include: phase 2 – installation of the bubble and off-site facilities for track and field throwing events; phase 3 – a new "U" shaped building wrapped around the southern end of the stadium to accommodate additional athletics facilities; and phase 4 – the Varsity arena renovation and upgrade. To accommodate the urgent needs of the Faculty of Physical Education and Health and the co-curricular athletics programs, it was proposed to proceed on an urgent basis with the completion of phase 1.

Invited to speak, Professor Kidd said that the proposal was a very exciting one that would be of great benefit to physical activities of all kinds. There was currently a long waiting list of individuals who wished to participate. The University's building this facility on its own, and not with an external partner, would mean that the University would be able to address its own needs most satisfactorily and to meet pent-up demand on the part of students and others. The proposal was a feasible one. While there had been criticism in a recent number of the student newspaper, the *Varsity*, that the project would not match the quality of the neighbouring new facilities – the Royal Ontario Museum and the Royal Conservatory of Music – construction of a more elaborate facility would be much more expensive and well beyond the University's means. The proposed facility would contribute enormously to the Faculty's curricular and co-curricular programs, and Professor Kidd hoped that the excellent plan for phase 1 could be in place for September 2006.

Among the matters that arose in discussion were the following.

9. Capital Project: Varsity Centre for Physical Activity and Health (Cont'd)

(a) Alternative arrangements for the stadium and site. A member observed that, in contrast to other proposals for redevelopment of the site, this proposal was for a facility with limited seating to be used solely for athletics purposes. Did that imply that there were no other possibilities for potential development of the site? Professor Goel replied that the administration had concluded that there were no presently practical possibilities for the joint development of the site. Previous proposals had included efforts to combine the stadium facility with a commercial development, with the development of four student residences, or with a facility that would also be used for professional football and soccer. All of those efforts had foundered because they sought to force too much onto the limited site. While the University had made its best efforts to bring the previous co-development proposals to fruition, it had become clear that doing so would have meant the sacrifice of too much, including a field and a track meeting international standards, necessary to meet the needs of the University's students. The current facility was not a mere rebuilding of the previous one. In this proposal, there would be spectator stands on only one side of the field, leaving enough room for the construction of the phase-3 building that would provide the additional athletic building at the south end of the stadium to accommodate other, critically needed athletic facilities.

(b) Community use of the facility. In response to a question, Professor Goel said that highest priority would be given to University of Toronto use of the facility, but the University also sought to be a good neighbour, welcoming (for example) community memberships in the athletic centre and secondary-school tournaments and other activities. Dean Kidd anticipated that secondary-school use for championship games and other major events would be frequent. The facility might also be used for professional-development courses by teachers and for occasional events by the high-performance athletic leagues, especially when the Rogers Centre was too large and too expensive.

(c) Possibility of support from benefactors. In response to a question, Professor Goel said that some external funding would be available from facility rentals. In addition, the University would seek donations over time. The challenge was that many supporters were concerned that the University had not made progress in replacing the old Varsity Stadium. It was anticipated that once visible progress on the site was made, opportunities for support would increase. The University therefore proposed to proceed at once, financing the cost of phase 1 from internal sources. It would then seek other sources to support the remaining phases of the project.

(d) Aesthetic factors. A member was concerned that the proposed development would be aesthetically unattractive. He thought that the two current athletic buildings were very unattractive, and he was concerned that the new facility would be even more so. While he recognized that raising funds for the project would be difficult, he urged that every effort be made to raise ample funds to allow for a pleasing design. He also urged that the architects selected for the project be ones with a proven record of building reasonably attractive buildings on a low budget. He was concerned that the bubble planned for phase 2 would be particularly unattractive.

9. Capital Project: Varsity Centre for Physical Activity and Health (Cont'd)

Professor Goel replied that Phase 1 of the project included funds for architects to develop a master design for the entire project. The architects would be instructed that it would be very important that the development fit with others on Bloor Street: the Royal Ontario Museum, the Royal Conservatory of Music and the University development on site 12 across Devonshire Place from the Stadium. The Design would be reviewed by the University's Design Review Committee, and it would include landscaping to improve the aesthetic appeal of Devonshire Place. The University would of course do its very best to raise funds for the phases 2 – 4 of the project. Every effort would be made to ensure that the new facility was both aesthetically attractive and environmentally friendly. Professor Goel stressed that the new project would replace something that was currently not attractive. The bubble was a very important feature to extend the time that the facility would be available to students, especially as a proportion of the September – May period when most students were on campus. That higher level of use was one of the factors making the entire project worthy of completion. Every effort would be made to improve the aesthetics of the bubble. The member thanked Professor Goel but expressed his doubt that a favourable outcome would be possible without considerable success in fundraising.

(e) Cost and quality of the facility. In response to questions, Professor Venter said that all phases of the project were expected to cost between \$55-million and \$60-million, including the renovation of the arena. In addition, there would be need for infrastructure improvements, to be executed upon completion of phase 2 of the Varsity project, to serve all buildings in that part of the campus. The member noted that the cost of the project that had been approved one year ago, for a much more sophisticated 25,000 seat stadium to be completed in co-operation with the Toronto Argonaut football team, had been \$120-million. Professor Goel and Professor Venter replied that the \$120-million cost had been only an estimate, and that project had not included many of the facilities that formed a part of the current proposal, including the "U" shaped athletic building at the south end of the stadium. Moreover, the new project would include features of very high quality, including the artificial surface of the playing field.

(f) Possibility of government assistance. In response to a question, Professor Venter said that the government funding that had been offered for the 25,000 seat facility would not be available for the smaller stadium. The Government assistance had intended to provide a stadium for a particular purpose – the forthcoming world, under-twenty soccer tournament.

On the recommendation of the Vice-President, Business Affairs,

YOUR BOARD APPROVED

Subject to Governing Council approval of the proposed project,

THAT the Vice President, Business Affairs be authorized to execute the planned first phase of the Varsity Centre for Physical Activity and Health

9. Capital Project: Varsity Centre for Physical Activity and Health (Cont'd)

project to allow for completion of the track and field plus the immediate support facilities at a total project cost of $16,386,000 from the following sources:

(i) $14,000,000 financing (an internal mortgage), amortized over twenty years, to be repaid from the operating budget of the University of Toronto, and

(ii) $2,386,000 financing (an internal mortgage), to be amortized over five years, to be repaid from the operating budget of the new facility.

A member commended the close cooperation between the Vice-President and Provost and the Dean of Physical Education and Health in their work on this project.

10. University of Toronto at Scarborough Science Building: Appropriation for Design and Site Preparation

Mr. Bisanti said that this very important project was currently the highest priority project at the University of Toronto at Scarborough and one of the highest priority projects in the University. In the light of the absence of funding available for the full project, it was proposed to proceed in phases. Phase I would contain 55,000 gross square feet and would cost an estimated $31.5-million. The somewhat higher than average cost per gross square foot was a manifestation of certain problems of the site. Of the $31.5-million, $20-million would be financed, with repayment of the borrowing by the operating budget of the University of Toronto at Scarborough. There would be several sources for the remaining $11.5-million. Mr. Bisanti was requesting approval at this time to spend $3-million for design and site-preparation work. The source of funding for the initial $3-million would be a one-time-only fund in the 2004-05 operating budget for academic projects that were severely restricted by shortcomings in infrastructure and deferred maintenance. The remainder of the $11.5-million would be covered by $4.5-million from UTSC's carry-forward of unspent appropriations and an additional $4-million that the University would seek from external sources. Those sources might include the Government of Ontario and the Canada Foundation for Innovation. In addition, the University could, if necessary, consider cost deferral by shelling in the fourth floor of the project or delaying dealing with certain secondary effects. The University would assess the availability of funding before proceeding with construction in April 2006. If necessary at that time, the University could consider up to $4-million of short-term borrowing. With the design of the project underway, efforts to find benefactors for the project would also be facilitated. Mr. Bisanti was requesting approval for the $3-million for design fees at this time because the project was on a very tight time schedule, with the need to relocate a temporary structure as soon as possible, to break ground on the project in April of 2006 and to have the project available for January 2008 to provide laboratory and office accommodation for the new science faulty members needed to teach the greatly expanded enrolment at UTSC.

10. University of Toronto at Scarborough Science Building: Appropriation for Design and Site Preparation (Cont'd)

Invited to speak, Professor Relph said that the total space available at the University of Toronto at Scarborough was only 66% of that recommended by the Council of Ontario Universities space standards and, as enrolment continued to grow, that proportion was declining. As much building as had been completed at UTCS, enrollment had grown even faster. Completion of the proposed project was essential for UTSC to attract excellent faculty. The facility would contain primarily research facilities and offices but also some teaching space, in particular a 150-seat classroom.

A member expressed his concern that $3-million of the very limited funding available to deal with the major deferred maintenance problem was proposed to be used for the construction of a new facility. Professor Venter replied that about $3.5-million of the cost of phase I of the building would consist of infrastructure needs: power and other services for the building and for other parts of the UTSC campus. The use of the $3-million of funding, which was now available, for design and site preparation was necessary to begin this urgent project in a timely manner. The infrastructure needs would be funded later in the project using the other funding sources. The member stated that he continued to be concerned that the funding would be used without any reduction in the long-term deferred maintenance problem.

A member commended the option of building and shelling in the fourth floor, if there were insufficient funding to complete the project. Experience had proven that to be a wise and cost-effective approach.

On the recommendation of the Vice-President, Business Affairs

YOUR BOARD APPROVED

Subject to Governing Council approval of the project,

THAT the Vice-President, Business Affairs be authorized to expend up to $3-million for design and site preparation work for the University of Toronto at Scarborough Science Building, with funding from the one-time-only fund identified in the 2004-05 operating budget for academic projects seriously restricted by shortcomings in infrastructure and deferred maintenance.

The Chair stated that Professor Ted Relph could be described as the Ron Venter of the University of Toronto at Scarborough - very high praise. He was about to complete his service as the guiding force behind campus development at UTSC. The Scarborough Campus had undergone a major transformation under Professor Relph's guidance. He had left a wonderful legacy that would last for decades, and the University owed him a great debt of gratitude. On behalf of the Business Board and the Governing Council, the Chair thanked Professor Relph for his extraordinary service – thanks reflected by the applause of members.

11. Multi-faith Centre for Study and Spiritual Practice

Mr. Bisanti said that the University had been seeking a way to proceed with this very important project for some time. The Multi-Faith Centre would be located on the upper two floors of the Koffler Institute for Pharmacy Management Building, at 569 Spadina Avenue. With the Faculty of Pharmacy moving to the new Leslie L. Dan building in December 2005, the Spadina Avenue building would become available for the Multi-Faith Centre. The Koffler family supported the new use of the building, and it would continue to bear the Koffler name. The cost of the project was $3,389,400, which would be borrowed, with the loan amortized over twenty-five years by the operating budget. A significant part of the cost of the project would be the relocation of the training facilities currently located in the Koffler Building. Those facilities – classrooms with computer stations used for training staff in the use of the Administrative Management Systems and the Human Resources Information System – would be moved to expanded facilities at 256 McCaul Street. The increase in the borrowing requirement from the $3-million currently contained in the capital plan to the projected cost of $3,389,400 was in substantial part the result of the cost of that secondary effect.

Professor Farrar said that the Multi-Faith Centre would provide a much-needed facility for the University's students. There had been substantial growth in faith-based study and spirituality in recent years across many faiths, and it was important to recognize the impact of religion on the world and on the University. It was important that the University provide a centre to bring together faiths and to dislodge spiritually based activity from the extremes. Ms Addario recalled that the establishment of a multi-faith centre had been recommended by the 1999 Task Force on Student Activity Space chaired by then Vice-Provost, Students, Professor Ian Orchard. The project had become a very high priority, and its planning had included consultation with many student groups. The proposed project was supported very broadly, and Ms Addario was very pleased that it had reached this point. In response to questions, Professor Farrar and
Ms Addario said that the proposed new Centre would add to, and not replace, the other provisions that had been made to accommodate spiritual needs. Facilities would include a main worship hall, a smaller multi-purpose room, a meditation room, a resource centre, office and counselling space for the campus chaplains, and office space for some Student Affairs staff.

On the recommendation of the Vice-President, Business Affairs

YOUR BOARD APPROVED

Subject to Governing Council approval of the project,

THAT the Vice-President, Business Affairs be authorized to execute the project to accommodate the Multi-faith Centre for Study and Spiritual Practice, to be located on the second and third floors of the existing Koffler Institute for Pharmacy Management at 569 Spadina Avenue, and the secondary-effect project to move and expand the training facilities in support of Administrative Management Systems and Human Resources activities, to

11. Multi-faith Centre for Study and Spiritual Practice (Cont'd)

be located on the ground floor at 256 McCaul Street, at a total project cost not to exceed $3,389,400, with the total cost to be financed (an internal mortgage), to be amortized over twenty-five years, and to be repaid from the operating budget of the University of Toronto.

12. Lash Miller / McLennan Courtyard

Mr. Bisanti was very pleased to present this proposal for the establishment of a vibrant green space between the Lash Miller Chemical Laboratories and the McLennan Physical Laboratories, covering over a currently unused space consisting largely of concrete pavers above a parking garage, loading dock and underground laboratories. The project had begun as a smaller one, including the replacement of a membrane that no longer functioned to prevent leaks into the facilities beneath it. That smaller project, at a cost of $2-million, had been approved and funded by the Accommodations and Facilities Directorate. With the availability of additional funding from benefactors, including a generous further gift from the Davenport family (which had funded the construction of the Davenport wing of the chemistry building), it was possible to expand the project. That expansion beyond a project cost of $2-million required Governing Council and Business Board approval. Other sources of funding included: monies provided by the Departments of Chemistry and Physics; revenue earned from the rental of on-campus advertising space to Zoom Media; a grant from the Students' Administrative Council's Wheelchair Accessibility Fund (SACWAC) to ensure the accessibility of the new space; and matching funding from the Accommodations and Facilities Directorate.

On the recommendation of the Vice-President, Business Affairs

YOUR BOARD APPROVED

Subject to Governing Council approval of the project,

THAT the Vice-President, Business Affairs be authorized to execute the Lash Miller / McLennan Courtyard project at a total project cost not to exceed $2,327,000, using $2-million of funding already authorized by the Accommodation and Facilities Directorate plus $327,000 of funding from the following sources:

(i) $58,500 from the Department of Chemistry,
(ii) $58,500 from the Department of Physics,
(iii) $100,000 from revenues earned from the rental of on-campus advertising space to Zoom Media,
(iv) $55,000 from the Students' Administrative Council Wheelchair Accessibility Fund (SACWAC), and
(v) $55,000 from the Accommodations and Facilities Directorate (AFD).

13. Human Resources: Compensation Policy for Senior Advancement Staff

Ms Sass-Kortsak said that the Compensation Policy for Senior Advancement Professionals was a segment of the overall Human Resources Policies for Professionals / Managers. In May 2001, the Board had approved a special compensation policy for advancement professionals to assist the University in recruiting and retaining high-level staff in this field, where there was a recognized shortage of skilled talent. That Policy had included a rigorous variable-pay system with the potential for higher performance-driven salary increases and one-time-only incentive payments based on the accomplishment of predetermined qualitative and quantitative goals. The Policy had now been in place for four years, and the environment for recruiting and retaining the very best advancement professionals continued to be competitive. There was need to update the Policy, but changes in the proposed, revised policy did not represent a major change in direction. The mandate of the Advancement Compensation Committee would be strengthened, and it would be chaired by the Vice-President, Human Resources and Equity. There would be more flexibility to respond to the economic and fiscal environment by removing the salary ranges embedded in the current policy. In addition, there would be changes to streamline the policy and to make it more consistent with the recently revised general Compensation Policy for Professionals and Managers.

Ms Sass-Kortsak responded to a series of questions. There would continue to be no limit on salaries stated in the Policy for the most senior advancement professionals (currently 59 in number). There would be a notional maximum stated in the annual Salary Adjustment Instructions, which amount would guide decisions. The Policy did state limits for annual incentive lump-sum payments, which were 10% of base salary for 1-AP positions and 15% of base salary for the nine members in the most senior 2-AP group. In addition, all salary adjustments and variable pay awards were subject to review by the Advancement Compensation Committee, and salaries in the Senior Salary range, currently greater than $120,000, were subject to the additional review process established by the Governing Council's Senior Salary Committee. Increases were tied to the achievement of goals. It was anticipated that implementation of the Policy would be cost-neutral with respect to the proportion of fundraising costs to funds raised. Other employees in the Professional / Manager group were eligible for one-time-only payments in recognition of extraordinary achievements in a given year. Some employees had specific contracts that made provision for incentive bonuses tied to the achievement of particular goals.

The Chair reported that the proposal had been reviewed by the Senor Salary Committee of Governing Council, which had endorsed it. She reminded members that section 27(d) of Governing Council By-Law Number 2 prohibited moving, seconding, or voting on motions related to compensation by any employee of the University or any immediate family member of an employee, except for the President and the Vice-Presidents, who were excluded from that prohibition.

13. Human Resources: Compensation Policy for Senior Advancement Staff (Cont'd)

On the recommendation of the Vice-President, Human Resources and Equity,

YOUR BOARD APPROVED

THAT the proposed revised Compensation Policy for Senior Advancement Professionals, section 3.01.06(b) in the *Policies for Professionals/Managers*, a copy of which revised Policy is attached to Professor Hildyard's memorandum of June 23, 2005, be approved, with effect from July 1, 2005, replacing the policy approved by the Business Board on May 7, 2001.

THE FOLLOWING ITEM WAS CONSIDERED IN CLOSED SESSION.

14. Human Resources: Professionals and Managers, Confidential Staff, and English-as-a-Second-Language Instructors: Salary Increases for 2005-06

Ms Sass-Kortsak said that this proposal dealt with: staff members classified as professionals and managers, other staff members with access to confidential information about human-resources matters, and English-as-a-second-language instructors. Those staff members were not represented by a union or other group and did not bargain collectively with respect to compensation matters. It had been the general practice to award compensation adjustments to those groups that were consistent with awards for faculty members represented by the Faculty Association and with administrative staff members represented by the United Steelworkers of America. For 2005-06, however, the salary-determination process was still underway with both groups. However, the University's exit position in bargaining with the Faculty Association had now been made public as that salary-determination process was proceeding to arbitration, and the administration recommended the approval of salary arrangements for the three staff groups that were consistent with the University's final offer to the Faculty Association. Ms Sass-Kortsak therefore proposed a 2.5% across-the-board salary increase for the staff members in the three groups along with the usual merit program. In addition, she recommended the establishment of a special one-time-only merit pool, amounting to 0.44% of the salary base, for distribution in 2005-06 to reward staff members for particular contributions to the achievement of the objectives outlined in the University's academic plan, *Stepping UP*. The Human Resources Management Board would develop the criteria for those special awards.

In response to a member's questions, Professor Goel said that the budget model had projected an across-the-board salary increase of 2.0%. The increase in the Consumer Price Index for Toronto was approximately 2.0%.

14. Human Resources: Professionals and Managers, Confidential Staff, and English-as-a-Second-Language Instructors: Salary Increases for 2005-06 (Cont'd)

On the recommendation of the Vice-President, Human Resources and Equity

YOUR BOARD APPROVED

(a) THAT an across-the-board increase of 2.5%, effective July 1, 2005, be allocated to Professional, Managerial and Confidential staff and English-as-a-Second-Language Instructors; and

(b) that a special one-time-only merit pool, equivalent to 0.44% of the salary base, be created for distribution in 2005-06 to reward activities that are directly related to objectives outlined in Stepping Up, with criteria for allocation to be developed by the Human Resource Management Board.

The Chair stated that with the Board's approval, this item became a matter of public record. Apart from answers to factual questions, the discussion in the Board should remain confidential.

THE FOLLOWING ITEM WAS CONSIDERED *IN CAMERA.*

15. Report of the Striking Committee: Co-opted Membership of the Business Board and the Audit Committee for 2005-06

On the recommendation of the Striking Committee,

YOUR BOARD APPROVED

(a) THAT Ms Kim McLean and Mr. Roger Parkinson be re-appointed to the Business Board for one-year terms from July 1, 2005 to June 30, 2006;

(b) THAT Mr. Donald Burwash and be re-appointed to the Business Board for a two-year term from July 1, 2005 to June 30, 2007; and

(c) THAT Ms Paulette Kennedy be appointed and Mr. Gerald Lokash be re-appointed to the Business Board for three-year terms from July 1, 2005 to June 30, 2008.

15. Report of the Striking Committee: Co-opted Membership of the Business Board and the Audit Committee for 2005-06 (Cont'd)

(d) THAT the following be appointed as co-opted members of the Audit Committee for one-year terms from July 1, 2005 to June 30, 2006:

Ms Dominique Barker
Ms Paulette L. Kennedy
Mr. Paul E. Lindblad
Mr. Gerald A. Lokash
Mr. David Oxtoby
Mr. Roger H. Parkinson
Professor Gordon Richardson
Mr. Christopher Sparks
Mr. Mark Weisdorf

(e) THAT Mr. George Myhal be re-appointed Chair of the Audit Committee for a one-year term from July 1, 2005 to June 30, 2006.

THE BOARD RETURNED TO OPEN SESSION.

16. Environmental Protection Policy: Annual Report on Implementation

Professor Venter said that the Environmental Protection Advisory Committee was responsible to provide advice that would lead to policies and practices that would foster environmental sustainability at the University. During the past year, the University had established a Sustainability Office, with Dr. Beth Savan appointed as its first Director. A large number of exceptionally committed students had been involved in the work of the Committee and in the University's sustainability efforts. Professor Venter referred members to the Sustainability Offices' website www.sustainability.utoronto.ca for information on the very good initiatives that were taking place on campus.

17. Report Number 76 of the Audit Committee - May 17, 2005

The Board received for information Report Number 76 of the Audit Committee (May 17, 2005).

18. Risk Management and Insurance: Annual Report, 2004

The Board received for information the annual Report on Risk Management and Insurance for 2004.

19. Reports of the Administrative Assessors

Human Resources: Salaries and Benefits - the International Brotherhood of Electrical Workers

Ms Sass-Kortsak reported that the University had on June 14, 2005 reached an agreement with the International Brotherhood of Electrical Workers, local 353, representing the University's 22 electricians and control technicians. The agreement had been ratified by the membership. The previous agreement had expired on April 30, 2004. The new agreement had provided for wage increases of 3% effective May 1, 2004, 2.5% effective May 1, 2005, and 2.5% effective May 1, 2006. There had also been other adjustments to the previous contract.

THE BOARD MOVED INTO CLOSED SESSION

20. Closed Session Reports

Professor Goel reported on negotiations with the Faculty Association and on the status of the salary-determination process for faculty and librarians for 2005-06.

Ms Riggall reported on recent developments at the University of Toronto Innovations Foundation.

21. Dates of Next Meetings

The Chair said that the Business Board orientation had been scheduled for Wednesday, September 7, 2005, 9:00 a.m. to 12:00 noon.

The Chair advised members that the first regular meeting of the 2005-06 year was scheduled for Tuesday, October 11, 2005 at 5:00 p.m. The complete list of meeting dates would be distributed over the summer.

22. Quarterly Report on Donations of $250,000 or More, February 1 – May 31, 2005

The Board received, for information, the Report on Gifts and Pledges over $250,000 for the period February 1 – May 31, 2005.

23. Other Business: Chair's Remarks

Following the presentation of the annual report of the Environmental Protection Advisory Committee, the Chair said that the Business Board had received its final report from **Professor Ronald Venter**, who would be retiring at the end of this session. She thanked him for his exceptional professionalism in his role as Vice-Provost, Space and Facilities Planning. His regular reports had provided the Board with the full financial context for its decisions. His reports on the work of the Design Review Committee and the Environmental Protection Advisory Committee had been models. His insights into the various individual projects that had come

23. Other Business: Chair's Remarks (Cont'd)

before the Board had enhanced the Board's discussions enormously. His full, frank and transparent provision of information to the Board had been extraordinary. Professor Venter, through his work, had left an indelible mark on the University of Toronto. The intelligence, the good judgement, the thoughtfulness, and the enormous hard work that he had put into the remarkable expansion of the University's campuses over the past few years would be felt for generations. The Chair was pleased to announce that she and Ms Riggall, on behalf of the Board, would arrange for Professor Venter to leave one further indelible mark on the University. On behalf of the Board, they had arranged for a tree to be planted in his honour. The Board, through its extended applause, thanked Professor Venter for his exemplary support of the Board's work and for his outstanding contributions to the development of the University of Toronto. A member commented that through his long service on the Board, he had seen and appreciated the real improvement brought about by Professor Venter's excellent work. Professor Venter thanked the Board and stated his great admiration for the work of governance at the University of Toronto.

The Chair thanked members for their service over the past year. The Board's agenda had been very full. The year had been a good one, with a great deal accomplished. She offered her special thanks to members who were concluding their terms on the Board.

Dr. Claude Davis would be concentrating his efforts in 2005-06 on his service as Vice-Chair of the University Affairs Board.

Dr. Paul Godfrey had served as a member of the Governing Council for nine years. He had been remarkably helpful to the University in providing advice and very effective advocacy behind the scenes.

Ms Françoise Ko was completing her third year of service on the Governing Council and on the Business Board. She had been an influential member not only at meetings but on numerous search committees and advisory committees and behind the scenes. While Ms Ko would concentrate on her doctoral research in Pharmacology in 2005-06, she would continue to serve on the Discipline Appeals Board.

Dr. John Nestor had concluded his remarkable nine years of service as an alumni member of the Governing Council, in addition to four earlier years service as a graduate student member. The Business Board had benefited greatly from Dr. Nestor's membership in some of those years, when he was not concentrating his attention on his service as Chair of the University Affairs Board.

Mr. Andrew Pinto would continue his studies in the Faculty of Medicine in 2005-06, and he would serve on the Academic Board and its Committee on Academic Policy and Programs.

23. Other Business: Chair's Remarks (Cont'd)

Professor Jake Thiessen had resigned from the Governing Council as of March 30, 2005 to become the founding Director of the Downtown Kitchener School of Pharmacy, a new division of the University of Waterloo.

THE BOARD RETURNED TO OPEN SESSION.

The meeting adjourned at 7:45 p.m.

Secretary Chair

August 15, 2005

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