UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 151 OF THE BUSINESS BOARD

June 22, 2006

To the Governing Council,
University of Toronto.

Your Board reports that it met on Thursday, June 22, 2006 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Ms Jacqueline C. Orange (In the Chair)
Mr. Richard Nunn, Vice-Chair
Ms Catherine J. Riggall, Vice-President, Business Affairs
Mr. Husain Aboghodieh
Mr. Donald A. Burwash
Mr. Brian Davis
Dr. Alice Dong
Ms Mary Anne Elliott
Dr. Gerald Halbert
Ms Paulette L. Kennedy
Mr. Gerald A. Lokash
Ms Kim McLean
Mr. Roger P. Parkinson
Mr. Timothy Reid
Ms Marvi H. Ricker
Professor Arthur S. Ripstein
Ms B. Elizabeth Vosburgh

Professor Vivek Goel, Vice-President and Provost
Ms Rivi Frankle, Acting Vice-President, And Chief Advancement Officer
Ms Sheila Brown, Chief Financial Officer
Mr. Louis R. Charpentier, Secretary of the Governing Council
Ms Christina Sass-Kortsak, Assistant Vice-President, Human Resources
Ms Elizabeth Sisam, Assistant Vice-President, Space and Facilities Planning
Professor Safwat Zaky, Vice-Provost, Planning and Budget

Secretariat:

Mr. Neil Dobbs
Mr. Andrew O. P. Drummond
Mr. Henry Mulhall

Regrets:

Ms Dominique Barker
Ms Susan Eng
Mr. Ran Goel
Professor Angela Hildyard
Professor Glen A. Jones
Mr. Geoffrey Matus
Mr. George E. Myhal
The Honourable David R. Peterson
Mr. Robert S. Weiss

In Attendance:

Ms Mary Jane Dundas, Special Assistant to the Vice-President, Human Resources and Equity
Mr. Steve Dyce, Director, Benefits, Pensions and Information Reporting
Dr. Jeanne Li, Special Assistant to the Vice-President, Business Affairs
Mr. Pierre G. Piché, Controller and Director of Financial Services

REPORT NUMBER 151 OF THE BUSINESS BOARD – June 22, 2006

1. Report of the Previous Meeting

The Chair said that Report Number 150 (May 29, 2006) would be before the Board for approval at its next meeting.

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

2. Financial Statements, 2005-06

Ms Kennedy reported that the Audit Committee had reviewed the financial statements over two meetings. On May 17th, the Committee had examined the notes, and the afternoon previous to this Business Board meeting it had completed a full review of the statements. The Committee had commented very favourably on the new format of the Financial Report.

Ms Kennedy said that the external auditors had been present during the Committee's review. The audit report was clean. The Committee had also received the internal auditor's annual report, and it had met privately with both the external and the internal auditors. Those meetings had not resulted in the disclosure of any matter to be drawn to the attention of the Business Board. Ernst & Young had in fact been very complimentary about the work of the Chief Financial Officer, the Controller, and their staff, who had achieved a remarkable feat in producing a good draft of the financial statements for a highly complex institution only three weeks after the end of the fiscal year. Mr. Pierre Piché, the Controller, had provided a detailed presentation to the Audit Committee. His presentation slides had been placed on the table for members' information.

Ms Brown noted that the revised format for the Financial Report had been derived essentially from the format she had used for her presentation to the Board in 2004-05 of a series of briefings on the financial situation of the University. The 2005-6 year had been a good one financially. With other elements of income reasonably well known and expense well contained, the key element distinguishing a good financial year from a bad one was investment income, and the year ended April 30, 2006 had been a good year on the financial markets. The University had completed the year with a net income of $75-million. The University's net assets had increased from $1.6-billion to $1.9-billion. The $240-million increase in net assets had derived from the $75-million in net income, and from three sources of funds that were not accounted for as income but rather as a direct additions to the capital of the endowments: the $119.5-million investment gain on the externally restricted endowments, $37.9-million of donations directed by donors to the endowments, and $7.9-million of grants from the Government of Ontario specified for the endowments. The largest element in the total $1.9-billion of net assets was the $1.6-billion of endowment funds, with the rest being essentially retained earnings including $283.9-million invested in capital assets and $134.8-million of internally restricted net assets, subtract the $171.1-million cumulative unrestricted deficit.
Ms Brown noted that the largest element of the $1.6-billion of endowments was the nearly $700-million of endowed funds supporting student aid. In the operating fund, the accumulated

2. Financial Statements, 2005-06 (Cont'd)

deficit was $59.5-million. The overall deficit was $171.1-million, with the $111.6-million deficit in the other funds arising primarily from the internal financing of capital projects, which would be amortized over time.

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

(a) Highlights: Change in long-term debt (page 3). A member suggested that the percent change in long-term debt be included in the highlights, in the same manner as the percent change in most other items shown in the highlights. Ms Brown undertook to make the addition for the next year's report.

(b) Highlights: Income statement - Endowment revenue and other gains (page 6). A member understood that the investment earnings from the endowed funds had to be accounted for differently, depending on whether the earnings were generated by internally designated endowment funds (which were reported as revenue) or by externally restricted endowments (which were reported as direct additions to the endowment), and he understood that it was not possible to control the amount of investment income. He noted, however, that the financial results for the endowment were also affected by spending from the endowment, which (for example) had increased by $9-million from 2000 to 2006. Ms Brown replied that the objective of the information in this particular part of the Report was to illustrate the changes in revenue rather than to report on changes to the endowment. She noted that revenue from the endowment funds was highly variable; for example the revenue amount had been negative in 2002 and 2003.

(c) Highlights: Balance Sheet - Endowments (page 9). In response to a member's question, Professor Goel and Ms Brown said that in the case of endowments that originated with donations specified for endowment funds, trust law required that the capital not be spent and that the endowment pay out only the investment earnings. The Governing Council had also designated certain funds as endowed funds, and the principal of those funds was, according to Governing Council requirements, not to be spent. In addition, the University's Policy for the Preservation of Capital of Endowment Funds required that the payout be limited so that the real value of the endowed funds, and therefore their purchasing power, be protected against erosion by inflation.

(d) Research activity: indirect costs. In response to a member's questions, Professor Goel and Ms Brown said that specific research grants covered only the direct costs of funded research projects: staff assisting the principal researcher with the project, equipment, supplies and so on. In addition to those direct costs, there were indirect costs: such things as the salary and benefits of the faculty member who was the principal researcher, the cost of heating, lighting and cleaning the research laboratories, library support and so on. Those overhead costs were included in the various operating budgets of the departments for salaries and benefits and supplies as well as general University budgets for utilities, libraries and so on. The Government of Canada had, in recent years, provided a grant to the universities amounting to

2. Financial Statements, 2005-06 (Cont'd)

approximately 20% of the direct funding it provided for university research. That additional support had been of great benefit. However, there remained the problem reported in the financial statements that the direct grants plus the approximately 20% indirect-cost support did not cover the actual costs of the research because the indirect costs amounted to well over 40% of the direct costs. The member's point was well taken that the University should document the indirect costs that were not covered to support the case for a larger grant to cover those costs.

(e) Borrowing (page 17). A member referred to the graph that displayed the total external borrowing for the past eight years and the percent of net assets represented by that external borrowing. The member urged that, in future, that graph display as well the amount of debt service for combined internal and external borrowing and the percent of total revenue represented by debt service. It was very important to show the increasing proportion of the operating budget being required to service the growing debt.

(f) Comparison of operating fund financial results to the operating budget. A member expressed surprise concerning two aspects of the variance of operating fund results from budget, and he asked whether those large variances indicated the need to improve procedures. The first was the $29.7-million increase in revenue from student fees for academic programs for which no provincial government funding was provided – programs such as the executive MBA program. The second was the $28.1-million increase in divisional expenses related to the higher student enrolment. The member would have expected that the University and its divisions would have much better projections of enrolment. Professor Goel replied that University administrators had had to complete its budgeting for the year before the Governing Council considered a number of other recommendations such as the tuition-fee increases for international students and for such programs as the executive programs in the Rotman School of Management. In addition, the University sometimes did not receive basic funding decisions from the Province of Ontario until after it had to complete its budgeting, indeed sometimes well into its fiscal year. Therefore, the University had to make and use certain assumptions. With respect to the increased costs arising from the larger-than-expected enrolment, more students had registered in Ontario universities than anyone had predicted. While it was true that the University could have made a better prediction of its costs, the variances were relatively small as a percent of revenue and expense, given the size and complexity of the University's operations and the need to make so many assumptions in the budgeting exercise, particularly with respect to Government funding.

In response to further questions, Professor Goel commented on the enrolment for 2005-06 compared to the projection. The University sought to control its enrolment through its offers of admission to new students. It had a well established model to predict the number of students who would accept offers of admission, but that model had not functioned as well in recent years owing to the unusual volatility caused by the double cohort. Even when students registered, enrolment was not firmly established because some withdrew before the official count date of November 1 for the first term. A second official count date was February 1, and Provincial funding was based on the enrolment count on those two dates.

2. Financial Statements, 2005-06 (Cont'd)

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, 2006 be approved.

On behalf of the Board, the Chair congratulated Ms Riggall, Ms Brown, Mr. Piché (the Controller), Mr. Mark Britt (the Director of Internal Audit), the external auditors, and all of the members of their teams. Preparing the financial statements in time for their approval at the June meeting of the Governing Council was a remarkable task, and Canada's largest and most complex University was one of the few in the country to do it. Members of the Audit Committee were also to be commended for their diligent work throughout the year, including their careful review of the financial statements. All of that careful work gave the Business Board a great deal of confidence in its own recommendation of the financial statements for Governing Council approval. The Chair recalled that the Financial Report had initially been confidential. With its endorsement by the Audit Committee the previous evening, that classification had been removed.

3. External Auditors: Appointment for 2006-07

Ms Kennedy said that the external auditors attended all meetings of the Audit Committee, and both the administration and the Committee were satisfied that they were doing their job well. To avoid the risk of too close a relationship between management and the auditors, Ernst & Young periodically changed the partner responsible for the University's audit. Just over a year ago, Ms Martha Tory, the firm's highly-regarded specialist in not-for-profit and university matters, resumed responsibility for the U. of T. account after an absence of several years. Each fall, the Audit Committee received an annual report on other assignments carried out for the University by Ernst & Young, and it concluded that the scope of those other assignments would not impair the firm's objectivity as external auditors. In addition, Ernst & Young provided an annual written confirmation of its independence.

In response to questions, Ms Brown said that Ernst & Young had been the University's external auditors for many years. The administration did, pursuant to the Purchasing Policy, conduct a regular review of auditing services approximately every five years. The University made reference to the practice recommended by the U.S. National Association of College and University Business Officers calling for the rotation of audit partner every seven years. While the U.S. Sarbanes-Oxley Act called for partner rotation every five years, it did not apply to not-for-profit organizations, and NACUBO expressed the view that the specialized nature of the work of post-secondary institutions meant that five-year partner rotation was too frequent. The rotation of the partner responsible for the University of Toronto's audit had taken place just over a year ago. The external auditors did supply certain consulting services with respect to goods and services tax recovery and the accounting treatment for particular transactions, and they did provide advice

3. External Auditors: Appointment for 2006-07 (Cont'd)

concerning the risk assessment profile. The amounts billed for those services were usually small, something in the order of $2,000 - $3,000 per transaction, apart from goods and services tax matters, where the fees depended on the amount recovered. The use of the external auditors for non-audit services was regulated by the policy recently approved by the Board, and the Audit Committee annually reviewed a list of those assignments and the amounts billed. Mr. Parkinson noted that Ernst & Young were also the external auditors for the University of Toronto Press; the By-law of that corporation required that the Press use the same external auditors as the University.

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, 2007; and

(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, 2007.

THE FOLLOWING ITEMS ARE REPORTED TO THE GOVERNING COUNCIL FOR INFORMATION

4. Human Resources: Professionals and Managers, Confidential Staff and English-as-a-Second-Language Instructors: Total Compensation Provisions Including Salary Increases, Pension Changes and Benefit Improvements for July 1, 2006

The Chair said that it would be prejudicial to the University's bargaining position in future negotiations with the Faculty Association and the unions to consider compensation matters publicly, even for employee groups that were not represented. She therefore proposed that the Board consider the item *in camera*.

THE BOARD MOVED *IN CAMERA*

Ms Sass-Kortsak presented the proposal and responded to questions.

The Chair reminded members of the conflict-of-interest limitation: Section 27(d) of 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).

4. Human Resources: Professionals and Managers, Confidential Staff and English-as-a-Second-Language Instructors: Total Compensation Provisions Including Salary Increases, Pension Changes and Benefit Improvements for July 1, 2006 (Cont'd)

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

YOUR BOARD APPROVED

(1) THAT across-the-board increases of 2.5% effective July 1, 2006 and 0.5% effective January 1, 2007 be allocated to Professional / Managerial staff at PM Levels 1 to 5, Confidentials, and English-as-a-second-language (E.S.L.) Instructors; and that across-the-board increases of 3% effective July 1, 2006 be allocated to Professional / Managerial staff at PM Levels 6 to 9.

(2) THAT the benefit program changes as outlined in Professor Hildyard's June 15, 2006 memorandum concerning Confidentials, Professional / Managerial staff and E.S.L. Instructors be approved.

(3) THAT the following provisions be approved in principle:

(a) THAT effective January 1, 2006 the lower deck accrual rate for Confidentials, Professional / Managerial staff and E.S.L. Instructors be increased from 1.5% to 1.6%; and that effective January 1, 2006 the employee contribution rate be increased from 4.5% to 5.0%.

(b) THAT the Special Early Retirement Window for Professional / Managerial staff at PM Levels 1 to 5, Confidentials, and E.S.L. Instructors be extended to June 30, 2008.

(c) THAT the current early retirement provision within the pension plan for PM Levels 6 to 9 be replaced with an unreduced pension entitlement at age 60 with at least 15 years of pensionable service.

(d) THAT a phased retirement program for PM Levels 6 to 9 be established as described in Professor Hildyard's June 15, 2006 memorandum.

(4) THAT authority be delegated to the Vice-President, Human Resources and Equity to take the steps necessary to implement the pension arrangements resulting from this resolution.

THE BOARD MOVED INTO CLOSED SESSION

5. Quarterly Report on Donations of $250,000 or More, February 1 – April 30, 2006

The Board received for information the quarterly report on donations of $250,000 or more, February 1 – April 30, 2006.

THE BOARD CONSIDERED THE FOLLOWING ITEMS IN OPEN SESSION.

6. Borrowing Strategy: Annual Status Report to April 30, 2006

Ms Brown recalled that the University's borrowing for capital projects and certain other needs consisted of two components. The first was borrowing of up to $200-million from an internal source: the Expendable Funds Investment Pool (EFIP). The administration conducted an annual review of the University's cash flows to determine the balance in EFIP that could safely be made available for borrowing, and it had determined that the $200-million amount remained appropriate. As at April 30, 2006, $109.5-million had been loaned from EFIP, and there had been no defaults on the loans. The second source of borrowing was external. The maximum external borrowing capacity had been defined as 40% of the University's average net assets over the past five years. As at April 30, 2006, the maximum external borrowing capacity was $621.2-million. Therefore the maximum total borrowing capacity was $821.2-million. The total borrowing approved by the Board at this time amounted to $761.4-million. The total actually allocated to approved capital projects amounted to $730.5-million, leaving some capacity for financing future projects. Of the $561.4-million of approved external borrowing, the University had in fact borrowed only $483.7-million. The University would go to the markets to borrow further funds. The timing of the further borrowing depended on the need for cash.

Ms Brown recalled that the Long-Term Borrowing Pool was the sinking fund used to accumulate and invest the funds for the repayment of the debentures that had been issued by the University when they became due. The investment earnings would contribute to paying the debenture interest and certain other expenses. Appendix "A" included the income statement and the balance sheet for that Pool, which was still at a very early stage of accumulating the monies required to repay the debentures.

Discussion focused on the following matters.

(a) Maximum and target for borrowing. At the suggestion of a member, Ms Brown agreed to include in the next annual report the amount of the target external borrowing capacity as well as the amount of the maximum external borrowing capacity. A member asked whether the administration was adhering to the target external borrowing capacity of 33% of net assets or was paying more attention to the maximum external borrowing capacity of 40% of net assets.
Ms Riggall replied that the University was currently in a growth phase of its history, and the 40% of net assets should be seen as a reasonable level of debt for an organization its size. The 33% should be seen more as a floor. The University's carrying no debt would be an ineffective use of resources, implying that the University was not undertaking efforts to grow and to renew itself. A member asked why the University had then specified the 33% of net assets as a target. Ms Riggall replied that the 33% would better be regarded as the bottom of a range.

6. Borrowing Strategy: Annual Status Report to April 30, 2006 (Cont'd)

Professor Goel stressed that actual borrowing substantially lagged the approved amount. As the University built new facilities to expand its enrolment, new revenue would be generated and net assets would increase. Actual external borrowing at this time was only 25.8% of net assets, and it would likely stay at about that range. It might, however, be necessary to ask the Board to re-visit the matter in the fall. The Government of Ontario would henceforward be funding capital expenditures in the broader public sector by a stream of payments to cover a part of the principal and interest costs of new buildings. The Province would use that method to fund $14-million of facilities for enrolment expansion in Medicine through the establishment of a new Academy of the Faculty of Medicine at the University of Toronto at Mississauga and the expansion of facilities to accommodate graduate enrolment growth at the University.

A member said that the consideration of borrowing policy in the fall would provide a good opportunity to look at the matter again. Members of the Board may well have regarded the target borrowing of 33% of net assets to have been the actual target, with the 40% simply the top of the range to be available in the event of a decline in net assets arising from such risks as a downturn in the security markets. He also noted that in the private sector, the evaluation of debt depended not only on a balance sheet measure – proportion of net assets – but also on an operating statement measure – debt service coverage. Using an operating statement measure was important to gauge the borrower's ability to repay debt over the long term. That would also be an appropriate subject for the discussion in the fall.

(b) Use of internal versus external debt. In response to a member's question, Ms Brown said that cash-management criteria were used to determine the use of internal or external financing for capital projects. The University provided its own construction financing at the short-term rate. When projects were complete, they were financed with a long-term loan. The University managed all of its cash as a part of one large float in order to obtain the best possible return. The University would go to the external markets only when necessary for additional financing for capital purposes because it wished to minimize its negative carry – i.e. paying long-term borrowing rates and investing the money at short term rates until assigned to projects.

7. Reports of the Administrative Assessors

(a) Statement on Social and Political Issues with Respect to University Investment: Petition

Ms Riggall reported that the President had received a petition submitted pursuant to the University *Statement on Social and Political Issues with respect to University Investment*. That petition contained a brief calling upon the University to divest all investments in companies that produced tobacco products and not to make further investments in such companies. It contained the requisite minimum of 300 signatures of members of the University with the required representation of at least three University constituencies. The Statement prescribed that the President establish an Advisory Board to consider the brief. That Advisory Board, to be chaired by the Vice-President, Business Affairs, comprised one representative from each broad Governing

7. Reports of the Administrative Assessors (Cont'd)

(a) Statement on Social and Political Issues with Respect to University Investment: Petition (Cont'd)

Council constituency. Its membership consisted of: Mr. Brian Davis (administrative staff), Mr. Ran Goel (students) Mr. Richard Nunn (Lieutenant-Governor-in-Council appointees), Ms Marvi Ricker (alumni), and Professor Arthur Ripstein (teaching staff). The Advisory Board, when it had considered the matter, would make its recommendation to the President.

(b) University of Toronto Schools

Ms Riggall recalled that the Governing Council had earlier in the year given the Vice-President, Human Resources and Equity authority to execute an Affiliation Agreement between the Governing Council of the University of Toronto and the University of Toronto Schools, for the period July 1, 2006 to June 30, 2021 that was essentially in accordance with certain approved principles. The two parties were working to arrive at the final wording of the new Affiliation Agreement, and Ms Riggall anticipated that the agreement would be signed on June 29, 2006, the day prior to the expiry of the current, interim agreement.

8. Dates of Next Meetings

The Chair reminded members that the Business Board orientation was scheduled for Tuesday, September 12, 2006, beginning at 9:00 a.m. and continuing throughout the morning.

The Chair reminded members that the Board's first regular meeting had been scheduled for Tuesday, October 10, 2006 at 5:00 p.m. The complete list of meeting dates would be distributed over the summer.

9. Chair's Remarks

The Chair thanked all members for their contributions to the work of the Board. She offered special thanks to members who were concluding their terms on the Board.

- **Mr. Husain Aboghodieh** had been an active member of the Board. He had loyally continued with the work of the Board (and other governance responsibilities) after the end of the academic year, when he had attended meetings in person and by telephone, despite his enrolment in a summer course at the University of Ottawa (to be followed by another summer course in Quebec.)

- **Ms Dominique Barker** has served as a co-opted member for three years. She had decided that new responsibilities both at work and as a new mother would prevent her meeting the standard she would wish as a member of the Business Board. She had agreed to continue on the Audit Committee, and she had also stated her interest in resuming her work on this Board at some time in the future.

9. Chair's Remarks (Cont'd)

- **Mr. Brian Davis** was completing six years of service on the Governing Council and on the Business Board. He had been an influential member not only at meetings but on numerous search committees and advisory committees and behind the scenes. He had spoken strongly not only for the interests of his colleagues on the administrative staff, but also on many broader issues. One example had been his strong support for actions to make the Campus both energy-efficient and aesthetically attractive.

- **Mr. Ran Goel** had been a strong spokesperson for the interests of students and on broader issues. The members of the Board who had attended the special session on socially responsible investing would long remember the extraordinary well-done presentations from Mr. Goel and his colleagues from the Faculty of Law. Mr. Goel would continue his service to the University as a member of the Discipline Appeals Board in 2006-07.

- **Ms Kim McLean** had served as a co-opted member of the Business Board for four years, and also as a co-opted member of the Audit Committee. Unlike most business officers in the University, Ms McLean was responsible not only for the business affairs of a large academic division, but also for the management of a campus – oversight of a large budget, a construction program, a physical plant, various business services, a campus police force, and dealing with such thorny issues like parking and food services. The Board was very grateful that Ms McLean had made the time to serve on the Board for the past four years.

- **Mr. Roger Parkinson** had completed a remarkable nine years as a member of this Board, along with eight years on the Audit Committee. Meetings would simply not be the same without his probing questions, submitted both before meetings and at them. The Chair hoped that Mr. Parkinson's extraordinary diligence had brought about real change. Mr. Parkinson would continue to serve the University as the Chair of the Board of the University of Toronto Press, which had undergone many changes during his term as Chair. He would also continue to serve the Governing Council as a co-opted member of the Academic Board.

- **Mr. Tim Reid** would continue to serve the Governing Council next year, but he would be providing the benefit of his extraordinary experience and insight to the Executive Committee and the Planning and Budget Committee, which considered many of the proposals that eventually came to the Business Board.

THE BOARD MOVED IN CAMERA

10. Report of the Striking Committee: Co-opted Membership of the Business Board and the Audit Committee for 2006-07

On the recommendation of the Striking Committee,

YOUR BOARD APPROVED

(a) THAT Ms Katherine M. Hilton and Mr. Raj Kothari be appointed to the Business Board for one-year terms from July 1, 2006 to June 30, 2007; and

(b) THAT Ms Mary Ann Elliott and Mr. David Oxtoby be appointed to the Business Board for three-year terms from July 1, 2006 to June 30, 2009.

(c) THAT the following be appointed to the Audit Committee for one-year terms from July 1, 2006 to June 30, 2007:

Ms Dominique Barker
Ms Paulette L. Kennedy
Mr. Raj Kothari
Mr. Paul E. Lindblad
Mr. Gerald A. Lokash
Professor Gordon Richardson

(d) THAT Mr. George Myhal be re-appointed Chair of the Audit Committee and Ms Paulette Kennedy be re-appointed Vice-Chair of the Audit Committee for a one-year terms from July 1, 2006 to June 30, 2007.

THE BOARD RETURNED TO OPEN SESSION.

The meeting adjourned at 6:15 p.m.

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Secretary Chair

August 10, 2006

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