UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

**REPORT NUMBER 150 OF THE BUSINESS BOARD**

**May 29, 2006**

To the Governing Council,
University of Toronto.

Your Board reports that it met on Monday, May 29, 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
Professor Vivek Goel, Acting President
Ms Catherine J. Riggall, Vice-President, Business Affairs
Professor Angela Hildyard, Vice-President, Human Resources and Equity
Mr. Husain Aboghodieh
Mr. Donald A. Burwash
Dr. Alice Dong
Ms Mary Anne Elliott*
Ms Susan Eng
Ms Paulette L. Kennedy*
Mr. Gerald A. Lokash
Mr. Geoffrey Matus
Mr. George E. Myhal
Ms Marvi H. Ricker
Professor Arthur S. Ripstein
Ms B. Elizabeth Vosburgh

Mr. John Bisanti, Chief Capital Projects 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
Mr. Ron Swail, Assistant Vice-President, Facilities and Services

Secretariat:

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

* Participated by telephone.

Regrets:

Ms Dominique Barker
Mr. Brian Davis
Mr. Ran Goel
Dr. Gerald Halbert
Professor Glen A. Jones
Ms Kim McLean
Mr. Roger P. Parkinson
The Honourable David R. Peterson
Mr. Timothy Reid
Mr. Robert S. Weiss

In Attendance:

Professor W. Raymond Cummins, member of the Governing Council; Chair, Academic Board
Professor Avrum Gotlieb, member of the Academic Board; Chair, Planning and Budget Committee

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In Attendance (Cont'd)

Professor Bruce Kidd, Dean, Faculty of Physical Health and Education
Ms Mary Jane Dundas, Special Assistant to the Vice-President, Human Resources and Equity
Dr. Jeanne Li, Special Assistant to the Vice-President, Business Affairs
Mr. Michael Moore, Audit Manager, Internal Audit Department
Mr. Henry Mulhall, Special Projects Officer, Office of the Governing Council

**1. Chair's Remarks**

The Chair welcomed members to the 150th meeting of the Business Board.

**2. Report of the Previous Meeting**

Report Number 149 (May 3, 2006) was approved.

THE FOLLOWING ITEM CONTAINS A RECOMMENDATION TO THE GOVERNING COUNCIL FOR APPROVAL.

**3. Audit Committee Terms of Reference: Revision**

Mr. Myhal explained that audit committees had been under general scrutiny across the community, an example of which was the Sarbanes-Oxley Act in the United States. The proposal represented the University's action to bring the terms of reference of its Audit Committee into line with the new expectations. The proposed terms of reference had been reviewed by a working group of the Audit Committee, as well as by the Committee itself at two of its meetings. A description of the changes to the proposed terms of reference was included in the cover memorandum to the Audit Committee from the Secretary of the Governing Council, a copy of which is attached hereto as Appendix "A".

Mr. Myhal commented on some of the more significant changes. To ensure the independence of the Committee, almost all voting members would be external to the University, apart from the President and apart from the possibility of a senior faculty member with expertise in accounting. In addition, all or almost all of the Audit Committee members would be members of the Governing Council or the Business Board.

Mr. Myhal also advised that the Audit Committee was asking to be relieved of a responsibility: the review of the annual reports and audited financial statements of the incorporated business ancillary operations. The Innovations Foundation was no longer an ancillary operation. The Business Board itself reviewed the annual report from the University of Toronto Asset Management Corporation (UTAM) and its financial statements covered only UTAM's internal operations. That left only the University of Toronto Press, and the Press's own Audit Committee provided a detailed review of its statements. The Audit Committee therefore proposed that the Press should submit its annual report directly to the Business Board for information.

**3. Audit Committee Terms of Reference: Revision** (Cont'd)

Mr. Myhal noted that two interesting matters had arisen during the Committee's discussion. First, one of the Committee's duties was to review the University's whistle-blower policy. The Committee had asked management to bring that policy forward in the near future for review. Second, the Audit Committee would continue to review a list of pending legal actions each year to satisfy itself about the accuracy of the note in the financial statements on contingent liabilities. There had been some concern that the Committee would no longer receive a report on the overall use of legal services. The Committee would, however, ensure that it had all the information needed to carry out its duties.

Mr. Charpentier reported that there had been some concern about the requirement that all or almost all of the members of the Audit Committee be appointed from among the members of the Governing Council or the Business Board. The concern was that the requirement might have a steering effect on the recruitment of the lay members of the parent bodies. It had, however, been concluded that while the members of the Audit Committee should have a good level of financial understanding they need not all be technical experts, and that the needed level of financial understanding would be a useful attribute for several members of the parent bodies.

The Chair observed that the proposal was the outcome of a great deal of work by the working group and the other members of the Audit Committee. The proposal with respect to the review of the financial statements of the business ancillary operations made sense in that it avoided redundancy, especially in areas that were not material to the financial statements of the University as a whole.

On the recommendation of the Audit Committee,

YOUR BOARD RECOMMENDS

THAT the proposed revised terms of reference of the Audit Committee, a copy of which is attached hereto as Appendix "B", be approved.

On the recommendation of the Audit Committee,

YOUR BOARD APPROVED

THAT the Business Board rescind its instruction, made on October 15, 1996, that the Audit Committee carry out the Board's stewardship responsibility with respect to the incorporated business ancillary operations, and that the Board itself receive for information the annual reports and audited financial statements of those operations.

THE FOLLOWING ITEMS ARE REPORTED TO THE GOVERNING COUNCIL FOR INFORMATION

## 4. Internal Audit Policy: Revision

Mr. Myhal reported that the proposed Policy was an update to the 1992 Policy currently in effect. It had been developed by the Director of Internal Audit, who had compared the current Policy to an authoritative template produced by the Institute of Internal Auditors Research Foundation. The draft had been reviewed by an Audit Committee working group and had been reviewed again twice by the Audit Committee itself. The proposed Policy included new sections on audit planning and reporting. It also included the long-standing code of ethics, to which the University's internal audit staff had signed off for some years. The Policy stressed the internal auditor's independence and access to senior levels of the administration and governance, if need be, in the performance of his/her duties.

On the recommendation of the Audit Committee

YOUR BOARD APPROVED

The revised *Internal Audit Policy*, a copy of which is attached hereto as Appendix "C", replacing the Policy approved on November 23, 1992.

## 5. Capital Projects Report as at April 5, 2006

The Chair noted that there had been no changes to the Capital Projects Report since the previous meeting of the Board. However, because the report was useful to provide context for the consideration of the capital projects on the agenda, it had been redistributed.

## 6. Capital Project: Varsity Centre Phase 1 – Budget Increase

The Chair reminded members that this item had been added to the agenda. Documentation had been distributed electronically on May 26, and a hard copy had been placed on the table.

Ms Riggall said that she very much regretted having to bring to the Board a request for a budget increase for the Varsity Centre project. She reminded members that Phase 1 of the project included a competitive-level running track and artificial-surface playing field (for soccer and football), a 5,000 seat grandstand, public washrooms, change rooms, media gondola, field lighting, fencing, landscaping, and finally foundations and services below the track for an air-supported structure (bubble) to be installed as Phase 2. While estimates for capital projects involving academic buildings

**6. Capital Project: Varsity Centre Phase 1 – Budget Increase** (Cont'd)

and residences had been accurate in recent years, this project had been challenging because it involved a stadium and specialized requirements. It would have been possible to have achieved a higher level of certainty with respect to the cost of the project by using a more gradual approach and obtaining estimates for each step. There were, however, time pressures arising from the expectation that the stadium would be completed by September 2006. Ms Riggall and her colleagues had therefore decided to take the risk involved and to proceed as expeditiously as possible. Had a different approach, one that would have allowed a detailed cost estimate at each step, been adopted, the ultimate price would have been the same or greater, but it would have been known in advance.

Ms Riggall said that the $5.35-million cost increase would result in an equivalent increase in the use of the University's current borrowing capacity, leaving only $20-million - $30-million for other projects. However, because the maximum borrowing capacity was defined as 40% of the average value of the University's net assets over the previous five years, there was a further $30-million within the policy limit, for which the administration had not proposed borrowing. In addition, it was likely that the maximum debt capacity would increase further by an estimated $30 million as the result of the financial results for the 2005-06 fiscal year, which would record an increase in the University's net assets. Subject to the continuation of good economic conditions, the University's net assets and its borrowing capacity might well increase even further at the end of 2006-07.

Mr. Bisanti stated that he too regretted having to request further funding for the project. His group had found the project to be a challenging one. It involved a unique structure, with requirements for specialized construction, for which only a few contractors were available. The cost increase had been the result of a number of unforeseen factors and added elements, including: the unexpectedly high cost of the demolition/removal of the foundations of the previous stadium; the cost of underpinning the existing north wall; the City's requirement for the addition of a storm water management system under the artificial field; the need for a porous sub-base for the state-of-the-art artificial field (being installed for the first time in North America); the extent of the City requirements for landscaping along Bloor and Devonshire; the increased cost for an acceptable scoreboard; the addition of an electronic timing system for track events; and increased cost to construct the specialized pits and services for the track and field events. The Project Committee had explored ways to reduce the scope and minimize the cost of the project. However, various elements could not be removed without undermining the integrity and functionality of the entire project. For example, the requirement for a sub-base for the track in turn required certain foundation work which then required the removal of the foundation of the previous stadium. Other economies would have resulted in a compromised facility that would not adequately address the needs of the University. Delaying the project would result in a further cost increase of 5% to 10% above the cost being considered at this time. The University was already

**6. Capital Project: Varsity Centre Phase 1 – Budget Increase** (Cont'd)

committed to certain contracts, and there would be demobilization costs. In addition, some work would have to be done to provide a usable field on the site or cost would have to be incurred to find an alternative site.

Professor Goel stated that the administration was not pleased to have to return to recommend the increased budget for the project. He observed that cost over-runs were frequent in the construction of athletics facilities. He recalled that when the University had decided to withdraw from the plan to construct a stadium for joint use with the Toronto Argonaut football team, the project cost was over $100-million (compared to a budget of $80-million), and the administration was concerned that the final cost would have been much higher. The impact of the current proposal would amount to an additional $500,000 per year on the operating budget. While that represented only 0.05% of the relevant base of the University's operating budget, it was still a significant amount that would have to be borne by the University's other operations.

In addition, Professor Goel added that the use of an additional $5-million of borrowing capacity for the Varsity Centre project would have an impact on the University's ability to fund other priorities. With the approval of this proposal and others on the agenda, the University would be coming close to the end of the borrowing approved to date by the Business Board. It was true that there was an additional $30-million not yet approved by the Business Board within the current maximum capacity, and that the forecast of the year's financial outcome meant that borrowing capacity, defined as 40% of net revenues, would increase. But, the University would have other needs. The Province of Ontario would be providing new funding for the expansion of the undergraduate medical program to the new Academy to be located at the University of Toronto at Mississauga and for the expansion of graduate programs. While there would be assistance from the Province for some of the capital requirements for that enrolment expansion, the University would nonetheless have to go to the markets for further borrowing, since the capital would be in the form of a stream of payments over a number of years. The additional spending for the Varsity Centre project would eat away at the borrowing available for other projects and would mean that fewer other academic priorities could go forward. Professor Goel was working with Principals and Deans in preparing an updated capital plan, and the University would have $5-million less to work with. Dean Kidd and the Campaign Cabinet for the project were committed to raising funds for the project, and it might be that the University would have to borrow less than the full additional cost. However, even if funds were to be raised for the Phase 1 work, those donations would not be available for the later phases of the project. He also noted that borrowing capacity was limited not only by total capital but also by the University's ability to repay its capital borrowing.

However, Professor Goel stated that both he and the President recommended approval of the cost increase. The project had now gone too far to turn back. It represented the culmination of some twenty years of effort to build a new stadium.

**6. Capital Project: Varsity Centre Phase 1 – Budget Increase** (Cont'd)

As the result of its experience working with many potential partners, the University had reached the conclusion that to build a facility that was satisfactory to its needs, the University would have to build it itself. There was now a great deal of momentum to complete the project. It was critical to proceed at this time and not to lose the support and momentum now in place. It was important to complete the project because it remained a priority for the University to meet the needs of its students and enhance their student experience.

Among the matters that arose in discussion were the following.

**(a) Cost estimates and cost increases**. A member stated his support of the recommendation, which represented the best course of action in the present circumstances However, he expressed his concern with the number of items that had been either overlooked or significantly underestimated in the original proposal, for example the need for sub-base for the artificial field. The member went on to urge that estimates from architects be questioned. He noted that the project architects were the same as those for the previous plan to have been completed in cooperation with the Toronto Argonauts. The day after the plan had been cancelled on the ground of costs, he was quoted in the press as saying that he had provided the University with a much less costly design.

Later in the discussion, Professor Gotleib noted that the documentation that had been provided to the Planning and Budget Committee in June 2005, at the time of the approval of the Project Planning Report, had included a sensitivity analysis that had considered a risk of only a 10% cost overrun. Only now was there discussion of the special and larger risks associated with the construction of such special facilities as stadiums. He urged that great care be taken in considering special risks with respect to future phases of this project and other projects. With respect to the costs for this project, Ms Riggall and Mr. Bisanti assured the Board that cost estimates were now based on firm tendered prices (see below). Professor Goel assured the Board that the administration had looked very seriously at this matter, and it would make every effort to ensure that the situation would not recur. A small group at the Vice-Presidential level, in addition to the usual Project Committee, would work to ensure that the project was completed appropriately.

**(b) Borrowing**. In response to a member's questions, Ms Riggall and Ms Brown said that the Borrowing Strategy approved in 2004 permitted the University to borrow externally up to 40% of the its net assets as well as $200-million from internal sources, in effect its cash float. The outcome was a $793-million internal and external borrowing capacity based on financial results to April 30, 2005. Of that amount, the University had allocated $730-million to finance capital projects and to certain other purposes. Based on the anticipated year-end net assets as at April 30, 2006, it was likely that the maximum borrowing capacity, defined as 40% of net assets over the past five years, would increase to $821-million (consisting of $621-million external and $200-million internal). A reasonable forecast for the end of the 2007 fiscal year, assuming reasonable investment returns for the year, projected a further increase in average net assets, and therefore of

**6. Capital Project: Varsity Centre Phase 1 – Budget Increase** (Cont'd)

borrowing capacity of about another $30-million, potentially enabling still further borrowing within the limits specified by the currently approved Borrowing Strategy. The loans made to individual projects were charged interest at a rate equal to that for Government of Canada bonds for a similar duration. For example, the interest rate charged internally on a thirty-year loan would have been about 5.36%, if it had been issued the previous week. The interest being paid on the University's Series "C" debenture, which had been issued in November 2005, was 4.93%. Earlier series had higher interest rates.

**(c) Completion of the project**. In response to questions, Mr. Bisanti and Ms Riggall said that construction of the field was to be completed by November 2006, and the installation of the bubble was to be completed by December 2006. The remaining phases were, however, dependent on the success of fundraising. Professor Goel and Ms Sisam added that, as part of Phase 1 of the project, the architects had developed a master plan for the completion of all four phases of the project. It was important that the master plan be completed at once to ensure that the entire program would fit on the site. The master plan would also enable the University to develop the phasing and timetable for the remainder of the work. Phase 2 of the project included the installation of the air-supported bubble; Phase 3 was the construction of a building to the south end of the site to accommodate various of the facility's programs; and phase 4 was the renovation of and upgrade to Varsity Arena. The Project Committee had considered including the air-supported structure in the first phase of the project, but it had decided that, apart from its infrastructure, the bubble would form a separate phase and be financed separately. The Faculty had been able to identify a source of funds for that element of the project, which would cost about $1-million. That phase had been approved by the Accommodation and Facilities Directorate. Mr. Bisanti said that he and his colleagues had gone over the program for the proposed Phase 1 of the project in considerable detail, and they now had the benefit of tendered prices. He was therefore confident in the revised cost estimate for which he was now seeking approval. The later phases of the work would represent more conventional construction; he therefore did not anticipate that difficulties would arise for those later phases like those for the first phase. Mr. Bisanti was also confident that the outcome of Phase 1 would be first-rate. In the value-engineering sessions, the University had avoiding cutting costs in a way that would endanger the quality of the project. Invited to comment on this matter, Professor Kidd stated that there had indeed been several rounds of value engineering, but it had been agreed that nothing would be done that would jeopardize the safety of student users or the quality of the facility on this very special site. It was very important that the facility be open on schedule, cost-effective to operate, well landscaped and inclusive of solid design features. It was important that this be a first-rate facility that would compare well with those at other universities and that would provide the momentum for fundraising for future phases.

**(d) Funding the project**. Professor Cummins explained that he and Professor Gotlieb had to decide whether it was appropriate for the Planning and Budget Committee and the

**6. Capital Project: Varsity Centre Phase 1 – Budget Increase** (Cont'd)

Academic Board to review the priority for this project in the light of the cost increase. He noted that the projected increase in borrowing capacity made the question about priorities somewhat easier to deal with, but he asked a number of questions about the funding for the project. Professor Kidd indicated that potential sources had been identified for two large donations for future phases of the project. A very good Campaign Cabinet was working hard to secure support. Fundraising efforts would be enhanced if Phase 1 of the project was an attractive one that was completed on time. There had been some skepticism among potential benefactors arising from previous experiences with the stadium. With respect to repayment of the loan for the first phase, Professor Goel said that $19.4-million of the borrowing would be amortized over twenty years by the University-wide operating budget. While the Faculty of Physical Health and Education was leading the project and would be a prime user, the facility was intended for the entire University. All students would be able to take part in the activities in the facility. An amount of about $2.4-million would be amortized over five years from new revenues generated by the facility. With the bubble and the artificial field, it would be possible to operate the facility all year round, thus generating additional revenue.

Professor Cummins observed that the original proposal had stated that any additional costs for the project would be borne by the Faculty of Physical Health and Education. He noted that a Wellness Centre was being built at the University of Toronto at Mississauga (UTM) for approximately the same cost, but each UTM student was required to pay a $150 per year levy to contribute to the cost. Professor Goel replied that with the proposed new budget model, the University would be able to attribute debt differentially for projects that served primarily the St. George Campus.

**(e) Operating cost**. In response to a question from Professor Gotlieb, Ms Brown undertook to look into an apparent inconsistency in information about the cost to the operating budget of amortizing the additional expense required for the project.*

In response to another question, Professor Goel said that the cost of operating the new facility would be borne by the operating budget of the Faculty of Physical Health and Education and by the Athletics and Recreation operating plan, which was supported by an ancillary fee. The cost of amortizing the loans for the project was not included in those budgets, which would not therefore have to be changed.

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* After looking into the matter, Ms Brown reported that the $800,000 additional financing cost reported to the Planning and Budget Committee reflected the additional interest cost over the full financing period. The 9% increase reported to the Business Board reflected the expected annual increase in the blended principal and interest repayment cost.

**6. Capital Project: Varsity Centre Phase 1 – Budget Increase** (Cont'd)

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

YOUR BOARD APPROVED

THAT the Vice-President – Business Affairs be authorized to execute Phase 1 of the Varsity Centre for Physical Activity and Health for an increased total project cost of $21,750,000 with funding from the following sources:

(a) $19,364,000 financing to be amortized over twenty years, to be repaid from the operating budget of the University of Toronto, and

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

The Chair asked that the Board be given regular update reports on the progress of the project beginning with a report at the first meeting in the fall.

**7. Capital Project: Centre for Criminology – Relocation to the Canadiana Building**

Mr. Bisanti said that it was proposed to relocate the Centre for Criminology from its current location in Robarts Library to the Canadiana Building at 14 Queen's Park Crescent West. The relocation would enable the expansion of the Centre for Hong Kong and Canada and its associated Library (an expansion to be funded by a generous benefaction) to space contiguous with the Cheng Yu Tung East Asian Library on the 8$^{th}$ Floor of the Robarts Library. The Canadiana Building [previously home to the Canadiana Collection of the Royal Ontario Museum] was currently underused and required extensive deferred maintenance work. $1-million of the $2.1-million cost would be paid by the Faculty of Arts and Science, with the remaining funding from deferred maintenance and facilities renewal funds.

In response to questions, Professor Goel said that the Centre for Criminology was a unit of the School of Graduate Studies; its faculty was primarily from the Faculty of Arts and Science and the Faculty of Law. Ms Riggall explained the phrase in the motion that the cost "would not exceed" $2.1-million. That phrase was routinely used to leave open the highly desirable possibility of completion of the project for less than the approved amount. Governing Council policy did grant authority to the Vice-President, Business Affairs to increase the appropriations for projects by up to the lesser of 10% or $2-million.

**7. Capital Project: Centre for Criminology – Relocation to the Canadiana Building** (Cont'd)

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 Centre for Criminology project in the Canadiana Building, at a total project cost not to exceed $2,109,000, using the following sources of funding:

| | |
|---|---|
| Faculty of Arts and Science | $1,000,000 |
| Deferred Maintenance Funds 2005-06 | 400,000 |
| Facilities Renewal Funds carry forward | 709,000 |

**8. Capital Project: Department of Fine Art Relocation to One Spadina Crescent**

Mr. Bisanti said that the project to relocate the Department of Fine Art wholly to One Spadina Crescent was a very complex one, with the need for great care to maintain the historically important building [which was the original Knox College building]. It would also be challenging to fit all of the Department's activities into the building. Mr. Bisanti therefore proposed that the Board authorize the engagement of consultants to prepare a master plan for the phased renovations. That would enable detailed planning to occur with greater certainty with respect to cost. Funding would be provided by the Faculty of Arts and Science.

In response to questions, Professor Goel and Mr. Bisanti said that the secondary costs of the project – relocating the thirteen partial departmental and other units currently located in One Spadina Crescent - would be included in the total project cost when the project eventually came forward for approval. The current broad estimate of secondary costs was between $800,000 and $1.6-million. The Chair noted that this project was the top priority for the fundraising efforts of the Faculty of Arts and Science at this time.

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 engage consultants to prepare a detailed Site and Phasing Master Plan, including a detailed construction cost estimate, for new facilities for the Department of Fine Art at One Spadina Crescent, at a cost not to exceed $250,000, using funding to be provided by the Faculty of Arts and Science.

**9. Capital Project: Department of Economics**

Mr. Bisanti recalled that the Board had previously approved execution of the first phase of a planned two-phase project to renovate and expand the Department of Economics buildings on St. George Street. The University had been very fortunate to receive a generous $3.5-million benefaction that would enable the completion of the entire project at once at a total cost of $15.3-million. Further funding of almost $3-million from the Faculty of Arts and Science and the use of $500,000 of deferred maintenance funding would both contribute to the funding of the full project.

In response to questions, Ms Riggall said that, subject to approval, the benefaction would be recognized by the naming of one of the two houses that accommodated the Department of Economics in honour of the benefactor's father. The University sought to combine deferred maintenance work with renovation projects whenever possible, including this project; therefore $500,000 of the funding for the project was from the Deferred Maintenance Fund.

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

YOUR BOARD APPROVED

Subject to Governing Council approval of the revised scope of the project,

THAT the Vice-President, Business Affairs be authorized to execute the Economics Building Renovation and Expansion Project at 150 St. George Street at a total project cost not to exceed $15,300,000 with sources of funding as follows:

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|---|---|
| Long-term financing to be repaid from operating funds of the Faculty of Arts and Science over 25 years or earlier, depending on availability of funds | $ 6,500,000 |
| Short-term financing to be repaid from a donation, coinciding with the pledge payment schedule of the donor | 3,500,000 |
| Operating budget of the Faculty of Arts and Science | 4,800,000 |
| 2005-06 Deferred Maintenance Fund | 500,000 |

**10. Risk Management and Insurance: Annual Report, 2005-06**

The Board received for information the annual report on Risk Management and Insurance for 2005-06. The Chair noted that because the report had been reviewed carefully by the Audit Committee, it was a consent-agenda item for the Board.

**10. Risk Management and Insurance: Annual Report, 2005-06** (Cont'd)

A member referred to the deteriorating claims experience of the University's property and liability insurer, the Canadian Universities Reciprocal Insurance Exchange (CURIE). Ms Brown said that the University was not currently supplied with information about the CURIE claims, one of the elements of CURIE's operations that the University of Toronto wanted CURIE to change.

**11. Report of the Administrative Assessors**

**Food Service Contract – St. George Campus**

Ms Riggall reported that the University had in January 2006 issued a request for proposals for the food service contract on the St. George Campus. A committee had been formed, which had carried out an extensive process to review the proposals. The outcome would be the replacement of the firm that had held the contract for several years with a new one, Aramark Canada Services, as of August 1, 2006. The new management team had arrived on campus and had begun work on the transition. The change had been a source of concern to employees of the previous caterer, which employees had recently become represented by a trade union. The new caterer had, however, provided assurances that it would maintain the current employees and would agree to recognize their union. Wages would be unchanged. In response to questions, Ms Riggall said that she was confident that Aramark was committed to good labour relations.

**12. Date of Next Meeting**

The Chair reminded members that the next regular meeting was scheduled for **Thursday, June 22, 2006 at 5:00 p.m**. That meeting would, among other things, review the audited financial statements, consider the recommendation for the appointment of auditors, and review the annual report on borrowing.

The Chair asked continuing members to set aside time for the Business Board orientation which had been scheduled for **Tuesday, September 12 at 9:00 a.m**. The orientation would include a review of the University's financial position and a preview of business to be dealt with in the 2006-07 year.

THE BOARD MOVED IN CAMERA

### 13. Tentative Collective Agreement: Canadian Auto Workers, Local 2003 - Pension Plan Changes

On motion duly made and seconded, it was RESOLVED

THAT pursuant to section 33(i) of By-Law Number 2, the Board continue its meeting *in camera*.

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

YOUR BOARD APPROVED

(a) THAT The Special Early Retirement Window for CAW Local 2003 be extended to April 30, 2008; and

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

THE BOARD RETURNED TO OPEN SESSION.

The meeting adjourned at 6:25 p.m.

Secretary

Chair

June 22, 2006

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