

UNIVERSITY OF TORONTO
THE GOVERNING COUNCIL

Thursday, June 24, 2004

MINUTES OF THE GOVERNING COUNCIL meeting held on Thursday, June 24, 2004
at 4:00 p.m. in the Council Chamber, Simcoe Hall.

Present:

Dr. Thomas H. Simpson (In the Chair)	Ms Françoise D. E. Ko
Ms Rose M. Patten, Vice-Chair	Mr. Joseph Mapa
Professor Robert J. Birgeneau, President	Professor Michael R. Marrus
The Honourable Vivienne Poy, Chancellor	Professor Ian R. McDonald
Mr. Muhammad Basil Ahmad	Dr. John Nestor
Dr. Robert M. Bennett	Ms Jacqueline C. Orange
Ms Murphy Browne	Mr. John F. (Jack) Petch
Professor Philip G. Byer	Mr. Chris Ramsaroop
Mr. Bruce G. Cameron	Mr. Timothy Reid
Professor Pamela Catton	Professor Arthur Ripstein
Professor John R. G. Challis	Dr. Susan M. Scace
Professor Brian Corman	Mr. Amir Shalaby
Professor W. Raymond Cummins	Professor Barbara Sherwood Lollar
Mr. Brian Davis	Professor Jake J. Thiessen
Dr. Alice Dong	Mr. Adam Watson
Dr. Inez N. Elliston	Professor John Wedge
Ms Susan Eng	Mr. W. David Wilson
Mr. Mike Foderick	
Dr. Shari Graham Fell	Mr. Louis Charpentier, Secretary of the Governing Council
Professor Vivek Goel	
Dr. Gerald Halbert	
Professor David J. A. Jenkins	Secretariat: Mr. Neil Dobbs Ms Cristina Oke

Absent:

Mr. Sachin K. Aggarwal	Ms Karen Lewis
Professor Mary Beattie	Mr. George E. Myhal
Dr. Claude S. Davis	The Honourable David R. Peterson
The Honourable William G. Davis	Dr. Joseph Rotman
Dr. Paul Godfrey	Mr. Robert S. Weiss
Ms Shirley Hoy	

In Attendance:

Ms Holly Andrews-Taylor, member-elect of the Governing Council
Mr. Shaun Chen, member-elect of the Governing Council
Ms Shaila Kibria, member-elect of the Governing Council
Mr. Ari Kopolovic, member-elect of the Governing Council
Mr. Stefan Neata, member-elect of the Governing Council
Ms Marvi Ricker, member-elect of the Governing Council
Miss Maureen Somerville, member-elect of the Governing Council

In Attendance (cont'd):

Dr. Jon Dellandrea, Vice-President and Chief Advancement Officer
Professor Angela Hildyard, Vice-President, Human Resources and Equity
Ms Catherine J. Riggall, Interim Vice-President, Business Affairs
Professor Carolyn Tuohy, Vice-President, Government and Institutional Relations
Professor David Farrar, Deputy Provost and Vice-Provost, Students
Dr. Beata FitzPatrick, Director of the Office of the President and Assistant Vice-President
Ms Rivi Frankle, Assistant Vice-President, University Advancement
Ms Christina Sass-Kortsak, Assistant Vice-President, Human Resources
Professor Ronald Venter, Vice-Provost, Space and Facilities Planning
Professor Safwat Zaky, Vice-Provost, Planning and Budget
Professor Rona Abramovich, Director, Transitional Year Program, and Provost's Advisor
on Outreach and Access
Ms Susan Addario, Director, Office of Student Affairs
Mr. John Bisanti, Chief Capital Projects Officer
Ms Sheila Brown, Acting Chief Financial Officer
Mr. Brian Burchell, President, University of Toronto Alumni Association
Mr. Andrew Drummond, Assistant Secretary, Office of the Governing Council
Ms Sheree Drummond, Assistant Provost and Special Assistant to the Provost
Ms Rajini Ghosh, President, Students' Administrative Council
Ms Susan Girard, Assistant Secretary, Office of the Governing Council
Mr. Paul Holmes, Judicial Affairs Officer, Office of the Governing Council
Professor Bruce Kidd, Dean, Faculty of Physical Education and Health
Dr. Christopher Lind, Director, Toronto School of Theology
Professor George Luste, President, University of Toronto Faculty Association
Ms Margaret McKone, Administrative Manager, Office of the Governing Council
Mr. Mark Overton, Dean of Student Affairs, University of Toronto at Mississauga
Mr. Pierre Piché, Acting Controller
Ms Judith Poe, University of Toronto Faculty Association
Mr. Howard Tam, Vice-President, University Affairs, Students' Administrative Council
Professor Catherine Whiteside, Department of Medicine and Associate Dean, Graduate
and Interfaculty Affairs, Faculty of Medicine

THE MEETING BEGAN *IN CAMERA*.

1. Board and Committee Assignments, 2004-2005

On motion duly moved and seconded,

It was RESOLVED

THAT the proposal from the Chair for Board and Committee assignments for 2004-05 be approved.

Documentation concerning the Board and Committee Assignments is attached hereto as Appendix "A".

2. Committee for Honorary Degrees: Membership

On motion duly moved and seconded,

It was RESOLVED

THAT the following membership on the Committee for Honorary Degrees for 2004-2005 be approved:

Administrative Staff

Ms V. Melnyk, Faculty of Arts and Science

Lay Members

Dr. S. Graham Fell

Dr. J. Rotman

Mr. K. Taylor

Students

Ms F. Ko, graduate student, Pharmacology

Mr. M. Hyrcza, full-time undergraduate student, Medicine

Teaching Staff

Professor R. Daniels, Faculty of Law

Professor J. Paterson, Faculty of Arts and Science (Department of French)

Professor D. Reeve, Faculty of Applied Science and Engineering (Department of Chemical Engineering and Applied Chemistry)

University Professor J. Rossant, Faculty of Medicine (Department of Medical Genetics and Microbiology)

3. Senior Appointments

(a) Deputy Provost

On motion duly moved and seconded,

It was RESOLVED

THAT Professor David Farrar be appointed as Deputy Provost for a two-year term, from July 1, 2004 to June 30, 2006, subject to Senior Salary Committee approval of his compensation arrangements.

(b) Vice-Provost, Academic

On motion duly moved and seconded,

It was RESOLVED

That the position of Vice-Provost, Academic be established with the responsibilities as outlined in the Memorandum from the Vice-President and Provost dated June 23, 2004, and

3. Senior Appointments (cont'd)

(b) Vice-Provost, Academic (cont'd)

THAT Professor Edith Hillan be appointed as Vice-Provost, Academic, for a five-year term, from September 1, 2004 to June 30, 2009, subject to Senior Salary Committee approval of her compensation arrangements.

THE GOVERNING COUNCIL MOVED INTO OPEN SESSION.

4. Chair's Remarks

(a) Welcome

The Chair welcomed members and guests to the meeting.

(b) Resolutions approved by Council during *in camera* session

The Chair announced that the Council had approved the appointment of Professor David Farrar as Deputy Provost for a two-year term effective July 1, 2004. Members and guests applauded Professor Farrar as he entered the Council Chamber.

The Chair also announced the creation of the position of Vice-Provost, Academic, and the appointment of Professor Edith Hillan to the position for a five-year term, from September 1, 2004 until June 30, 2009.

(c) Request from Non-member to address the Council

The Chair reported that he had granted the request of Professor George Luste, President of the University of Toronto Faculty Association (UTFA), to address the Council on an item on the agenda.

(d) Audio web-cast

The Chair reminded members that meeting was being broadcast on the web and that private conversations could be picked up and broadcast. He asked non-members who were invited to speak during the meeting to use a standing microphone so that their comments would be heard by those listening to the audio web cast.

5. Minutes of the Previous Meeting, May 31, 2004

The minutes of the meeting held on May 31, 2004 were approved.

6. Business Arising from the Minutes of the Previous Meeting

The Chair noted that there had been two items of business arising. The first had been a request to distribute to all members of Council the advice provided to a member on how members of the Governing Council could assist with efforts to obtain funding from external agencies, such as the Canadian International Development Agency (CIDA), for international students. That information had been distributed to members by the Secretary.

The second item had been a request for an update on the Ontario Student Opportunity Trust Fund (OSOTF) campaign at this meeting. Dr. Dellandrea would report on this matter under the President's Report.

7. Report of the President

(a) Thanks to Members of Council

The President thanked all members of the Council for their service. In dedicating their volunteer time to governance, they performed a very important service for the good of the University. The President noted that later in the meeting, those members whose terms were ending would be individually thanked.

(b) Year in Review

The President recalled that a number of outstanding events had marked the 2003-04 academic year.

i) Double Cohort

The President noted that in September 2003, the double-cohort had arrived, creating the largest enrolment in the history of the University. Thanks to the excellent work done by University faculty and staff on all campuses, the increased enrolment had been well-managed on all campuses. The opening of the residence at 89 Chestnut had also been a major success.

ii) Academic Planning

The President reminded members that the Governing Council had approved the academic planning framework, *Stepping UP*, in the spring. This was a major milestone that clearly defined the path for achieving the University's vision of becoming a leader among the world's best public teaching and research universities. The plan was now being implemented. The Provost had set out the terms of reference for the Academic Initiatives Fund and would be reviewing the first set of divisional plans this summer. The three-campus changes identified in *A New Structure of Academic Administration for the Three Campuses* were nearing completion. The University of Toronto at Mississauga (UTM) and the University of Toronto at Scarborough (UTSC) were well positioned for the future.

iii) Campaign

The President noted that, earlier in the year, the University had celebrated reaching its \$1 billion fundraising goal, a first for Canada, one year ahead of schedule. The University had raised the fund-raising bar for the whole country. The President congratulated Dr. Jon Dellandrea, Vice-President and Chief Advancement Officer, for leading the campaign. The President also reported that, earlier in the week, the University had celebrated a major gift of \$8 million from Terrence Donnelly, adding to the \$5 million which he had already donated, to help complete the Centre for Cellular and Biomolecular Research (CCBR), which had been named the Terrence Donnelly Centre for Cellular and Biomolecular Research.

iv) Varsity Site Development

The President reported that the University was moving forward with planning for the Varsity site development. Ms Catherine Riggall, Interim Vice-President, Business Affairs, was leading the University's effort. The President announced that he had received recently a letter from the Honorable Jim Bradley, Minister of Tourism and Recreation, committing \$8 million from that Ministry to the \$35 million to be received from the combined Provincial and Federal governments, contingent on Canada's winning the bid to host the 2007 Fédération Internationale de Football Association (FIFA) Men's Under-Twenty World Youth Championship.

7. Report of the President (cont'd)**v) Enrolment Expansion**

The President reported that university enrolment in Ontario was at record levels, particularly in major cities.

vi) Capital Expansion

The President stated that the University's building program was continuing on all three campuses. The President congratulated staff in the offices of the Vice-President and Provost and the Vice-President, Business Affairs for their hard work, and mentioned a number of the projects which had been completed in the past few months, including the Woodsworth College residence, New College residence, Terrence Donnelly Centre for Cellular and Biomolecular Research (CCBR) and the Academic Resource Centre (ARC) at the University of Toronto at Mississauga.

vii) Financial Planning

The Provincial budget had been disappointing. While the government provided funding to replace the revenue lost by the tuition-freeze, it, at the same time, did not provide the funding previously promised to increase the Quality Enhancement Fund, an almost identical amount of funding. Therefore, the University would receive no new funding either for financial aid (which would have been provided by one-third of the proceeds of the planned tuition fee increase) or for its operations. However, at the federal level, the University had been more successful, particularly with respect to the funding of indirect costs of research which had been increased in the federal budget by \$20 million.

In terms of other revenue, the University's endowment had recovered almost fully from the market losses suffered between 2000-01 and 2002-03. The University of Toronto's Asset Management Corporation (UTAM) had been restructured and was being strongly managed by Mr. Felix Chee. The President acknowledged the valuable contributions made by the Chair in assisting with the restructuring of UTAM.

The President also reported that the University had been highly successful this year in the major infrastructure competition of the Canada Foundation for Innovation (CFI). The University had fared better than the provincial and national average.

viii) Equity Agenda

The President described the progress on the equity agenda in the past year. Among those receiving honorary degrees had been the Dalai Lama, Ms Shirin Ebadi, Chief Roberta Jamieson, Senator Thelma Chalifoux, Dr. Ruth Simmonds, and most recently, His Excellency the Aga Khan. Those convocations had welcomed into the University various and diverse community groups.

The portfolio of Human Resources had been renamed the Human Resources and Equity. The University continued to make progress in increasing the diversity of its faculty through its new faculty appointments.

As a result of the University's well-developed principles on freedom of speech, students had been able to discuss controversial issues while avoiding the confrontations that had happened on some other campuses.

7. Report of the President (cont'd)**ix) Senior Administration**

The President stated that a number of organizational changes had been completed over the past year. In his view, the current senior executive team was among the best and strongest in North America. The position of Vice-President, Business Affairs remained to be filled.

A member asked the President when he expected the search for the Vice-President, Business Affairs to conclude. The President replied that he hoped the search would be finished by the end of the summer or early fall.

x) Student Aid

The President commented that need-based student funding was a key area in which the University was moving ahead. He invited Dr. Dellandrea to provide an update on the Ontario Student Opportunity Trust Fund (OSOTF).

xi) Ontario Student Opportunity Trust Fund (OSOTF) II

Dr. Dellandrea reminded members that the pledge period for OSOTF II was January 1, 2004 through December 31, 2005. To date, the University had received a total of \$20 million from 5,500 donors. Among the lead gifts were \$3.75 million from Jeffrey Skoll, and \$2.5 million from Professor Emeritus William Waters. The University's entitlement under this program had been capped at \$114 million by the provincial government. The President noted that the provincial government had approved matching funds for OSOTF only for one additional year. The University administration would be writing to the Premier to ask that that matching funds be provided for the entire program.

A member asked if information was available on the number of faculty and staff who had contributed to the OSOTF. Dr. Dellandrea replied that, based on anecdotal responses from divisional development offices, faculty and staff were contributing to the OSOTF program.

xii) Rae Review of Post-Secondary Education

The President informed members that, earlier in the week, a group of University Presidents had met with the Honourable Robert Rae to discuss issues of post-secondary education financing. The President expressed his hope that the commission led by Mr. Rae would serve the whole system well.

A member noted that the Rae Review included a member of the Governing Council – Dr. Inez Elliston. Members applauded Dr. Elliston. The President reminded members that the Honourable William Davis, another member of the Council, and a student in the University's Faculty of Law, were also members of the Rae Review. Another member asked about the process that would be used by the Rae Review. Professor Tuohy replied that the process had not yet been determined, but she noted that Mr. Rae planned to release a discussion paper in the fall. The President added that the Rae Review would be holding public meetings. Another member commented that he had spoken informally with the Minister of Colleges, Training and Universities. It was noted, too, that the Minister had commented that it was her understanding that the process would be broad and open.

7. Report of the President (cont'd)

xiii) Questions and Discussion

A member asked whether campus police officers received any training with respect to equity. Ms Riggall replied that campus police officers received six months of training, which included equity issues and dealing with members of the community. The member described an incident that had occurred at a special convocation. The Chair suggested that discussion of this matter be continued under 'Other Business' later in the meeting.

A member noted that a committee was being established by the Canadian Association of University Teachers (CAUT) to study allegations of racism at the University of Toronto, particularly the case of Dr. Kin-Yip Chun. The President replied that the University had been working to resolve the issues raised by Dr. Chun through the appropriate University mechanisms.

8. Policy on Clinical Faculty

Professor Cummins informed members that this item had been discussed at length at the Academic Board, and drew their attention to Report Number 128 of that Board. The main item of discussion had been the protection of academic freedom for clinical faculty. Professor Goel had characterized the new process for dealing with grievances concerning academic freedom as a gain because it provided the University with a role in determining a binding finding of fact in these cases. The hospital or practice plan would determine the remedy. The current situation was ambiguous and the proposed policy provided clarity. At the Board meeting, the President of the University of Toronto Faculty Association (UTFA) had expressed his opposition to the remedy being decided by the hospital or practice plan. He had proposed that the University rule on remedy as well. A motion to refer the matter back had been defeated and the main motion had passed by a large majority.

At the invitation of the Chair, Professor Luste, President of UTFA, addressed the Council. He stated that the objective of UTFA was identical to that of the draft Policy. UTFA was seeking academic freedom for clinical faculty. In his view, the flaw in the draft policy was that there was no mechanism for binding arbitration. Professor Luste expressed his hope that the administration would invite UTFA to provide input into the process of developing the detailed policy and procedures for clinical faculty. He noted that a debate was being co-sponsored by the administration and UTFA in the fall.

A member asked to what extent the hospital medical staff associations were involved in the discussion. Professor Goel replied that the medical staff associations were very involved, and would be working with the University to develop the manual of policies and procedures.

A member asked what the experience of the medical staff associations was with respect to grievances. Professor Goel replied that the associations were developing expertise in that area, with the assistance of the Ontario Medical Association.

A member asked if there would be a process for changing the Policy, if the proposed arrangements were not successful. Professor Goel replied that the proposal included a provision for an annual report.

A member stated that clinical faculty had worked for two years to develop the proposed policy. Currently, clinical faculty were not represented by UTFA and were not eligible to become members of UTFA. He urged members to support the proposed policy.

8. Policy on Clinical Faculty (cont'd)

The President assured Professor Luste that the administration was committed to academic freedom, and that, in his view, the proposed policy would protect the academic freedom of clinical faculty.

A member indicated his support of the motion because, in his view, the policy respected the principle of academic freedom, the partnership of the University and the teaching hospitals, and the retention of talented faculty members.

A member suggested that approval in principle of the proposed policy be deferred until the fall, following the debate that had been mentioned earlier.

It was duly moved and seconded

THAT the motion be referred back to the Academic Board for further consideration following the planned debate.

The motion was defeated.

Professor Goel reminded members that clinical faculty did not earn funds from the University. The hospitals were autonomous institutions and the relationships between the hospitals and the University were complex. The proposed policy provided three tracks for dispute resolution: one for disputes with University administrators that was identical to the one currently in place for tenured faculty; one for disputes regarding clinical issues which would be addressed by clinical policies; and one for disputes concerning a breach of academic freedom in a clinical setting. The motion being considered was an approval in principle to develop the policies and procedures.

On motion duly moved and seconded,

It was RESOLVED

THAT the draft Policy on Clinical Faculty dated May 27, 2004, a copy of which is attached to Report Number 128 of the Academic Board as Appendix "A", be approved in principle as the basis for the formation of a Clinical Relations Committee which will develop a detailed Manual of Policies and Procedures for Clinical Faculty on the understanding that the final policy will be brought forward for approval by Academic Board and Governing Council

9. Toronto School of Theology: Memorandum of Agreement - Amendments

Professor Cummins explained that one of the main changes to the Agreement had been the establishment of a Joint Committee with power to make routine changes to the Agreement without requiring governance approval. A minor change had been made to Schedule C of the Agreement following the Academic Board meeting. In section B.1, the reference to the Department of Athletics and Recreation had been changed to the Co-curricular Programs in the Faculty of Physical Education and Health.

9. Toronto School of Theology: Memorandum of Agreement – Amendments
(cont'd)

On motion duly moved and seconded,

It was RESOLVED

THAT the Memorandum of Agreement between the University of Toronto and the Toronto School of Theology, dated May 4, 2004, as amended, a copy of which is attached to Report Number 128 of the Academic Board as Appendix "B", be approved for implementation July 1, 2004.

10. Property: Declaration as Surplus to University Requirements

Professor Cummins reported that discussion on this issue at the Academic Board had been brief. Members had learned that the proceeds from the sale of the land would be added to the capital fund and used for future projects.

A member asked for assurance that the sale of the properties in Mississauga and in Scarborough would not affect academic programs at either campus. Professor Venter replied that the lands were not needed for academic program purposes. A member asked whether the Simcoe Street garage could be used by the University. Professor Goel replied that the Simcoe Street property was not needed by the University.

A member stated that, in his view, there had not been sufficient information provided about the specific locations of property at the Mississauga and Scarborough campuses. Professor Goel noted that each campus had an approved master plan, and the properties being declared surplus were not part of the approved master plan. The Chair reminded members that the motion being considered was to declare the properties surplus to the University's use. Any sale of the surplus properties would go to the Business Board for approval.

A member asked whether there were other surplus lands. Professor Goel explained that all the assets of the University that were outside the approved master plans were reviewed on a regular basis. The sale of surplus land was an alternative to borrowing capital.

On motion duly moved and seconded,

It was RESOLVED

THAT the following property be declared surplus to University requirements:

the 210 Simcoe Street parking garage presently operated by the university as a parking lot;
the Lane at Duncan and Pearl Streets;
the 11 acre parcel of land on Conlin Road located on the Scarborough Lands;
the 8 acre parcel of land north of the UTM campus on Mississauga Road;
property within the town of Iroquois Falls, PCL 1074SEC;
property within the town of the Township of Wolford, C4 W PT Lot 2.

11. Sunnybrook and Women's College Health Science Centre: Master Plan, April 2003

Professor Cummins noted that the University owned the lands on which the hospital was located (Bayview site). The current lease was coming to an end, and Sunnybrook and Women's College Health Science Centre and the University had taken the opportunity to clarify the land use by creating two zones – one for hospital development and one for potential University or joint hospital/University use.

Ms Orange added that the proposal had been reviewed in general terms by the Business Board, which would be responsible for approving any new lease to implement the proposed master plan. The Board had had no general concerns, but Professor Venter had been asked to take care with respect to two aspects of the lease: to ensure that the 49-year lease term did not cause the University any legal problems, and to ensure that the lease did not subject the University to any liability arising from the Hospital's plans for new development in concert with an external partner.

On motion duly moved and seconded,

It was RESOLVED

THAT the Sunnybrook and Women's College Health Science Centre Master Plan, dated April 4th, 2003, be approved, and

THAT the revisions to the Sunnybrook and Women's College Health Science Centre Master Plan, dated April 4th, 2003, identified within Long Range Planning Framework – Sunnybrook Campus Site Plan, Chapter 1 and coded as Dwg.SKA-10-3a, dated March 31st, 2004, plus the companion text, be approved.

12. Borrowing Strategy

Ms Orange explained to members that the objective of the Borrowing Strategy was to enable the University to proceed with the buildings and renovations it needed, and to do so in a financially responsible way. The University currently limited itself to borrowing no more than \$620-million for capital purposes, and it had borrowed to that limit. \$200-million had been borrowed from the University's own funds – that portion of the cash float that had consistently not been needed on a day-to-day basis. There was no change being proposed to that arrangement.

The remaining \$420-million had been borrowed externally. That borrowing represented one third of the University's capital as at the end of the 2003 fiscal year. But, both the University's needs and its capital had expanded since that time. Because capital moved up and down a great deal each year depending on how the investment markets had done and other variables, it was proposed that the definition of borrowing capacity be based on a five-year average rather than the moving target of a single-year end-point. The target debt level would remain one third of capital, but it would be permissible to borrow in a range extending up to 40%.

The administration would avoid taking on additional debt that would cause any significant impairment of the University's credit ratings. Reduced credit ratings would mean both higher rates and the need to agree to specific covenants or to offer specific property as collateral for borrowing.

12. Borrowing Strategy (cont'd)

The current plan was to borrow an additional \$150-million, likely through a third debenture issue. That would bring external debt to \$565-million or 38% of average capital. The specific form of lending was left to the administration to determine at the time. The Board had been assured that such additional borrowing was, according to knowledgeable external advisors, unlikely to have a material adverse impact on the University's credit rating.

The borrowing would increase debt service costs by a projected \$12.3-million per year to a total of \$66-million per year. But, only about half of that would be borne by the operating budget. The other half would be serviced by revenues from ancillary operations – residence rents and parking fees – and by the proceeds of levies for student facilities. The Board had been assured by Professor Goel that this additional debt was needed, that it was reasonable in its extent, and that the additional debt service cost would be manageable within the University's current budget plan.

On motion duly moved and seconded,

It was RESOLVED

- 1) THAT the borrowing strategy as described in Ms Riggall's June 8, 2004 memorandum to the Business Board, be approved.
- 2) THAT the University be authorized to borrow such amount, not exceeding \$150 million, as may be determined by the senior officer of the University responsible for financial matters, as so designated by the President, in addition to the \$160 million approved by the Business Board on January 15, 2001 and the \$200 million approved by the Governing Council on June 26, 2003;
- 3) THAT such senior officer responsible for financial matters be authorized to determine, in consultation with the University's financial advisor, the most appropriate financing structure for this borrowing, including without limitation, by way of private debt placement, a public debenture issue, syndicated bank financing, or securitization and to negotiate, approve and execute and deliver for and on behalf of and in the name of the University, all agreements, documents, certificates and instruments, including without limitation any underwriting or agency agreement and any offering document, and to take all such other actions as such officer may determine to be necessary or desirable to give effect to such financing and offering of debt securities, the execution and delivery of any such agreements, documents, certificates or instruments, and the taking of such actions being conclusive evidence of such determination;
- 4) THAT such senior officer responsible for financial matters is further authorized to authorize any other officer of the University to execute and deliver, for and on behalf of and in the name of the University, such certificates, documents and instruments as may be contemplated by the principal agreements entered into with respect to such debt offering or as may be required in connection with the closing of the offering of debt securities authorized hereby;

12. Borrowing Strategy (cont'd)

- 5) THAT the borrowed funds be added to the Long-Term Borrowing Pool and invested by University of Toronto Asset Management Corporation until the funds are required for each project;
- 6) THAT the senior officer of the University responsible for financial matters be authorized to allocate borrowing as internal financing for spending that has been approved by the Business Board or is within the approval authority of the administration;
- 7) THAT principal and interest repayments related to debenture borrowing be placed in the Long-Term Borrowing Pool, or other sinking fund mechanism, and, together with investment income, be used to pay periodic interest payments to lenders, to pay issue and ongoing administrative costs, with the expectation that the net sum from these additions and draw downs will be sufficient to repay the bullet debentures at maturity.
- 8) THAT the senior officer of the University responsible for financial matters report periodically to the Business Board on the status of the Long-Term Borrowing Pool.

13. Capital Project: 155 College Street – Project Planning Report

Professor Cummins informed members that the project planning report and the scope of the project were being recommended for approval in principle along with the funding of \$1.3 million for design work. The cost of the project and the sources of funding would be brought back for approval in the fall.

Ms Orange reported that the Business Board had also seen the 155 College Street project, and had authorized the Vice-President, Business Affairs, to proceed with design work at a cost of up to \$1.3 million, subject to the approval of the Governing Council.

On motion duly moved and seconded,

It was RESOLVED

1. THAT the Project Planning Report for the Center for Health Improvement and System Performance [CHISP] at 155 College Street, a copy of which is attached to Report Number 128 of the Academic Board as Appendix “D”, be approved in principle;
2. THAT the project scope identified in the Project Planning Report, to establish 8,594 of net assignable square metres (nasm) of space to accommodate the teaching and research needs of the Faculty of Nursing [3804 nasm] and the Departments of Public Health Sciences [3124 nasm] and Health Policy, Management and Evaluation [1666 nasm] respectively be approved in principle;
3. THAT funding in the amount of \$1,300,000 be made available to undertake the design [July to November, 2004] through to the pre-tender stage of development.

13. Capital Project: 155 College Street – Project Planning Report (cont'd)

4. THAT these funds, in the amount of \$1,300,000 to be acquired from a mortgage, amortized over twenty years, to be repaid from the University of Toronto operating budget.

14. Capital Project: University of Toronto at Mississauga (UTM) – Phase 8 Residence – Sources of Funding

Professor Cummins explained that the scope, the cost and the site for this project had been approved earlier by Governing Council. At this time, approval was being requested for the source of funding – a 20-year mortgage.

Mr. Ahmad noted that, at its meeting of June 1, the University Affairs Board had considered a motion to concur with the Academic Board's recommendation to proceed with a \$26 million mortgage to construct the Phase 8 Residence at Mississauga. The Board had been unanimous in its support and there had been no discussion. The Board had considered the Operating Plan for the Residence at its meeting of February 24 of this year; it viewed this approval as the next step in ensuring that the much-needed residence was built for a 2006 opening.

Ms Orange informed members that the Business Board had reviewed this project at its June 17 meeting, and had given approval to proceed with construction and financing, subject to Governing Council's approval of the project. The Board had before it the business plan for the UTM residence ancillary, including the projected revenues and costs of the project. The Board also had a risk analysis prepared by the Financial Services Department. There had been some expressions of concern that the University's additional borrowing capacity was disappearing rapidly, but the Board had been assured that this and other current projects underway were especially urgent, and that the administration would be bringing a new capital plan to the Planning and Budget Committee early in the fall.

A member noted that family housing was urgently needed at the University.

On motion duly moved and seconded,

It was RESOLVED

THAT the source of funding for the Phase 8 residence (approved by Governing Council March 29, 2004: 418-bed student residence totaling approximately 11,000 gross square meters at an estimated cost of \$26.215 million) at the University of Toronto at Mississauga be a mortgage in the amount of \$26,215,000, to be amortized over a period of 20 years and to be repaid from the UTM Residence Ancillary.

15. Audited Financial Statements

Ms Orange reported that the Audit Committee had reviewed the financial statements over two meetings, with the external auditors present on both occasions. The auditors' report had been unqualified, and the Committee had also met privately with the external auditors. The Audit Committee had been satisfied with the conduct of the audit and the independence of the auditors. The Committee had concluded that the statements provided a full and fair disclosure of the University's finances.

15. Audited Financial Statements (cont'd)

The turnaround in the financial markets last year had provided strong investment returns. That investment income had been the primary factor that had enabled the University to record net income of \$46.6-million on the year, a turnaround from a loss of \$164.4-million in 2002-03.

In the operating fund alone (leaving aside the ancillary operations, the capital fund, the endowment and other restricted funds), the cumulative deficit had been reduced from \$33.6-million to \$10.5-million. That was well under 1.5% of revenue, which was the maximum operating deficit permitted by Governing Council policy at the end of a budget plan.

Ms Orange reminded members that the underlying structural problem in the budget still remained. Over the past six years, expenses had increased at a compound rate of 9.5%, with revenues having risen at only 7.9%. Therefore, the need remained for the expense reductions projected in the Long-Range Budget Framework.

A complete presentation of the financial statements had been made to the Audit Committee. The slides for that presentation had been placed on the table for members' information.

On motion duly moved and seconded,

It was RESOLVED

THAT the University of Toronto audited financial statements for the fiscal year ended April 30th, 2004 be approved.

16. Appointment of External Auditors for 2004-05

Ms Orange reported that the Audit Committee had recommended the re-appointment of Ernst & Young as external auditors. The University's Purchasing Policy required a review of all consulting relationships approximately every five years. That review for the external auditors had been conducted this past year, and management reported overall satisfaction with audit services.

A member asked how long Ernst & Young had been the University's auditors. Ms Brown replied that they had served as auditors for the past thirty years. However, the partner assigned to the University was rotated periodically, which complied with professional standards.

On motion duly moved and seconded,

It was RESOLVED

- (i) THAT Ernst & Young LLP be re-appointed as external auditors of the University of Toronto for the fiscal year ending April 30, 2005;
- (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, 2005; and
- (iii) THAT the members of the University of Toronto Innovations Foundation be requested to appoint Ernst & Young LLP as the external auditors of the Foundation for the fiscal year ending April 30th, 2005 at a remuneration to be fixed by the Directors of the Foundation.

17. Summer Executive Authority

Ms Patten reminded members that, each June, the Governing Council was asked to delegate to the President authority to take any necessary actions on its behalf during the summer months. The Chair would countersign individual authorizations. In September, these actions would be reported for information to the appropriate board or committee. Items not regarded as urgent would be held for consideration in the usual manner.

On motion duly moved and seconded,

It was RESOLVED

1. THAT until the next regular meeting of the Governing Council or its appropriate committee or board, authority be granted to the President for:
 - (i) appointments to categories 2 and 3 of the Policy on Appointments and Remuneration approved by the Governing Council of the University of Toronto, dated May 13, 1999;
 - (ii) approval of such additional curriculum changes as may arise for the summer and September 2004; and
 - (iii) decisions on other matters the urgency of which does not permit their deferral until the next regular meeting of the Governing Council or its appropriate standing committee or board.
2. THAT all actions taken under this authority be approved by the Chair of the Governing Council prior to implementation and reported to the appropriate committee or board for information.

18. Reports for Information

The Council received the items for information contained in the following reports:

- (a) Report Number 128 of the Academic Board (June 3, 2004)
- (b) An excerpt from Report Number 135 of the Business Board (June 17, 2004)
- (c) Report Number 122 of the University Affairs Board (June 1, 2004)
- (d) Report Number 374 of the Executive Committee (May 31, 2004)
- (e) Report Number 375 of the Executive Committee (June 14, 2004)

19. Date of the Next Meeting

The Chair reminded the members that the first regular meeting of the Governing Council for the 2004-05 academic year was scheduled for Thursday, September 23 at 4:30 p.m. The Orientation retreat was scheduled for Thursday, September 9 beginning at 8:30 a.m. Details would be forwarded over the summer.

A member noted that September 9 was the first day of classes.

20. Question Period

There were no questions for members of the senior administration.

21. Other Business

A member suggested that more attention be paid to intellectual property regulations and guidelines at the University. He stated that he had lost two grants because the intellectual property regulations could not be met. Professor Challis replied that a review of intellectual property regulations and guidelines would be conducted in the coming year.

A member stated that she had been accosted by a member of the campus police as she was entering Simcoe Hall to join the academic procession for a convocation on June 18. Ms Riggall replied that the member had filed a complaint which was being formally investigated.

22. Closing Remarks

The Chair thanked all members for their contributions to the Council's work over the past year. He acknowledged those members who were completing their service on the Council.

Sachin Aggarwal

Mr. Aggarwal was completing a one-year term on Governing Council as a graduate student. In addition to serving as a member of the Governing Council, he had been an active member of the Academic Board and the Planning and Budget Committee. He had also served as a student member on the Advisory Committee on the Appointment of the Vice-President, Business Affairs. Mr. Aggarwal had just completed a combined JD/MBA program at the University of Toronto and the Chair wished him all the best in his future endeavours.

Muhammad Ahmad

Mr. Ahmad was completing his second one-year term as an undergraduate student on Governing Council, his first having been during the 2000-2001 academic year. He had served as Chair of the University Affairs Board during the past year, a responsibility which had included chairing its agenda planning group. In addition to his service to Council and the Board, he had served on the Academic Appeals Committee and, previously, the Discipline Appeals Board. Mr. Ahmad had been selected to serve again on the Discipline Appeals Board next year. He had also served as a member of the Advisory Committee on the Appointment of a Vice-President and Provost. In addition to the regular gift for retiring members, Mr. Ahmad was presented with an engraved gavel, in recognition of his service as Chair.

Murphy Browne

Ms Browne had served on the Governing Council for the past year as a representative of the part-time undergraduate students. She had also served as member of the Planning and Budget Committee and the University Affairs Board. During her tenure, she had been an advocate of access and diversity issues in the University community. Ms Browne had also served as the Vice-President of the Association of Part-Time Undergraduate Students and as Chair of the Council on Student Services. The Chair wished her the best of luck in completing her degree program.

Bruce Cameron

Mr. Cameron was a truly extraordinary student member. He was a student in Aerospace Engineering, where he had won seven scholarships, including the prestigious C. William Daniel Leadership Award; completed exchange programs in Germany and Switzerland; participated in the Blue Sky racing team; chaired a rocket competition; and ran marathons. As part of his demanding schedule, he had served on the Governing Council, the Business Board and the Committee on Academic Policy and Programs. While he would not be on Council next year, Mr. Cameron would be a member of the Academic Board, the Planning and Budget Committee and the Agenda Committee of the Academic Board.

Inez Elliston

During her tenure as an alumni member of the Governing Council, Dr. Elliston had brought her vast experience in education and community affairs to bear on the Academic Board and its Committee on Academic Policy and Programs. Her interest in and genuine caring for the welfare of students had been the bases of her insightful questions and comments about the student experience at the University. Dr. Elliston would continue to serve the University as a co-opted member of the Academic Board and its Committee on Academic Policy and Programs next year. She had also been appointed to the committee reviewing post-secondary education in the province, chaired by the Honourable Robert Rae.

Mike Foderick

Mr. Foderick had been a student member of Governing Council for the past year. In addition to his active service to Council, he had served as a member of the Executive Committee and of the University Affairs Board, as well as serving on the Academic Appeals Committee. Mr. Foderick had been a strong and consistent advocate for student issues, most especially reflected in his hard work to bring about Governing Council recognition of the Scarborough Campus Students' Union as a Council-approved 'Representative Student Committee'. The Chair wished him all the best as he pursued further interests.

Shirley Hoy

Ms Hoy had been a member of the Governing Council for the past three years representing the alumni. She had served for two years on the Business Board and for three years on the Elections Committee and the Planning and Budget Committee. Her expertise gained from her position as the City of Toronto's Chief Administrative Officer made her comments at the Planning and Budget Committee both insightful and extremely valuable.

David Jenkins

Professor Jenkins had served on Governing Council since 2001, representing the teaching staff in the Faculty of Medicine. He had been an active member of the Committee on Academic Policy and Programs, and had volunteered to hear several Academic Appeals. In 2002-03, he had also been a member of the Executive Committee. His commitment to the research mission of the University had been reflected in his thoughtful comments to the Committees on which he served, as well as to the Council itself. The Chair noted that he would be missed.

Karen Lewis

Ms Lewis had been elected first in a by-election in 2000, and then for a three-year term in 2001, representing administrative staff of the University. Over her four years on Council, she had served on each of the Boards, as well as on the Elections Committee, Planning and Budget Committee, and Executive Committee. In addition, she had volunteered to hear a number of Academic Appeals. Ms Lewis had been a conscientious and hard-working member of Council, and her contributions to governance would be missed.

Chris Ramsaroop

Mr. Ramsaroop had served on Governing Council for two years, representing part-time undergraduate students. During that time, he had served on the Academic Board and Business Board, as well as on the Academic Appeals Committee. For the past year, he had also been President of the Association for Part-time Undergraduate Students. During his terms on the Council, Mr. Ramsaroop had highlighted issues of diversity and equity. He had graduated earlier this month with an Honours Bachelor of Arts. The Chair congratulated him and wished him best of luck in the future.

Joseph Rotman

Dr. Rotman was one of that handful of truly extraordinary individuals who had done so very much to make Toronto and Canada wonderful places in which to live. In addition to his leadership at the University, he had played an exemplary role in many other institutions, including the Art Gallery of Ontario. At the University, his generous benefactions and his wise leadership had played a key role in launching the Rotman School of Management on the path to becoming one of the leading business schools of the world. He had served on this Council for a full nine years, during which time he was a member of the Executive Committee and the Committee for Honorary Degrees. His service to governance behind the scenes – his thoughtful words of advice - had been of enormous value. He would continue to serve on the Board of the University of Toronto Asset Management Corporation, where he was Vice-Chair and brought to bear his extraordinary good judgement in investment matters, and on the Committee for Honorary Degrees..

Susan Scace

Dr. Scace had served on the Governing Council since 1995, and had now completed the maximum nine-year term. She had been an active and articulate member who had served on every Board and Committee of Council, except for the Audit Committee. She had also been a key member of the Task Force on Tuition and Student Financial Support. The Council had benefited enormously from her wise advice, her knowledge of the University and its communities, and her commitment to good governance. Dr. Scace would continue her service to the University as a member of the Campaign Executive and Group of 175.

Amir Shalaby

Mr. Shalaby had served a full nine years on the Governing Council. He had been a member of the Executive Committee, the Planning and Budget Committee and the Senior Salary Committee. He had been a leading member of the Task Force on Tuition and Student Financial Support and a member of a number of major search committees, including those for Vice-President, Business Affairs and Secretary of the Governing Council. Most notably, however, Mr. Shalaby had been the Chair of the Business Board from 1999 to 2002. It was interesting to note that in his first meeting in the Chair, the Business Board had dealt with a proposal for the development of the Varsity Stadium

Amir Shalaby (cont'd)

Site. In his final meeting as a member, the Board had also dealt with a proposal for the Varsity site. The Business Board had faced many challenging situations over the years, and many meetings could not have been completed as satisfactorily and amicably without Mr. Shalaby's extraordinary fairness, charm and good humour from the Chair. As an engineer, Mr. Shalaby had taken a special interest in the University's capital program, and he had worked tirelessly to ensure that the Business Board had received the information it required to do its due diligence in overseeing the most extensive construction program in the University's history. His formal role as Chair and his informal guidance and advice to the Vice-Presidents who were accountable to the Business Board had made the University a much stronger place.

Adam Watson

During his year on the Governing Council, Mr. Watson had been a member of the Academic Appeals Committee and the Elections Committee, bringing the suburban campus perspective to bear on issues before Council and its committees. He would return next year as a UAB-appointed member of the Discipline Appeals Board. The Chair wished Mr. Watson well as the new President and Chief Executive Officer of the Scarborough Campus Students' Union.

The President noted that there was one other retiring member of the Council whose work had not been recognized. The Chair, Dr. Thomas Simpson, had served a total of fourteen years on the Governing Council. The President's remarks are attached hereto as Appendix "B".

The meeting adjourned at 6:15 p.m.

Secretary

Chair

September 7, 2004

**President’s Remarks on the Retirement of the Chair of the Governing Council,
Dr. Thomas H. Simpson**

There is one other retiring member of the Council whose work we haven’t yet recognized. Tom Simpson is completing what is, I believe, one of the most extraordinary records of service in the history of the Governing Council.

Tom has served on this Council for fourteen years – making him its longest-serving member ever. He was a graduate student member of Council for two years. During one of those years, he was the very successful Chair of the Committee on Campus and Community Affairs, the predecessor to the University Affairs Board. Later, he was an alumnus member of Council for nine years. He was also an exceptionally effective Chair of the Business Board for four years - after another four years as Vice-Chair. His service was of such high value that at the end of his term, the University conferred on him the degree of Doctor of Laws *Honoris Causa*. But, of course, Tom’s service was not finished. He has now completed a further three years as Lieutenant-Governor in Council appointee, including two years as Chair after one as Vice-Chair.

My first memory of Tom was one of a formidable member of the 1999 Presidential Search Committee – he was a formidable member who asked some very penetrating, very tough questions. In spite of those questions – perhaps because of them – I liked and admired Tom a great deal right from the very beginning. Those tough questions were my introduction to the insight and wisdom of an extraordinary governor, presented in such a way I knew he would be a person I would like and respect.

Tom has made numerous lasting contributions to governance. One key example: as tuition-fee increases began a decade ago, Tom insisted that they not simply be *ad hoc* steps, but that they be guided by principles, established in policy. Tom’s insistence on a clear and principled policy forced some careful thinking on the part of the administration. The result was that the need for fee increases was combined with principles that make them fairer: a correlation with program costs and income prospects, a guarantee limiting fee increases after students have come to this University, and, most historically important, the financial aid guarantee, an exemplary policy for Canada.

The second example: Tom is a veteran of the investment business and his acumen has been of extraordinary value. He has always insisted that the University establish a clear distinction between the role of investment manager and the role of client. This is something that again ensures clarity and accountability – and will pay off enormously in the long run. After the crisis one year ago, Tom’s clear thinking helped a great deal to clarify matters and to set the University of Toronto Asset Management Corporation, under the direction of Felix Chee, off in the right direction.

When Jack Dimond presented Tom for his Doctorate of Laws, he said this: “Tom has combined the three things that we look for most in the volunteers who give their time and service to the University. The first is a love of the institution. The second is a willingness to think hard about how to improve the University. The third is a determination to put one’s shoulder to the wheel and actually make this a better place.” It is difficult to think of anyone who more exemplifies those virtues.

Tom, we all thank you for your incredible service to the Governing Council and to the University of Toronto.