UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 167 OF THE BUSINESS BOARD

June 19, 2008

To the Governing Council,
University of Toronto.

Your Board reports that it met on Thursday, June 19, 2008 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Mr. Richard Nunn, (In the Chair)
Mr. Geoffrey Matus, Vice-Chair
Ms Catherine J. Riggall, Vice-President, Business Affairs
Professor Angela Hildyard, Vice-President, Human Resources and Equity
Ms Mary Anne Elliott
Mr. Alex Kenjeev
Ms Paulette L. Kennedy
Dr. Joel A. Kirsh
Mr. Gerald A. Lokash
Professor Arthur S. Ripstein
Mr. Stephen C. Smith
Mr. John Varghese
Ms B. Elizabeth Vosburgh
Mr. Robert S. Weiss
Professor Vivek Goel, Vice-President and Provost
Mr. David Palmer, Vice-President and Chief Advancement Officer
Ms Sheila Brown, Chief Financial Officer
Ms Rivi Frankle, Chief Operating Officer, University Advancement, and Assistant Vice-President, Alumni Relations
Mr. Nadeem Shabbar, Chief Real Estate Officer
Professor Safwat Zaky, Vice-Provost, Planning and Budget

Secretariat:

Mr. Neil Dobbs
Ms Mae-Yu Tan

Regrets:

Mr. P. C. Choo
Ms Susan Eng
Dr. Gerald Halbert
Dr. Stephan Mathias Larson
Mr. Jim Linley
Mr. Gary P. Mooney
Mr. George E. Myhal
Mr. David Oxtoby
Mr. Larry Wasser
Mr. Yang Weng
Mr. W. David Wilson

In Attendance:

Mr. Richard Dernowski, Director of Capital Projects
Mr. Bruce Dodds, Director of Utilities, Facilities and Services Department
Ms Deepa Jacob, Research and Policy Analyst, Office of the Vice-President, Business Affairs
Mr. Pierre G. Piché, Controller and Director, Financial Services

ITEMS 3 AND 4 CONTAIN RECOMMENDATIONS TO THE GOVERNING COUNCIL FOR APPROVAL. THE REMAINING ITEMS ARE REPORTED FOR INFORMATION.

1. Report of the Previous Meeting

Report Number 166 (April 28, 2008) was approved.

2. Business Arising from the Report of the Previous Meeting

The Chair recalled that, at the previous meeting, a number of questions had been raised by the President of the Faculty Association. In response, Ms Riggall had provided written responses to Professor Luste, prepared by herself and by the Interim President and C.E.O. of UTAM, and Ms Riggall had distributed copies to members of the Board.

Ms Riggall and Professor Goel replied to questions about the matter. It was AGREED that the Board record that it found the responses provided by Ms Riggall to be entirely satisfactory.

3. Financial Statements, 2007-08

The Chair said that the audited financial statements were before the Board for consideration and recommendation to the Governing Council. The remainder of the Financial Report was for information.

Ms Kennedy reported that the Audit Committee had begun its review of the financial statements late in May, when it had completed its customary review of the notes. The Committee had considered changes being made to the notes and likely substantive changes to be reflected in the statements. The Committee had met again on the day before the Business Board meeting and had received a detailed presentation on the financial statements from management. It had also reviewed the external auditors' report on the audit. As always, the financial statements had been prepared in a very timely manner. Mr. Piché and his colleagues had prepared a highly complex set of financial statements very quickly. The external auditors had reported that they had received excellent co-operation, and the preparation of the financial statements and the audit had gone exceptionally well.

Ms Brown referred members to the copy of Mr. Piché's detailed presentation to the Audit Committee, which had been placed on the table for this meeting. The financial position of the University as at the end of the year was essentially unchanged from the previous year, with the University's net assets amounting to $2.174-billion as at April 30, 2008. The year's results fell within the range presented to the Board in the financial forecast in February. The net income for the year was $50.6-million, down from $134.5-million the previous year. That was the outcome of two factors. First, at the end of 2006-07, the University had been the beneficiary of substantial one-time-only grants from the Province of Ontario. The amount of the year-end grants for 2007-08 had been significantly less. Second, the investment results for 2007-08 had not been as favourable as the very good investment results from 2006-07, reflecting the performance of the capital markets in the two years. The overall results were, however, quite positive. Both income and expense for the 2007-08 year had amounted to about $1.9-billion, with the net income of $50.6-million. The net assets of $2.2-billion included endowment funds amounting to $1.75-billion.

3. Financial Statements, 2007-08 (Cont'd)

Ms Brown commented on the results for the operating fund. The cumulative deficit had amounted to $66-million at the beginning of the year. The financial forecast had anticipated that the deficit at the end of the year would be reduced to $48-million. In fact, the deficit had been reduced to $46-million. Comparing the results of the operating fund to its budget, the budget had anticipated that the deficit would be $55-million. That amount had taken into account planned budget reductions of $11-million. Therefore, the deficit reduction was $9-million greater than the budget. In accordance with the new budget model, the variance would be returned to the divisions for the 2008-09 budget year. The opening deficit for the 2008-09 year would therefore be the planned $55-million, and that deficit would continue to decline at the planned rate of $11-million per year over the next five years.

A member observed that the University of Toronto Asset Management Corporation had reported exceptionally good returns on the endowment fund and the pension fund in its annual report for the year ended December 31, 2007. By the April 30 end of the University's fiscal year, however, those returns had clearly fallen off. That was presumably the outcome of the fall-off in the equity markets in the first months of 2008. A member observed that investment performance had also not been helped in the early months of 2008, as it had been in 2007, by UTAM's policy of fully hedging its foreign currency exposure. The funds had not lost out as the result of the relative gain in the value of the Canadian currency during 2007; rather, they had enjoyed the full gains made by those foreign markets. That factor had not provided an advantage as foreign markets had declined in the early months of 2008.

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, 2008 be approved.

The Chair added his congratulations to those responsible for the challenging task of preparing the financial statements: Ms Riggall, Ms Brown, Mr. Piché (the Controller), Mr. Britt (the Director of Internal Audit), the external auditors, and all of the members of their teams. He also thanked members of the Audit Committee for their diligent work, including their careful review of the financial statements. The Financial Report was now a public document. With the endorsement of the statements by the Audit Committee, the confidential classification had been removed.

4. External Auditors: Appointment for 2008-09

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, 2009; 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, 2009.

5. Borrowing Strategy: Annual Status Report to April 30, 2008

The Chair observed that the Board, in reviewing the annual report on the Borrowing Strategy, should satisfy itself with respect to the status of the borrowing strategy and the Long-Term Borrowing Pool – in particular with respect to the University's ability to service its debt and to repay the debentures at their maturity dates. Apart from that, the item was for information and no Board action was required.

Ms Brown noted that the agenda included two reports on borrowing. The first reported on the status of borrowing up to the end of the previous fiscal year, April 30, and reported on the status of the Long-Term Borrowing Pool, the sinking fund being used to accumulate funds to repay the University's borrowing when the bullet debentures became due. The second report reported on borrowing to May 31, 2008. The Board permitted both internal borrowing to a maximum of $200-million and external borrowing to a maximum of 40% of the University's net assets over five years, now amounting to $748.0-million, with total authorized borrowing amounting to 948.0-million as at April 30, 2008. The proceeds of borrowing had been used to issue internal loans to divisions for capital projects at a fixed rate of interest set on the basis of the current market rate plus 100 basis points. The internal loans were to be paid off, through blended principal and interest payments, over a fixed period of time, usually 20 - 25 years. The proceeds of the payments of the internal loans that were linked to external borrowing were used to make periodic interest payments to the lenders holding the bullet debentures, to pay the cost of issuing the debentures as well as ongoing administrative costs, and to accumulate money in the Long-Term Borrowing Pool. That money, along with investment earnings on it, would be used to repay the bullet debentures when they came due. Earlier projects were making payments to pay off loans made before 2001, with a balance of $51.4-million outstanding as at April 30, 2008. Ms Brown noted that the first debenture, the $160-million Series "A" debenture would become due on July 31, 2031. The assets in the Long-Term Borrowing Pool as at April 30, 2008 amounted to $52.8-million, and its financial position was appropriate for repayment of the debenture obligations.

6. Capital Projects Report as at May 31, 2008

The Board received for information the Capital Projects Report as at May 31, 2008.

7. Real Estate Acquisitions Report, June 2008

Mr. Shabbar recalled that the Board had recently approved five property acquisitions. Four of the properties had been purchased: 58 Spadina Road, 245 College Street, 44/46 Harbord Street and 48 Harbord Street. The total cost limit approved by the Board had been $5.85-million, and the acquisitions had been completed for $5.29-million, with savings of $560,000 on the approved amount. The University was currently awaiting a response to its offer on the fifth property at 229 College Street.

8. Borrowing: Status Report to May 31, 2008

The Board received for information the Status Report on Borrowing as at May 31, 2008.

9. University of Toronto at Scarborough: Electrical and Mechanical Infrastructure Upgrades, Phase 5 – Cost Increase

Mr. Shabbar said that the Scarborough Electrical and Mechanical Infrastructure Phase 5 Project had originally been approved by the Board in February 2006 at a cost of $4.530-million, and, since that time, much of the work had been completed. As the work had proceeded, however, it had become clear that there would be need for a new explosion-proof transformer vault, and the cost of disposing of the PCBs in the transformer had increased. The cost of the project had therefore increased by $1.279-million, to be paid by the operating budget of the University of Toronto at Scarborough.

Among the matters that arose in questions were the following.

(a) Cost controls. A member asked whether there was in place some process to monitor the cost of projects to avoid situations of significant cost over-runs on approved projects. Mr. Shabbar replied that such cost over-runs had in fact been rare. In this particular case, it had been planned to reuse and improve the original transformer vault, but it had become apparent during the actual construction that condition of the vault was such that the original plan would not be viable and that a replacement would provide the best solution. Similarly, it would not have been possible to foresee the significant increase in the cost of PCB removal. In response to a question, Mr. Shabbar said that the project had been commenced shortly after its original approval in 2006, and it was expected to be completed in October, 2008. A member observed that the University had in recent years incurred remarkably few instances of cost over-runs, given the size of its construction program. Its record far exceeded that of private-sector builders.

(b) Payment for the increased cost. In response to a question, Mr. Shabbar said that the increased cost would be paid by the operating budget of the University of Toronto at Scarborough. Divisions usually did not have contingency budgets. In this case the cost would be paid from the carry-forward of unspent funds in the Scarborough operating budget.

9. University of Toronto at Scarborough: Electrical and Mechanical Infrastructure Upgrades, Phase 5 – Cost Increase (Cont'd)

In the course of discussion, a member observed that the Report on Capital Projects showed this particular project at its approved cost of $4.53-million, with the comment that it was "forecast to be on budget." She expressed disappointment that the Report had been forwarded to the Board with that inaccuracy.

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

YOUR BOARD APPROVED

THAT the Vice-President, Business Affairs be authorized to execute the University of Toronto at Scarborough (UTSC) Electrical and Mechanical Upgrade Project, Phase 5, encompassing the replacement of boiler controls, a generator and PCB transformers, with the cost increase of $1,279,000 to be funded from the UTSC operating budget, for a total cost of $5,809,782.

10. Faculty of Applied Science and Engineering: Galbraith / Sandford Fleming Building Structures Laboratory Renovation

Mr. Shabbar said that the renovation of the Structures Laboratory in the Galbraith and Sandford Fleming buildings had been approved by the Accommodation and Facilities Directorate at a cost of $1.956-million. The total project cost had, however, increased owing to higher asbestos abatement and demolition costs. The costs of asbestos abatement were very difficult to forecast because unanticipated problems were frequently discovered only as a project proceeded. In this case, the cost increase of $194,000 fell within the 10% level and it had been approved by the Vice-President, Business Affairs. It was being reported to the Board for information.

11. Southeast Campus Electrical Plan

Mr. Shabbar said that the upgrade of the electrical grid in the southeast sector of campus was required to accommodate increased research activity in that area. The proposal involved taking a part of the southeast campus (including the Wallberg and Pratt Buildings) off the University's electrical grid and placing those buildings onto the Toronto Hydro grid. The project would not only meet needs in the area but would also free up considerable electrical capacity for future capital expansion. An amount of $3-million would be required to provide the appropriate electrical feed. The proposed project would be completed by September 2009.

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

(a) Planning horizon. A member expressed his pleasure that the proposal looked ahead at the University's need five years into the future. He asked, however, whether a longer time horizon would be possible and would yield savings. Might the University save costs by expanding its electrical arrangements to meet its needs, for example, ten years forward? Invited to respond,

11. Southeast Campus Electrical Plan (Cont'd)

Mr. Dodds said that the University did consider longer term needs. The five-year time horizon was one used by Toronto Hydro. It was unwilling to provide for needs on a longer term basis. Ms Riggall noted that Toronto Hydro was concerned about incurring the cost of providing an expanded service for needs far into the future. If a user ordered services beyond its eventual purchases, it would still be required to pay for the higher amount of power.

(b) Possible reduction of power consumption and carbon dioxide generation. A member asked whether the University had considered means of reducing its consumption of electrical power generated by conventional means and thereby reducing its emissions of carbon dioxide. Had it, for example, considered the use of solar panels to generate additional power to meet the needs of the southeast campus? Ms Riggall replied that such considerations had not played a role in planning for the current project. The needs of researchers had to be met as soon as possible in this case, and solar panels would not meet those needs. However, a significant amount of work was proceeding to reduce use the use of electricity on the campus. She cited the recent projects to replace chillers and lighting ballasts and fixtures with more efficient ones.

(c) Impact on deferred maintenance. A member stated that she was pleased to learn that the project would replace equipment that would otherwise require replacement in any event in the near future. The project would therefore reduce the amount of the University's deferred maintenance. She would very much like to see it highlighted whenever projects did have a positive impact on the deferred maintenance backlog. Ms Riggall agreed that it would be worthwhile to stress that effect in proposals for capital projects.

On the recommendation of the Vice-President, Business Affairs,
Subject to Governing Council approval of the project,

YOUR BOARD APPROVED

THAT the Vice-President, Business Affairs be authorized to execute the Southeast Campus Electrical Plan at the St George Campus at a total project cost not to exceed \$3.0-million with funding to be provided by the Capital Renewal Fund, 2007-08.

12. Vice-President and Chief Advancement Officer: Semi-Annual Update Report

Mr. Palmer commented that he had begun work in the position of Vice-President and Chief Advancement Officer only ten months ago. He acknowledged the guidance and support of Ms Rivi Frankle, Chief Operating Officer and Assistant Vice-President, Alumni Relations, during that period of time. Among the highlights of his report were the following.

- **Advancement mandates**. Mr. Palmer commented that the Advancement mandate for the University of Toronto including the academic divisions was to

12. Vice-President and Chief Advancement Officer: Semi-Annual Update Report (Cont'd)

achieve three long-term objectives. He had observed encouraging gains with respect to all of them. First, there had been an increase in the level and effectiveness of alumni participation in the life of the University and an increase in alumni satisfaction in such participation. Second, there had been an upward trend in fundraising activity and results, leading towards the goal of raising over $200-million annually. There had been a real increase in engagement in campaign planning and activity across the divisions and campuses. Finally, there had been substantial work leading to the development of a vision and a case for transforming the image, reputation and standing of the University, stressing its differentiation from other universities and its excellence.

- **Alumni Engagement.** Alumni programs and events had been growing. Spring Reunion registrations had doubled. There had been approximately 15,000 attendees at more than 200 alumni events across the University. An effort to broaden alumni participation was generating results, and alumni were becoming more engaged in different ways. They were making connections with the University by way of associating with other alumni of particular origins or backgrounds, ages, geographical locations, sexual orientation, and academic interests, rather than solely the academic divisions from which they had graduated. Young alumni were increasingly defining their own interests and were developing their University affiliations accordingly. DUA had therefore been diversifying its alumni programming and improving alumni communications and services. Particular efforts had been made to engage young alumni. For all ages, however, the University was seeking ways of helping alumni to pursue their own interests in the life of the University. For example, individuals with an interest in the environment, or black alumni, or lesbian, gay, bisexual and transgendered alumni, could find ways of pursuing their interests within the alumni community.

- **Alumni communications**. An important means of fostering alumni participation was improving alumni communications and services. The new online alumni community, Alumni Circle,[1] had been officially launched on May 29, 2008 and was now live. The concept of "user affiliation" had been incorporated into this tool in a manner similar to that used on websites such as Facebook and MySpace. The highly flexible environment enabled users to connect with others of similar interests, to receive customized news feeds from the University, to post and browse blogs, and to utilize many additional features to pursue their own interests.

  Mr. Palmer commented that the *University of Toronto Magazine* was very popular among alumni. However, the findings of several focus groups pointed to a need to improve the overall look and feel of the *Magazine*. The *Magazine* was

[1] http://alumni.utoronto.ca

12. Vice-President and Chief Advancement Officer: Semi-Annual Update Report (Cont'd)

currently undergoing a rebranding that would result in a more sophisticated University publication appropriate for its readership.

- **Advancement Communications**. Mr. Palmer noted that Strategic Communications, now under the leadership of Ms Judith Wolfson, Vice-President, University Relations, had recently been separated from the Division of University Advancement. Communications strategies for purposes of advancement were becoming increasingly important. Divisions were increasingly emphasizing the development of case statements and campaign marketing materials. DUA provided advice, assistance, and resources and to divisions as they proceeded with case development and campaign marketing. DUA also served an important role as a provider of advancement coordination and consistency throughout the University. The recent appointment of Ms Melanie Gruer as Executive Director, Advancement Communications and Marketing, would further strengthen DUA's ability to meet its advancement mandates. Ms Gruer, a person with an extensive marketing and communications background, had served as Press Secretary to Prime Minister Paul Martin.

- **Fundraising Performance**. Mr. Palmer provided a summary of the University's fundraising performance over the past year. $183 million had been raised in gifts and pledges for 2007-2008; that was the second highest annual amount raised in the history of the University. Current fundraising efforts, which were closely tracked, were certain to contribute to a strong total in 2008-09. Potential new gifts of $157 million were at various stages, and Mr. Palmer was confident that a healthy portion of that amount would be raised. It was his desire that there be a significant increase in the total amount raised through fundraising over the next few years: an amount in excess of $150-million per year moving towards $200-million per year. Over the past four years, funds raised had trended steadily upwards, with Ms Frankle and her team having raised about $550-million over that period of time.

  Mr. Palmer reported that in 2007-08, 52% of contributions had come from alumni, 20% from corporations, 21% from other friends and 7% from organizations and foundations – a very typical split. Of total gifts, 40% was earmarked for endowments and 60% for expendable purposes. That represented a shift from endowment donations to expendable ones, something reflecting a general shift and a shift that Mr. Palmer expected to continue and grow in the future.

- **Major gifts**. Mr. Paul and Ms Alessandra Dalla Lana had provided an extraordinary gift of $20-million to establish and endow the new School of Public Health, a very high priority for the University. Mr. John H. Daniels and Ms Myrna Daniels had provided a historic $14-million gift for the Faculty of

12. Vice-President and Chief Advancement Officer: Semi-Annual Update Report (Cont'd)

Architecture, Landscape, and Design, the largest gift ever for a faculty of architecture in Canada. Ms Lynn Factor and Mr. Sheldon Inwentash had made an exceptionally generous $15-million gift to endow 50 graduate student scholarships and five chairs in the Faculty of Social Work. Mr. David Asper had made a remarkable gift of $7.5-million – the largest ever contribution from an individual to a Canadian faculty of law - to establish the Centre for Constitutional Rights at the Faculty of Law. Mr. Larry Tanenbaum, Chairman of Maple Leaf Sports and Entertainment, and Ms Judy Tanenbaum had committed $1-million to establish fourteen annual athletic admission awards to exceptional male and female hockey and basketball payers who had achieved "A" averages in their final year of high school. These represented the University's first athletic awards. The University was working very hard to secure funding for the renovation in the Robarts Library and the completion of the Varsity Centre, and Mr. Palmer was confident of success in achieving those very high priorities.

- **Looking ahead**. The Advancement group was operating at an ideal time in the development of the University as it undertook its *Towards 2030* planning exercise. The outcome of that work would inform the development of not only the institution's academic planning but also its advancement case-development for the various academic divisions. The key to the work of the Advancement group was to find a means of leading the University into a sustained campaign mode – one in which it was always engaging in efforts to raise funds, whether or not under the umbrella of a formal campaign – a campaign that could be declared from time to time. Mr. Palmer believed that there was significant untapped capacity in the University's academic divisions and that the University could expand its success in fundraising significantly, achieving gifts of $200-million to $300-million per year sometime in the reasonably near future. The University did, however, need to prepare for its next campaign, whether one was declared publicly or not.

Among the matters that arose in discussion were the following:

(a) Trend to donations of expendable rather than endowed funds. A member referred to the shift from endowment to expendable donations, and he asked how the expendable donations could be characterized: for example for capital projects or other purposes. He noted that when the University of Toronto was compared to the leading private institutions in the United States, it was said that this University had difficulty competing with those institutions because of their very large endowments and the operating funds they provided. The movement in this case appeared to be, however, towards one-time-only gifts that would not fund sustainable activity.

Mr. Palmer replied that about 20% - 30% of expendable donations supported capital projects. A similar proportion supported academic programs, with the remaining amount supporting various other purposes. Mr. Palmer noted, however, that an increasing proportion of expendable

12. Vice-President and Chief Advancement Officer: Semi-Annual Update Report (Cont'd)

donations were being used to support purposes traditionally funded by endowments, including faculty positions. At the present time, gifts of $3-million were expected to support endowed chairs. At a 4% payout rate, such endowments would provide $120,000 per year. However, the actual cost of attracting and retaining excellent faculty members would in all likelihood require more than $120,000 per year. Therefore, the University was seeing a move towards gifts to support limited-term professorships. There were two major pressures on the University that led to the increased stress on expendable gifts. The first was the demand for more University spaces. It was anticipated that the greater Toronto area would see a growth of between 60,000 and 80,000 potential students above the current enrolment of Toronto-area institutions. That would put great pressure to deliver more expendable funds for the facilities and services for such students. The second pressure was directly from donors who wished to see immediate results from their donations. For example, a donor might wish to make a gift to support environmental studies and might wish to see immediate results from that donation. Mr. Palmer stressed that he did support every effort to raise endowment donations, and, while a greater proportion of gifts appeared to be shifting to expendable funds, the University was still giving a very high priority to raising endowed funds. As the University increased its overall level of fundraising, it was very likely that the total amount donated to support endowments would, notwithstanding the growth in expendable gifts, also grow to amounts greater than those earned in the past.

(b) Focus of fundraising efforts. A member commented that he anticipated that some sectors of the Canadian economy might well be running into headwinds in the near future, for example manufacturing and the financial sector, whereas others were likely to flourish, for example the resource sector. He asked whether the University would work to focus its efforts on those economic sectors likely to generate the greatest wealth.

Mr. Palmer replied that the University did indeed seek to track the development of sectors where companies were enjoying great success and building up very substantial cash reserves, and the University did seek to make use of the outcome. He noted that there were, however, two factors that helped to counter economic headwinds. The first was the change in legislation permitting the donation of appreciated securities without liability for capital gains tax. The University was seeing substantial increases in the donations of such securities. The second factor was the general growth in philanthropy. Mr. Palmer noted that that there had not been a single year since the recording of the general level of donations, which had taken place mostly in the United States, when donations had declined. That had included such periods of economic stress as the Great Depression, World War II, the 1987 stock market correction and the difficult periods in the early 1990s and the early part of the current decade. He noted that the greatest damage to donations had been caused to the owners of income trusts, which had declined in value owing to their being made subject to income tax beginning in 2011. The owners of those vehicles had been deferring donation decisions since that change in legislation.

(c) Small donations. A member observed that a focus on raising a large number of smaller gifts could result in greater overall success in fundraising efforts. He pointed to the success of one of the candidates in the race for the Democratic Party Presidential nomination in the United States.

12. Vice-President and Chief Advancement Officer: Semi-Annual Update Report (Cont'd)

Mr. Palmer agreed that there was need to improve efforts to raise smaller gifts, and the Advancement division hoped to double the giving through the University's Annual Fund. A new Director had been engaged for that fund and a new approach was being put into place. That having been said, it still had been true that over recent years 80% of donation income came from 20% of donors. Moreover, that proportion had recently changed to 95% of donation income from 5% of donors. That did not, however, vitiate the need for attention to smaller donations.

(d) Alumni donations. A member commented that it was very important for the University to ensure the best possible experience for its undergraduate students, not only for educational reasons but also for encouragement of alumni support. Mr. Palmer agreed. He noted that one of the reasons for the success of University fundraising in the Unites States was the tight bonds that were formed by former students with their *alma mater*. In response to a member's question, Mr. Palmer and Ms Frankle said that the University was currently completing a study on annual giving by alumni, looking into such matters as the proportion of alumni who were donors, their average gifts and the association between donations and alumni events. Mr. Palmer agreed with the member's observation that alumni who initially donated small gifts were far more likely to donate larger amounts later in their lives.

13. Risk Management and Insurance: Annual Report, 2007

The Chair noted that the annual report on Risk Management and Insurance had been reviewed in detail at the May meeting of the Audit Committee. The Report was received by the Board for information.

14. Report Number 87 of the Audit Committee - May 28, 2008

The Board received for information Report Number 87 of the Audit Committee - May 28, 2008.

15. Dates of Next Meetings

The Chair advised that the next regular meeting of the Business Board was scheduled for Monday, September 22, 2008 at 5:00 p.m. There would also be an orientation meeting in advance of the September 22 meeting. The date for that meeting had not yet been established. All meeting dates would be sent to members over the summer.

16. Other Business

(a) Feedback Forms

The Chair said that survey forms concerning the work of the Board had been placed on the table. Members' views were very welcome and would be given serious consideration. Members were urged to complete the forms and to leave their responses with the Secretary.

16. Other Business (Cont'd)

(b) Chair's Remarks

The Chair thanked all members for their service on the Board. He gave his special thanks to members who were concluding their service.

- **Mr. P. C. Choo** would continue to serve the Governing Council next year, but he would be giving the benefit of his extraordinary experience and insight to the Planning and Budget Committee as well as the Elections Committee.

- **Mr. Alex Kenjeev** had served as a graduate student member of the Governing Council and of this Board. He would continue next year in the joint Law / MBA program. His good judgement and good humour would be missed on the Board.

- **Mr. Gerald Lokash** had completed nine years of service on the Business Board and almost as many years on the Audit Committee. His knowledge and experience would be missed.

- **Mr. Robert Weiss** had served on the Governing Council for eight years. He had begun his service as a co-opted member of the Business Board and of the Audit Committee. He had over the years been an extraordinary leader on Council. He had served as the exceptionally capable Chair of the Audit Committee for five years and its Vice-Chair for a further two years.

- **Mr. Yang Weng** had been a full-time student representative on the Governing Council and on the Business Board while studying in the Faculty of Applied Science and Engineering.

- **Professor Vivek Goel**, the Vice-President and Provost, had been a very active assessor to the Business Board and a highly valued leader on it. Before he joined the University's administration as Vice-Provost, Faculty and then as Vice-President and Provost, he had served for three years as an elected faculty member of the Governing Council and as a member of the Business Board. He was about to assume the exciting and important role of Founding President and C.E.O. of the Ontario Agency for Health Protection and Promotion.

Speaking on behalf of members, Ms Riggall thanked the Chair and Vice-Chair for their time, effort and leadership of the Board during the past year.

THE BOARD MOVED INTO CLOSED SESSION

17. Quarterly Report on Donations of $250,000 or More, February 1 – April 30, 2008

The Board received, for information, the Report on Gifts and Pledges over $250,000 for the period February 1 to April 30, 2008.

18. Closed Session Reports

Professor Hildyard reported on: (a) the progress of work with the Faculty Association on the Joint Working Group on Pension Plan Governance and Funding, established under the terms of the salary and benefits agreement for 2007-09; (b) the progress of contract negotiations with the United Steelworkers of America (who represented most administrative staff), and (c) the state of negotiations with other employee groups.

THE BOARD MOVED *IN CAMERA*.

19. Report of the Striking Committee: Co-opted Membership of the Business Board and the Audit Committee for 2008-09

On motion duly made, seconded and carried,

YOUR BOARD APPROVED

(a) THAT Mr. Jim Linley and Ms Jennifer Riel be appointed to the Business Board for one-year terms from July 1, 2008 to June 30, 2009;

(b) THAT Ms Paulette Kennedy be re-appointed to the Business Board for a three-year term from July 1, 2008 to June 30, 2011;

(c) THAT the following be appointed as co-opted members of the Audit Committee for one-year terms from July 1, 2008 to June 30, 2009:

Ms Dominique Barker
Professor Ramy Elitzur
Ms Paulette L. Kennedy
Mr. Paul E. Lindblad; and

(d) THAT Mr. George Myhal be re-appointed Chair of the Audit Committee and Ms Paulette Kennedy Vice-Chair of the Audit Committee for one-year terms from July 1, 2008 to June 30, 2009.

THE BOARD RETURNED TO OPEN SESSION.

The meeting adjourned at 6:20 p.m.

Secretary	Chair

July 23, 2008

46400