

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

**REPORT NUMBER 224 OF THE BUSINESS BOARD**

**Monday, January 25, 2016**

To the Governing Council,  
University of Toronto.

Your Board reports that it met on Monday, January 25, 2016 at 4:30 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Mr. Jeff Collins (Vice-Chair)(In the Chair)	Mr. William E. Hewitt
Professor Scott Mabury, Vice-President University Operations	Ms Zabeen Hirji
Professor Angela Hildyard, Vice-President Human Resources and Equity	Mr. Mark Krembil
Ms Judy Goldring, Chair, Governing Council	Mr. Malcolm Lawrie
Mr. Robert G. Boeckner	Mr. Brian D. Lawson
Mr. Ian Freedman	Ms Nancy Carolyn Lee
Ms Sara Gelgor	Professor Jan Mahrt-Smith
Mr. Gary D. Goldberg	Mr. Brian A. Miron
Professor Avrum Gotlieb	Mr. John Paul Morgan
Mr. Paul Handley	Mr. Howard Shearer
	Mr. Andrew Szende
	Mr. Christopher Thatcher
	Mr. Keith Thomas

**Presidential Assessors**

Ms Sheila Brown, Chief Financial Officer  
Ms Christine E. Burke, Director, Campus Facilities and Planning  
Mr. David Estok, Vice-President, Communications  
Ms Sally Garner, Executive Director, Planning and Budget  
Mr. Malcolm Lawrie, Assistant Vice- President, University Planning, Design and Construction  
Mr. David Palmer, Vice-President, Advancement  
Mr. Ron Swail, Assistant Vice-President, Facilities and Services  
Ms Judith Wolfson, Vice-President, International, Government and Institutional Relations

**Secretariat:**

Mr. David Walders, Secretary  
Ms Sheree Drummond, Acting Secretary of the Governing Council

**Regrets:**

Mr. Faizan Sohail Akban  
Mr. David Bowden  
Mr. Alex Iovic  
Ms. Claire M.C. Kennedy  
Ms. Jane Pepino

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Ms. Catherine Riddell

**In Attendance:**

Mr. Tad Brown, Senior Legal Counsel, Office of the Vice-President, Advancement and Office of the Vice-President, University Operations

Ms Anne Cobban, Director, Alumni Engagement and Partnerships

Ms Barbara Dick, Assistant Vice-President, Alumni Relations

Mr. Marc Drouin, Director, Environmental Health and Safety

Ms Vinitha Gengatharan, Director, International Strategy & Partnerships

Dr. Anthony Gray, Director, Strategic Initiatives and Research

Ms Tanya Kreinin, Executive Director, Advancement Communications and Marketing

Ms Vanessa Laufer, Director, International Relations

Ms Mila Miller, Executive Director, Strategic Planning and Advancement Organizational Development

Ms Gillian Morrison, Assistant Vice-President, Divisional Relations and Campaigns

Ms Marni Scully, Assistant Vice-President, Government, Institutional and Community Relations

Ms Kimberly Yeh, Director, Office of the Vice-President, International, Government and Institutional Relations

ITEMS 8 AND 15a ARE RECOMMENDED TO THE GOVERNING COUNCIL FOR APPROVAL. ALL OTHER ITEMS ARE REPORTED TO THE GOVERNING COUNCIL FOR INFORMATION.

*Pursuant to section 33(i) of By-Law Number 2,  
items 15-17 were considered in camera.*

The Vice-Chair welcomed members and guests to the meeting and extended regrets on behalf of the Chair.

**1. Senior Appointments and Compensation Committee(SACC): Annual Report, 2014-15**

Ms Judy Goldring reminded the Board that SACC was responsible for attesting to the Governing Council, through the Business Board, that compensation policies and programs for particular categories of employees were appropriate, and that decisions about the compensation of individuals were made in accordance with established policy and practice. She highlighted that the Report covered the period from July 1, 2014 to June 30, 2015. She reported that among other duties SACC had reviewed the President's Annual Activity Report, the Chair's performance evaluation of the President, as well as the President's performance assessments of the Vice-Presidents. She also noted that SACC had reviewed the annual Academic Salary Report.

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In response to a question from a member Professor Hildyard advised that employment and pay equity was addressed through the University's policies and collective agreements. She commented that the University had improved over the past several years in terms of gender representation. She noted that, with respect to Aboriginal persons and persons with disabilities, the University was undertaking a number of initiatives in the hopes of achieving greater representation from these groups within the University's workforce.

**2. Annual Report of the Vice-President, International, Government & Institutional Relations (IGIR), 2014-15**

Ms Wolfson offered a presentation<sup>1</sup> on the Annual Report, highlighting the following main points:

- Overview of the IGIR office, which focused on the reputation, reach and resources of the University
- Institutional Research and Rankings. The University continued to rank in the top 10 in most international rankings. The University continued to lead broad inter-institutional discussions on multi-university measures such as the Strategic Mandate Agreement (SMA) metrics, the Common University Data Ontario (CUDO), and other performance indicators.
- Advocacy and Engagement at the Federal, Provincial and Municipal levels. At the Federal level, advocacy efforts were undertaken along with the U15 Group of Canadian Research Universities regarding the need for additional investments in research infrastructure to support research excellence in leading Canadian universities. At the Provincial level, the first report on the University's three-year Strategic Mandate Agreement (SMA) with the Province was compiled, demonstrating the University's strengths and differentiated role. At the Municipal level, there is an increased level of cooperation and positive relationships with key councillors and other officials, most notably the Economic Development Committee members.
- Internationalization, including strategy, priority countries and institutions. The University had identified a number of countries as priorities for our institution. There were a number of criteria which UofT considered when identifying institutionally strategic countries. These included existing and future excellence in research and student and faculty mobility.

In reply to a member's question, Ms Wolfson advised that the University would be submitting proposals to take advantage of various Government stimulus funding programs. On the matter of internationalization, in response to a member's question about target countries, Ms Wolfson confirmed that the key factors for determining target countries were, first and foremost, the excellence of both research and students, as well as the global position of the countries.

The Vice-Chair thanked Ms Wolfson and her team for the Report and presentation.

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<sup>1</sup> For complete presentation, please see <http://uoft.me/BBr2015Jan25i2>

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Mr. Palmer offered a presentation<sup>2</sup> on the Annual Report, highlighting the following main points:

- Highlights from the year, including updates on the Boundless Campaign, as well as major gifts including the Ted Rogers Gift, creating the Ted Rogers Centre for Heart Health.
- Alumni Engagement and Alumni Demographics. Total attendance for alumni was 90,188. The total number of volunteers was 11,363 and the total number of mentors was 2,490.
- Fundraising Performance. A total of \$247,936,734 had been raised in 2014-15. To date, \$138,482,071 had been raised and the Boundless campaign was currently at \$1,895,311,083.
- Advancement Communications and Marketing. It was a great year for communications and marketing, including a re-branding of the Boundless Campaign. There was a 40% increase in website engagement for unique users and a 13% increase in online donations.
- Looking Forward. The focal point would be to maintain and grow momentum, involving stewardship, pipeline management, broadening the base and intensifying calling culture and a renewed Annual Giving focus on donor acquisition and re-acquisition

The Vice-Chair thanked Mr. Palmer and his team for the Report and presentation.

**4. Deferred Maintenance: Annual Report, 2015**

Mr. Swail offered a presentation on the Annual Report, highlighting the following main points:

- Faculty Condition Index by campus and as compared to other members of the Council of Ontario Universities
- Current and historic deferred maintenance costs for projects with priorities 1-3
- Examples of priority 1 projects which had been undertaken in 2015
- Priority setting for future deferred maintenance, which included factors such as legislation, assessments of needed repairs (using assessments from VFA Canada), work being done as part of Capital Projects, supporting academic priorities and improving student experience.

Members asked questions regarding the setting of priorities 1-3, the increase in spending on priority 3 projects, and the possibility of increasing funding to address deferred maintenance. In reply, Mr. Swail apprised the Board that the setting of priorities 1-3 was a complex process, involving auditing and assessment. As such, it was not the case that priorities moved in a linear fashion from levels of lower priority to levels of higher priority. Turning to the increase in spending on level 3 projects, Mr. Swail noted that changes in provincial assessments relating to maintenance in 2008 altered the way in which building audits were conducted, which led to increased spending on priority 3 projects. Finally, with respect to budgeting to address deferred maintenance projects, Professor Mabury noted that additional funds would be added to the deferred maintenance budget, but it would be unfeasible to increase funding to a level that would address all deferred maintenance projects at once.

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<sup>2</sup> For complete presentation, please see [here](#).

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Ms Brown provided an overview of the Business Board's responsibilities concerning the Pension Plans. Referring to the Financial Guide which was distributed, she highlighted financial results for the year ended June 30, 2015. She also described the reconciliation of funded status, highlighting the factors which had an impact on reducing the University's deficit and those which did not. She and Professor Hildyard also updated the Board on two jointly sponsored pension plans (JSPP) initiatives, one within the University and one at the Provincial level.

Members asked questions concerning whether employee groups would be interested in joining a JSPP, as well as risk-sharing in JSPPs. A member also posed a question concerning investment management fees paid by the University. In reply, Professor Hildyard reported that there appeared to be initial interest from employee groups in JSPPs, due to recognition within employee groups that current defined benefit pension plans may not be sustainable over the long term. Ms Brown confirmed that under JSPP structures, risks would be shared between the employer(s) and employees. Turning to investment management fees, Ms Brown reported that these fees were carefully examined by the Pension Committee. She noted that on a five-year look-back, active management, with its attendant higher external investment management fees, had produced better investment returns, net of investment fees and expenses.

**6. Forecast of University Financial Results at April 30, 2016**

Ms Brown noted that this forecast, which was presented annually to the Board for information, contained forecasts of income statements and net assets of the University. Projections were made which took into account several possible investment return scenarios. It was currently projected that net income for the year would be about \$138M at an investment return of 0.4% for the Long-Term Capital Appreciation Pool (LTCAP), owing largely to funds being set aside for future infrastructure projects.

**7. Reports on Debt****a) Annual Debt Strategy Review**

Ms Brown noted that the current debt strategy had been approved by the Business Board in 2012. The two key questions examined when conducting the Annual Review were whether the Strategy was still prudent and whether it currently provided sufficient debt capacity to meet the University's needs. The current review revealed that both questions were answered in the affirmative.

In reply to a member's question, Ms Brown confirmed that debt capacity was measured against total expenditures, not current asset base. In response to another member's question, Ms Brown confirmed that all debt was fixed rate. The formula that resulted in the debt policy limit assumed future borrowing at a 5.5% fixed rate, and sensitivity analysis was provided in the document that showed the impact on the future debt policy limit of a 6.5% and 7.5% fixed interest rate.

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**b) Status Report on Debt**

Ms Brown reported that she had nothing to add to the Status Report and there were no questions from members.

**c) Moody's Credit Report**

Ms. Brown advised the Board that Moody's had rated the University at AA2 (Stable), which was unchanged from the previous year. She also advised members that Moody's had switched methodologies in their ratings approach and had moved to a global methodology that was more cash-based than the previous methodology.

**8. University of Toronto Health and Safety Policy**

Professor Hildyard reminded the Board that under the Occupational Health & Safety Act the University is required to review its *Health and Safety Policy* on an annual basis. She advised members that as a revision was required, the item would require the endorsement of the Board.

On motion duly made, seconded and carried,

It was Resolved<sup>1</sup>,

THAT the revised University of Toronto Health and Safety Policy, dated January 25, 2016, be approved.

**9. Health and Safety Requirements: Quarterly Report on Compliance**

Professor Hildyard apprised the Board of one incident that had occurred during the last quarter, for which the University had incurred no liability.

There were no questions from members.

**10. Annual Report of the Responsible Investing Committee (RIC), 2014-15**

Ms Brown reminded the Board that the RIC, which was advisory to her in her capacity as CFO, recommended broad principles of responsible investing rather than dealing with specific issues. She informed the Board that the RIC had recently undergone a large turnover in membership and that the new membership was currently reviewing the operation of the RIC.

**11. Reports of the Administrative Assessors**

There were no reports of the Administrative Assessors.

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**OPEN SESSION CONSENT AGENDA**

On a motion duly moved, seconded, and carried

YOUR BOARD APPROVED

THAT the consent agenda be adopted.

**12. Reports of the Previous meetings**

- a) Report Number 222 – November 2, 2015
- b) Report Number 223 – December 10, 2015 (special meeting)

The reports for the previous two meetings were received by the Board.

**13. Business Arising from the Reports of the Previous Meeting**

There was no business arising from the previous reports.

**CLOSING ADMINISTRATIVE ITEMS**

**14. Date of Next Meeting – February 29, 2016**

**The Board Moved *in Camera***

**15. Collective Agreements**

**a) Collective Agreement between the University and IBEW Local 353**

On motion duly moved, seconded and carried

Be it Resolved

THAT employee pension contribution increases, as described in the memorandum from Professor Hildyard, dated January 14, 2016, be approved.

**b) Collective Agreement between the University and UA Local 46**

The collective agreement was received by the Board for information.

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**c) Collective Agreement between the University and SMWIA Local 30**

The collective agreement was received by the Board for information.

**16. Quarterly List of Donations of \$250, 000 or more to the University of Toronto – August 1, 2015 to October 31, 2015**

The quarterly list of donations was received by the Board for information.

**17. *In Camera* Reports of the Administrative Assessors**

Professor Hildyard updated the Board on an ongoing labour matter.

Professor Mabury updated the Committee on a joint initiative between the University and the Federal Government. He also briefly addressed an Ancillary Services matter.

The Board returned to open session.

The meeting adjourned at 7:00 p.m.

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Secretary

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Chair

January 26, 2016

<sup>i</sup> Secretary's Note: Following the meeting it was established that the revised *Policy* required approval by the Governing Council (for consideration at its February 26, 2015 meeting).