

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 227 OF THE BUSINESS BOARD

Thursday, June 16, 2016

To the Governing Council,
University of Toronto.

Your Board reports that it met on Thursday, June 16, 2016 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Ms Jane Pepino (Chair)
Mr. Jeff Collins (Vice-Chair)
Professor Meric Gertler, President
Professor Cheryl Regehr, Vice-President
and Provost
Professor Scott Mabury, Vice-President,
University Operations
Professor Angela Hildyard, Vice-President,
Human Resources and Equity
Ms Sheila Brown, Chief Financial Officer
Mr. Robert G. Boeckner
Mr. David Bowden
Mr. Ian Freedman
M. Sara Gelgor
Mr. Gary D. Goldberg
Professor Avrum Gotlieb
Mr. Paul Handley
Mr. William E. Hewitt
Ms. Zabeen Hirji
Mr. Mark Krembil
Professor Jan Mahrt-Smith
Mr. Brian A. Miron
Ms. Catherine Riddell
Mr. Howard Shearer
Mr. Andrew Szende
Mr. Keith Thomas

Regrets:

Mr. Faizan Sohail Akbani
Mr. Alex Iovic
Ms Claire M.C. Kennedy
Ms Nancy Carolyn Lee
Mr. Brian D. Lawson
Mr. Christopher Thatcher

In Attendance:

Presidential Assessors (Non-Voting)

Mr. Andrew Arifuzzaman, Chief
Administrative Officer, UTSC
Ms Anne E. Macdonald, Director, Ancillary
Services
Mr. David Palmer, Vice-President,
Advancement
Mr. Ron Swail, Chief Operations Officer,
Property Services and Sustainability

Secretariat:

Mr. Patrick McNeill, Acting Secretary

Ms Sheree Drummond, Secretary of the
Governing Council
Mr. Anwar Kazimi, Deputy Secretary of the
Governing Council
Mr. David Walders, Assistant Secretary of the
Governing Council

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Mr. John Switzer, former Governor; Chair, UTAM Board and Acting President and CEO,
UTAM

Ms Elizabeth Cragg, Director, Office of the Vice-President, University Operations

Ms. Catherine Gagne, Chief Administrative Officer, Office of the Vice-President and
Provost

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

Dr. Pierre Piché, Controller and Director of Financial Services

Ms Andrea Russell, Director, Academic Affairs in the Offices of the Vice-Provost,
Academic Programs and the Vice-Provost, Faculty & Academic Life.

Mr. Andrew Salem, Cassels Brock & Blackwell LLP

Mr. Richard Simm, Partner at KPMG

Ms. Archana Sridhar, Assistant Provost

Mr. Daren Smith, Managing Director, Manager Selection & Portfolio Construction, UTAM

ITEMS 1 and 2 ARE RECOMMENDED TO THE GOVERNING COUNCIL FOR APPROVAL.
ALL OTHER ITEMS ARE REPORTED TO THE GOVERNING COUNCIL FOR
INFORMATION.

*Pursuant to section 6.1 of the Business Board terms of reference,
consideration of item 12 took place in closed session.*

*Pursuant to section 33(i) of By-Law Number 2,
consideration of item 13 through 18 took place in camera.*

MAIN THEME: AUDITED FINANCIAL STATEMENTS AND FINANCIAL REPORTS

The Chair welcomed members and guests to the meeting. She noted that the previous day, the Acting Secretary had distributed an *in camera* item to members regarding the Financing Requirement for the University of Toronto Partnerships in Innovation and Entrepreneurship Complex project. This item would be presented to the Board for recommendation and was added to the agenda as item 13b (i). Members consented to the revision of the agenda.

Finally, the Chair reminded members that the motion for item 14 had been revised and had been distributed to members. Discussion of the item would take place during the *In Camera* portion of the meeting.

1. Financial Statements (arising from the meeting of the Audit Committee, June 15, 2016)**a) Audited Financial Statements for the Fiscal Year ended April 30, 2016**

Ms Brown provided introductory remarks, noting that revenues for the year ended April 30, 2016 were \$2.9 billion and expenses were \$2.7 billion for a net income of \$210.6 million. This was a positive result, especially considering the poor investment returns of -0.3%, which were the result of a poor investment market. Revenues had grown by 49.8% since 2007, primarily due to an increase in the numbers of students (there were approximately 16,000 more FTE students currently enrolled in the University than a decade ago). During the same period, expenses had risen by

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49.3%. She also drew members attention to the fact the forecasted financial results were very similar to the actual financial results.

Ms Brown then offered a presentation ([appended to this report](#)) which provided additional granularity to the following main points:

- Revenue and Expenses
- Assets, Liabilities and Net Assets
- Net Assets
- Changes in Net Assets
- Performance of the Long-Term Capital Appreciation Pool
- Endowments
- Financial Results Compared to Forecast

On motion duly made, seconded and carried,

YOUR BOARD RECOMMENDS

THAT the University of Toronto audited financial statements for the fiscal year ended April 30, 2016 be approved.

b) Supplementary Report by Fund April 30, 2016

The Supplementary Report was received by the Board for information. Ms Brown noted that this Report provided financial statement information on a fund by fund basis, including information about residences, which were classified as ancillary operations.

2. Appointment of the External Auditors

Ms Brown reminded members that 2016 was the second audit conducted by Ernst & Young LLP since they had been re-appointed during the 2014 year, following a request for proposals. The University continued to be very satisfied with the work performed by the Ernst & Young LLP team and the relationship that had been fostered between Ernst & Young LLP and the University. She also noted that the Audit Committee had, at its meeting on June 15, 2016, conducted a review of the auditors and that the review had been very favourable. She expressed unqualified support for the reappointment of the external auditors.

A member of the Audit Committee confirmed that at its meeting on June 15, 2016, the Committee had recommended to the Business Board the appointment of Ernst & Young LLP.

On motion duly made, seconded and carried,

YOUR BOARD RECOMMENDS

- 1) Ernst & Young LLP be re-appointed as external auditors of the University of Toronto for the fiscal year ending April 30, 2017;

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- 2) Ernst & Young LLP be re-appointed as external auditors of the University of Toronto pension plan for the fiscal year ending June 30, 2017.

3. Debt Policy Limit, Debt Allocations, Outstanding Debt Issued and Status of the Long Term Borrowing Pool to April 30, 2016

Ms Brown explained that the Report, which was an annual item presented to the Board for information, provided an update on the total debt policy limit; the actual debt burden ratio and the viability ratio; as well as an update of the status of the long-term borrowing pool. The Long Term Borrowing Pool was a self-imposed sinking fund that the University was maintaining to repay debentures when they matured (expected to occur between 2031-2053).

OTHER ITEMS**4. Revision to the Business Board Terms of Reference (Section 5.1(c))**

Ms Brown informed the Board that the Investment Advisory Committee (IAC) had been changed to an Investment Committee (IC), with a strengthened role to work more directly with the UTAM Board and UTAM management staff on behalf of the President. The new IC would have a membership of six people (instead of the IAC membership of eight) and these individuals would provide direct input to UTAM staff as they carried out their duties. She also noted that in terms of reporting, the Business Board would not realize any difference between the IAC and the IC.

In reply to a member's question, President Gertler said that as had been the case with the IAC, he would also rely on the advice of the IC regarding investment strategy.

5. Provostial Guidelines for Academic Divisions on Contracts

Professor Regehr informed the Board that the overarching purpose of the *Guidelines*, which was intended as a supplement to the *Policy on Approval and Execution of Contracts and Documents*, was to reduce the risk associated with contracts and agreements entered into by academic divisions and units on behalf of the University. The *Guidelines* encouraged divisions to assess the types of contracts and agreements they would likely enter in the normal course of business. Divisions were then encouraged to develop their own processes based on the *Guidelines*. To date, two divisions – Rotman School of Management and the Ontario Institute for Studies in Education (OISE) – had developed their own guidelines and these had been duly approved by the Office of the Vice-President and Provost. Professor Regehr acknowledged the work of the Assistant Provost, Ms Archana Sridhar, in the development of the *Guidelines*, and in working with divisions on implementation of these *Guidelines*.

6. Employment Equity Survey 2016

Professor Hildyard offered a presentation, which is [appended to this report](#), on the Employee Equity Survey, which highlighted the following main points:

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- The importance of the Survey, as it allowed for an analysis of the University's workforce composition; and enabled this information to be compared to the external market data. It also followed the principles set out in the Federal Contractor's Program.
- The evolution of the survey and key changes since its creation in 1986 were outlined. Among the most significant changes included those surrounding self-identification concerning race and ethnicity.
- The survey, which would be officially launched in the coming week, would be one of the most comprehensive survey of its kind in North America.
- Questions on the survey would also be used by the University in collecting data regarding applicants for positions, though this information would not be communicated to those related to the hiring of potential employees.

Members asked questions concerning the way in which the data, once collected, would be used; as well, whether there were any plans to undertake other similar initiatives to increase the diversity of the University's workforce. In reply, Professor Hildyard noted that the data would only be used on a going-forward basis and was not intended to provide a retrospective comparison of the way in which employees had self-identified in the past. The survey was intended as a valuable tool to assess the diversity of the University's workforce and to take appropriate action where a lack of diversity existed. This included a commitment to encourage, to the extent possible, diversity among potential future employees who would apply for jobs at the University.

Professor Regehr confirmed that there were initiatives underway across the University to train senior staff and board and committee Chairs on unconscious biases. She also confirmed that an initiative which had specifically focussed on hiring faculty from under- represented groups had resulted in the recent hiring of twenty outstanding and diverse faculty members.

7. Reports of the Administrative Assessors

There were no Reports of the Administrative Assessors.

OPEN SESSION CONSENT AGENDA

On a motion duly moved, seconded and carried

YOUR BOARD APPROVED

THAT the consent agenda be adopted.

8. Report of the Previous Meeting – Report Number 226 – April 5, 2016

The Report of the previous meeting was approved.

9. Business Arising from the Report of the Previous Meeting

There was no business arising from the Report of the previous meeting

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10. Status Report on Debt to May 31, 2016

The Status Report was received by the Board.

CLOSING ADMINISTRATIVE MATTERS

11. Date of the Next Meeting – Monday, September 26, 2016 at 5:00 p.m. (Orientation from 4:00 – 5:00 p.m.)

The Chair advised members that the date of the next meeting was Monday, September 26, 2016 at 5:00 p.m. and noted that there would be a one-hour orientation session prior to the meeting.

The Board moved *In Camera*

CLOSED/IN CAMERA SESSION

Pursuant to section 6.1 of the Business Board terms of reference, consideration of item 12 took place in closed session.

Pursuant to section 33(i) of By-Law Number 2, consideration of item 13 through 18 took place in camera.

12. Quarterly Report on Gifts and Pledges over \$250,000, February 1, 2016 to April 30, 2016

The Quarterly Report was received by the Board for information.

13. Capital Projects

a) Lab Innovation for Toronto (LIFT) Project

i. Financing Requirement

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President of University Operations, as outlined in the memorandum dated June 1, 2016, regarding the financing of the Lab Innovation for Toronto (LIFT) Project.

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13. Capital Projects (continued)

ii. Execution of Project

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President of University Operations, as outlined in the memorandum dated June 1, 2016, regarding the execution of the Lab Innovation for Toronto (LIFT) Project

b) University of Toronto Partnerships in Innovation and Entrepreneurship Complex

i. Financing Requirement

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President of University Operations, as outlined in the memorandum dated June 15, 2016, regarding the financing of the University of Toronto Partnerships in Innovation and Entrepreneurship Complex.

ii. Execution of Project

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President of University Operations, as outlined in the memorandum dated June 1, 2016, regarding the execution of the University of Toronto Partnerships in Innovation and Entrepreneurship Complex.

c) McLennan Physical Laboratories Renovation – Undergraduate Labs Year 1

i. Execution of Project

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President of University Operations, as outlined in the memorandum dated June 1, 2016, regarding the execution of the McLennan Physical Laboratories Renovation – Undergraduate Labs Year 1.

13. Capital Projects (continued)

d) Recreation Wing (R-Wing) Renovation and Expansion "Highland Hall" University of Toronto Scarborough

i. Revised Total Project Cost

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President of University Operations, as outlined in the memorandum dated June 1, 2016, regarding the revised total project cost of the Recreation Wing (R-Wing) Renovation and Expansion "Highland Hall", University of Toronto Scarborough.

ii. Execution of Project

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President of University Operations, as outlined in the memorandum dated June 1, 2016, regarding the execution of the Recreation Wing (R-Wing) Renovation and Expansion "Highland Hall" University of Toronto Scarborough.

e) One Spadina Crescent - John H. Daniels Faculty of Architecture, Landscape and Design

i. Revised Total Project Cost

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President of University Operations, as outlined in the memorandum dated June 1, 2016, regarding the revised total project cost of the One Spadina Crescent - John H. Daniels Faculty of Architecture, Landscape and Design

13. Capital Projects (continued)**ii. Execution of Project**

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President of University Operations, as outlined in the memorandum dated June 1, 2016, regarding the execution of the One Spadina Crescent - John H. Daniels Faculty of Architecture, Landscape and Design

14. Letter of Intent: University of Toronto and the Daniels Corporation (Student Residence - Spadina and Sussex Avenues (Project))

Professor Mabury made a presentation on the proposed mixed-use development project. He stated that a *Letter of Intent* had been developed that would provide the means for the partnership to design, manage and construct the project. The Vice-President also highlighted the set of formative principles that had guided the development of the project and the consultation process that had been underway.

In response to a request by the Chair on behalf of the Board, Professor Mabury confirmed that he would seek further authority from the Business Board, as appropriate, should there be any material changes to the *Letter of Intent* (and accompanying Schedules) for the proposed development of the Spadina and Sussex Avenues Mixed Use Student Residence Project, between the University and the Daniels Corporation.

On motion duly made, seconded and carried

YOUR BOARD APPROVED

THAT the Vice-President, University Operations be given authority to negotiate and execute the Letter of Intent – Proposed Development of the Spadina and Sussex Mixed Use Student Residence Project (and accompanying Schedules), between the University of Toronto and the Daniels Corporation dated June 2016.

THAT the Vice-President, University Operations will provide regular updates on the Spadina and Sussex Mixed Use Student Residence Project to the Business Board and will report back to the Business Board, as appropriate, once the total financial implications of the Project become known.

15. Collective Agreement between the University and the Canadian Union of Public Employees, Local 1230 (Casual), July 1, 2014 to June 30, 2017

Professor Hildyard informed the Board about the Collective Agreement between the University and CUPE, Local 1230 (Casual).

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16. Compensation increases for Professional, Managerial and Confidential staff; Advancement Professionals; Senior Research Associates and Research Associates

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The compensation increases and benefits for Professional , Managerial and Confidential Staff, Advancement Professionals and Senior Research Associates/Research Associates, as outlined in the memorandum from President Meric Gertler, dated May 12, 2016.

17. Report of the Striking Committee: Co-opted Membership of the Business Board and the Audit Committee for 2016-17

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendations contained in the Report of the Striking Committee: Co-opted Membership of the Business Board and the Audit Committee for 2016-17 from the Chair.

Business Board

THAT Mr. Ben Coleman be appointed to the Business Board as a co-opted student member for a one-year term from July 1, 2016 to June 30, 2017;

THAT Mr. Paul Handley be re-appointed to the Business Board as a co-opted administrative staff member for a one-year term from July 1, 2016 to June 30, 2017;

THAT Ms Sara Gelgor be re-appointed to the Business Board as co-opted lay member for three-year terms from July 1, 2016 to June 30, 2019; and

THAT Mr. Andrew Binkley be appointed to the Business Board as co-opted lay member for three-year terms from July 1, 2016 to June 30, 2019; and

Audit Committee

THAT the following be appointed as co-opted members of the Audit Committee for one-year terms from July 1, 2016 to June 30, 2017:

- Mr. Robert Boeckner
- Ms Kathryn A. Jenkins
- Ms Penelope Somerville
- Mr. Chris Thatcher

THAT Mr. Brian Lawson be appointed Chair of the Audit Committee and Ms Janet Ecker be appointed Vice-Chair of the Audit Committee for one-year terms from July 1, 2016 to June 30, 2017.

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18. *In Camera* Reports of the Administrative Assessors (*oral reports*)

Professor Hildyard updated the Board on four matters: recent developments concerning Jointly Sponsored Pension Plans; a labour matter related to recent changes concerning food service at the University; the resolution of a labour matter, and; the University's response to a recent security concern on the St. George Campus.

The Board returned to open session.

The Chair thanked members for their attendance and participation in the Board meeting, offering a special thanks to the Vice-Chair, Senior Assessor, Voting Assessors, outgoing members and the Secretariat. She also expressed special thanks to Mr. William E. Hewitt has been a co-opted member of the Board since 2013.

The meeting adjourned at 8:05 p.m.

Acting Secretary

Chair

June 17, 2016