

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 228 OF THE BUSINESS BOARD

Thursday, September 22, 2016

To the Governing Council,
University of Toronto.

Your Board reports that it met on Thursday, September 22, 2016 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Ms Claire Kennedy (Chair)
Mr. Jeff Collins (Vice-Chair)
Ms Jane Pepino, Vice-Chair of the
Governing Council
Professor Scott Mabury, Vice-President,
University Operations
Professor Angela Hildyard, Vice-President,
Human Resources and Equity
Ms Sheila Brown, Chief Financial Officer
Mr. Mohammad Amin
Mr. Andrew Binkley
Mr. Robert G. Boeckner
Mr. David N. Bowden
Dr. Catherine Bragg
Mr. P.C. Choo
Mr. Ben Coleman
Ms Sara Gelgor
Mr. Gary D. Goldberg
Dr. Avrum Gotlieb
Mr. Paul Handley
Professor Jan Mahrt-Smith
Mr. Brian A. Miron

Mr. Howard Shearer
Mr. Bruce Winter

Presidential Assessors (Non-Voting)

Mr. David Estok, Vice-President,
Communications
Professor Cheryl Regehr, Vice-President and
Provost
Professor Edward (Ted) Sargent, Vice-
President, International
Mr. Ron Swail, Assistant Vice-President,
Facilities and Services
Mr. Gilbert Delgado, Chief, Planning, Design
and Construction
Mr. Paul Donoghue, Chief Administrative
Officer, UTM
Ms Sally Garner, Executive Director, Planning
and Budget

Secretariat:

Ms Sheree Drummond, Secretary of the
Governing Council
Mr. Patrick F. McNeill, Secretary

Regrets:

Mr. Preet Banerjee
Mr. Ian Freedman
Ms Zabeen Hirji
Mr. Mark Krembil
Mr. Nykolaj F. Kuryluk
Mr. Christopher Thatcher
Mr. Keith Thomas

In Attendance:

Ms Allison Burgess, Sexual & Gender Diversity Officer
Mr. Tad Brown, Senior Legal Counsel, Office of the Vice-President, Advancement
Ms Sandra Carnegie-Douglas, Anti-Racism & Cultural Diversity Officer
Professor Susan Christoffersen, Vice-Dean, Undergraduate and Pre-experience Programs
Rotman School of Management
Ms Elizabeth Cragg, Director, Office of the Vice-President, University Operations
Dr. Nicholas Dion, Senior Projects Officer, Office of the Vice-President & Provost
Ms Rosalyn Figov, Director, Operations and Finance, Office of the Vice-President
Human Resources and Equity
Professor Kelly Hannah-Moffat, Interim Dean and Acting Vice-Principal, University of Toronto
Mississauga (UTM)
Mr. Yasir Mallick, Director, Manager Selection & Portfolio Construction, University of
Toronto Asset Management (UTAM)
Mr. Geoff Matus, Co-Chair, Investment Committee
Mr. Trevor Rodgers, Associate Director, Planning & Budget
Mr. Daren Smith, President and Chief Investment Officer, UTAM

ITEM 7 IS 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 17-19 were considered in camera.*

OPEN SESSION

1. Introductions and Chair's Remarks

The Chair welcomed members and guests to the meeting.

With the support of the Board, *In Camera* Item 19 regarding the Collective Agreement: University of Toronto and CUPE Local 3902 (Unit 3) – Appendix B-2 (September 1, 2014 – August 31, 2017), was added to the agenda as an information item.

On behalf of the Chair of the Governing Council, Ms Pepino expressed thanks to Board members for volunteering to serve the University through governance; and for their commitment to advance and uphold the University's mission. She commented that over the course of the governance year members would be asked to consider proposals brought forward by the administration on matters of a financial nature and beyond; and to provide oversight on items as required by policies.

Recognition of Professor Hildyard

The Chair expressed the special gratitude of the Board to Professor Angela Hildyard for the fifteen years of service that she had provided as a Voting Assessor to the Board. Professor Hildyard would be completing her role as Vice-President, Human Resources and Equity effective September 30, 2016. The Chair remarked that, through her strong leadership, Professor Hildyard had championed many important initiatives, particularly in the area of equity, that had enhanced the overall experience and well-being of

all faculty, staff and students; and, that she had demonstrated a profound respect and commitment to the University's values and goals.

The Chair stated that the Board would miss her regular presence at meetings and spoke for all members in wishing Professor Hildyard the very best. Members applauded.

2. Approvals Under Summer Executive Authority

The Chair reported that there were no approvals under summer executive authority within the purview of the Business Board.

3. Calendar of Business, 2016-17

The Chair noted that the Calendar of Business, which was organized thematically so that related items of business could be brought to the same meeting, would be updated on-line every Friday.

MAIN THEME: INVESTMENTS AND THE ENDOWMENT

4. Investments: Semi-Annual Update on Investment Performance to June 30, 2016

The Chair and Ms Brown extended congratulations to Mr. Daren Smith, the new President and Chief Investment Officer of UTAM. The Chair welcomed Mr. Geoff Matus, Co-Chair of the Investment Committee.

Ms Brown reported that there were three pools of funds that UTAM manages: the expendable funds investment pool (EFIP) which included operating, ancillary, expendable donations, capital and research funds; a long-term capital appreciation pool (LTCAP), which included funds invested for the long-term, including, predominantly endowments, and; the Pension Master Trust (PMT). Each investment pool had its own risk profile, target return and investment strategy. She also noted that EFIP and LTCAP had a May to April fiscal year, and that the PMT had a July to June fiscal year. All funds were under the management of the University of Toronto Asset Management Corporation (UTAM), which itself had a January to December fiscal year.

Mr. Matus briefly described the role of the Investment Committee (IC) and noted that it was actively involved in developing the reference portfolio and the investment risk and return objectives for PMT and LTCAP.

Mr. Smith proceeded to offer a presentation highlighting the following key points related to investment performance for LTCAP, EFIP and PMT for periods ending June 30, 2016 (all performance numbers are net of all investment fees and expenses):

- Total assets increased by 3.6% year over year while the longer term Pension and LTCAP assets increased by 0.8% in aggregate;
- Actual LTCAP and Pension returns were below the University's target return over the last 1 year and year-to-date (YTD), but above target over the past 5 years;
- EFIP returns were above target for all periods up to 5 years;
- Capital market returns were quite low over the last year as reflected in the reference portfolio return of 0.55%;

- UTAM active management had added some value over the last year compared to the reference portfolio (0.23% for LTCAP and 0.14% for PMT); but not enough to make up for the difficult capital markets environment and achieve the University's target return.

Mr. Matus noted that the IC was focused on longer term results and was not concerned by short-term underperformance.

Mr. Smith added that a revised reference portfolio, which represents the policy benchmark, had been approved in June. The first stage of the transition to the revised portfolio had taken place at the end of June 2016 with a modest adjustment of regional allocations consisting of a 2% reduction in Canadian equity, a 1.5% increase in USA equity,; and a 0.5% increase in Global equity (a new equity asset class); the remainder of the transition would occur at the end of September and December 2016.

Members asked questions regarding foreign exchange hedging and related currency exposures; and invited comment from the University on how it thinks about foreign exposure in its general assets and liabilities.

Mr. Smith noted that the revised reference portfolio included a lower hedging ratio for US equities and International equities (EAFE) of 50% from the previous 65%, and no hedging for Global equities. The change in the hedging ratio was implemented on September 30, 2016.

Ms Brown stated that the University's day-to-day operations were viewed completely separate from the functions of UTAM when it related to managing foreign exchange exposure in the three investment pools. The Provost added that foreign exchange fluctuations (i.e. the value of the Canadian dollar versus other currencies) was taken into consideration when setting the operating budget. The allocation of funds for the purchase of Journals by the Library was one such example since most publications were purchased from the USA.

The Chair thanked Mr. Smith and his team for their report.

5. Endowment Annual Financial Report for the Year Ended April 30, 2016

Ms Brown noted that this annual report, prepared primarily for major donors, summarized the financial status of endowments collectively. She reported that the slight reduction in the total value of endowments had resulted from an investment return of -0.3% for the 2015-16 year, net of investment fees and expenses, as compared to an investment return of 15.0% for 2014-15, also net of investment fees and expenses.

In accordance with the University's *Preservation of Capital Policy*, Ms Brown stated that the strategy had was to not spend everything earned through the investment of funds in years when investment markets were good. In favourable years, such as 2014-15, funds in excess of the spending allocation were set aside and re-invested to provide a reserve to fund the spending allocation in years, such as 2015-16, when investment markets were poor.

There were no questions from members.

OTHER ITEMS

6. Status Report on Debt to August 31, 2016

Ms Brown reported that the University had a debt strategy focused on affordability of debt, whereby the debt policy limit was the maximum debt that can be taken on based on a debt burden ratio of 5% (interest plus principal divided by total expenditures). The debt policy limit included both internal and external debt and actual debt outstanding was also a combination of external and internal debt. External debt was supported by investment grade credit ratings (Moody's Investors Service Aa2 Stable, Standard & Poors AA+ Stable, Dominion Bond Rating Service AA Stable).

The Report was received by the Board for information.

7. Revision of 2016-17 Domestic Tuition Fee for the Master of Financial Risk Management program - Rotman School of Management; and transfer of fee from self-funded tuition fee schedule to publicly-funded tuition fee schedule

Ms Sally Garner, Executive Director, Planning and Budget, presented some background with respect to the change in the domestic tuition fee for the Master of Financial Risk Management. She noted that the University had welcomed the notification from the Ministry of Advanced Education and Skills Development (MAESD) of approval of the new program as a publicly-supported program.

YOUR BOARD RECOMMENDED TO THE GOVERNING COUNCIL

THAT the 2016-17 domestic tuition fee for the Master of Financial Risk Management, as outlined in the memo dated September 7, 2016 by Professor Cheryl Regehr, Vice-President and Provost, be approved.

8. Health and Safety: Quarterly Reports on Compliance

(a) April 1, 2016 - June 30, 2016

(b) July 1, 2016 - September 30, 2016

The Reports were received by the Board for information. There were no questions from members.

9. Presentation: Update on Sexual Violence Action Plan

Professor Hildyard reported on *Bill 132*, Ontario's new sexual violence and harassment legislation, which was passed in March 2016; the new legislation had set out timeframes for universities to establish sexual violence policies by January 1, 2017.

The new legislation and accompanying draft regulations from MAESD required all Ontario universities to provide training to faculty, staff, students and other members of the community on sexual violence prevention, and the policies and processes that would be required to be in place to prevent and respond to it.

The Vice-President, Human Resources and Equity provided an update on the University's development of a *Sexual Violence Action Plan*. It was comprised of the following components:

- creation of a new policy on sexual violence which included continued public consultation and information sessions prior to being presented for final approval by the Governing Council at its December 15, 2016 meeting;
- review of existing policies, including *Policy on Workplace Harassment* and *Policy on Workplace Violence*;
- creation of a Sexual Violence Prevention and Support Centre to be led by a new Executive Director, Personal Safety, High Risk and Sexual Violence Prevention and Support;
- creation of a campus climate survey, as required by legislation; and,
- continued tri-campus coordination and updating of education and prevention training for faculty, staff, students, and others.

Professor Hildyard presented the proposed *Policy* highlights which included the following:

- definition of sexual violence in the legislation included sexual harassment – the proposed *Policy* borrows that definition;
- one *Policy* for all students, staff, and faculty;
- *Policy* applies to incidents on-campus, off-campus, and online;
- complainant has options on how to proceed;
- no mandatory mediation – under the proposed *Policy*, mandatory resolution would only be used if both parties chose it;
- procedural fairness for the respondent.

In response to members' questions and comments, the Professors Hildyard and Regehr stated the following:

- complainants would retain autonomy under proposed *Policy* to proceed under the *Ontario Human Rights Code* and/or *Criminal Code* (support to complainants by University would continue to be provided);
- proposed *Policy* dealt with many other issues including sexual violence and the distinction between disclosure and reporting (again, support to complainants by University would continue to be provided in all stages of the *Policy* and processes);
- a separate expert panel had been formed to explicitly deal with prevention and education on the issue of sexual violence;
- proposed *Policy* would include provisions that were unique in terms of “jurisdiction” (e.g. off-campus activities involving members of the University community would be addressed under the proposed *Policy*); and “due process” (e.g. the proposed policy would include clearly identified processes for both complainants and respondents);
- University was mindful of the resources required to implement the action plan, including the hiring of additional staff positions to be supported centrally; and,
- like all other Ontario post-secondary institutions, the University was legally obligated to adopt a policy by January 1, 2017.

Professor Hildyard stated that presentations on the *Sexual Violence Action Plan* would be made throughout Cycle 1 at other governance bodies, and that October 12th was the deadline to respond to the online consultation portal: consultations.students.utoronto.ca

10. Amendment to the Policy with Respect to Workplace Harassment (dated May 13, 2010)

Professor Hildyard reported that recent changes to the *Occupational Health and Safety Act* in Ontario's Bill 132 had also required universities to revise existing policies concerning workplace harassment. These changes were required by September 8, 2016 and involved expanding the definition of workplace harassment to include workplace sexual harassment.

The University's policy had been updated and posted. In addition, the *Human Resources Guideline on Civil Conduct* and the *Guideline for Employees on Concerns and Complaints Regarding Prohibited Discrimination and Discriminatory Harassment* had also been updated to reflect the changes in the *Act*.

11. Report on Capital Projects as of August 31, 2016

The Report on Capital Projects as of August 31, 2016 was received for information.

12. Reports of the Administrative Assessors

Update – Lab Innovation for Toronto (LIFT) Project

Professor Mabury provided members with an update on the recent allocation of funds to support the Lab Innovation for Toronto (LIFT) project. The University had received \$83.7 million under the Federal Government's Post-Secondary Institutions Strategic Innovation Fund (SIF) program and \$14.3 million in funds from the Provincial Government's Facilities Renewal Program. The total project costs for LIFT had remained at \$189.8 million – the divisions would be responsible for the difference in government funding support. All projects were in motion and involved the renovation of 546 labs located in 16 buildings across 9 divisions on all three campuses.

Professor Mabury stated that a project manager had been hired to work specifically with the Faculty of Medicine and the Faculty of Arts and Science. In addition, a project coordinator would be contracted to keep track of progress of the entire project and ensure that time-lines would be met over the next year and a half. The completion deadline established by the Province was April 30, 2018.

Professor Mabury stated that he would be making regular updates.

OPEN SESSION CONSENT AGENDA

On a motion duly moved, seconded and carried

YOUR BOARD APPROVED

THAT the consent agenda be adopted.

13. Report of the Previous Meeting

Report number 227, from the meeting of June 6, 2016, was approved.

14. Business Arising from the Report of the Previous Meeting

There was no business arising from the report of the previous meeting.

CLOSING ADMINISTRATIVE MATTERS

15. Other Business

No other business was raised.

16. Date of the Next Meeting – Thursday, November 17, 2016

The Chair advised members that the next meeting would be held on November 17, 2016:

- a) Orientation (Part II) at 4:00 p.m.
- b) Meeting at 5:00 p.m.

The Board moved *In Camera*

CLOSED/IN CAMERA SESSION

17. Closed Session Reports of the Administrative Assessors

Ms Brown updated the Board on recent developments concerning Jointly Sponsored Pension Plans and provincial initiatives.

Professor Mabury updated the Board on the capital project for the John H. Daniels Faculty of Architecture, Landscape and Design.

**18. Quarterly List of Donations of \$250,000 or more to the University of Toronto:
May 1, 2016 – July 31, 2016**

The Quarterly Report was received by the Board for information.

**19. Collective Agreement: University of Toronto and CUPE Local 3902 (Unit 3) –
Appendix B2 (September 1, 2014 – August 31, 2017)**

The collective agreement was received by the Board for information.

The Board returned to open session.

The meeting adjourned at 7:04 p.m.

Secretary

Chair

September 28, 2016