

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 244 OF THE BUSINESS BOARD

Monday, February 4, 2019

To the Governing Council,
University of Toronto.

Your Board reports that it met on Monday, February 4, 2019 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Keith Thomas (Chair)
Scott Mabury, Vice-President, Operations
and Real Estate Partnerships
Kelly Hannah-Moffat, Vice-President,
Human Resources & Equity
Sheila Brown, Chief Financial Officer
Preet Banerjee
David Bowden
Harvey T. Botting
Sara Gelgor
Gary D. Goldberg
Sue Graham-Nutter
Ian Peter Hutson
Mala Kashyap
Jan Mahrt-Smith
Brian A. Miron*
**via conference call*

John Paul Morgan
Chris Thatcher
Bruce Winter

Non-Voting Assessors:

David Estok, Vice-President, Communications
David Palmer, Vice-President, Advancement
Edward (Ted) Sargent, Vice-President, International
Trevor Rodgers, Assistant Vice-President,
Planning and Budget
Gilbert Delgado, Chief, Planning, Design
and Construction
Saher Fazilat, Chief Administrative Officer, UTM
Ron Saporta, Chief Operations Officer,
Property Services & Sustainability

Secretariat:

Patrick F. McNeill, Secretary

Regrets:

Andrew Binkley
Robert G. Boeckner
P.C. Choo
Avrum Gotlieb
Mark Krembil
Brian Lawson
Price Amobi Maka

In Attendance:

Professor Vivek Goel, Vice-President, Research & Innovation
Althea Blackburn-Evans, Executive Director, Communications Strategy and
Stakeholder Relations
Gwen Burrows, Executive Director, Office of the Vice-President, International
Elizabeth Cragg, Director, Office of the Vice-President, University Operations

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In Attendance continued:

Rosalyn Figov, Chief Operations Officer, Office of the Vice-President Human Resources and Equity (VPHRE)

Erin Lemon, Executive Director, Communications and Public Engagement

Daren M. Smith, President and Chief Investment Officer, UTAM

ITEM 12 AND *IN CAMERA* ITEM 19(b) WERE APPROVED. *IN CAMERA* ITEM 19(a) 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. Chair's Remarks

The Chair welcomed members and guests.

2. Application of Inventions Revenue to the Drucker Family Innovation Fund

The Chair stated that the Business Board had responsibility for review from time to time of the asset allocation for the investment of University funds.

Professor Vivek Goel, Vice-President, Research & Innovation, reported on the application of invention revenues to the Drucker Family Innovation Fund. He noted that the income generated by the Fund would support an annual competition open to faculty members across all divisions of the University affiliated with the Banting and Best Diabetes Centre and faculty members in the Department of Medicine at Mount Sinai Hospital and University Health Network (UHN).

Professor Goel acknowledged the generous support of Professor Daniel Drucker, the Departments of Medicine, and Laboratory Medicine and Pathobiology, to help establish the endowment fund.

3. Annual Report: Vice-President, International, 2017-2018

Professor Ted Sargent, Vice-President, International offered a [presentation](#), which included a progress report focused on four areas within the *International Strategic Plan 2017 - 2022*. He reminded members that the aim of the plan was to broaden and deepen the University's global activities with improved engagement opportunities for students, global research partners, and expanded alumni outreach.

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Annual Report: Vice-President, International continued:

Highlights of Professor Sargent's presentation included the following:

Student Recruitment

- goal was to increase competitive applications from a diverse set of countries, and to increase the rate (conversion) at which top applicants to the University accepted our offers;
- had made greater progress in some countries over others (i.e. exceeded targets in India and Middle East, but not USA); and
- when registered students' data was viewed in aggregate, the University was tracking well on its diversity goals.

Student Mobility

- continued increase of students participating in *Learning Abroad* program from 20% in 2017-18 to 22% in 2018-19 – on target to meet 30% by 2022 (supported by various initiatives including increased funding, communications roll out and launch of learning abroad website).

Academic Partnerships

- continued to leverage complementary research strengths with other highly ranked international institutions;
- 5 International Doctoral Clusters approved in 2018-19 with other leading institutions globally (i.e. Hong Kong University of Science & Technology (HKUST), Goethe University and others) – now 8 IDCs in total with several in pipeline;
- developed 7-8 Key global alliances with universities such as National University of Singapore (NUS), University College London (UCL), HKUST and Oxford; and
- in the coming year, U of T planned to establish a Centre in Mumbai, supported with a large six year Tata Trusts grant.

Alumni engagement

- 4 International Leadership Councils created in Asia, East Coast US, West Coast US and European Union (including UK); and also engaging UofT expertise through 7 President's International Councils; and
- added Business Development Officer and Director Partnership positions in Shanghai, China.

Reputation and Brand

- after 2 quarters: placed 5th on Op Eds (125% of goal); 66% to 2018-19 goal of increase the number of earned stories in all international outlets from 79 in 2017-18 to 95 in 2018-19 with 63 earned stories; and, 94% to 2018-19 goal of increase in the number of earned stories (in priority outlets from 30 in 2017-18 to 36 in 2018-19 with 34 earned stories); and

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Annual Report: Vice-President, International continued:

- 12 priority international outlets are New York Times; Wall Street Journal; Washington Post; Boston Globe; The Economist; The Times of London; BBC; The Guardian; Times of India; Hindustan Times; Al Jazeera; and Reforma.

In response to members' comments and questions, Professor Sargent stated the following:

- the University's goal to increase international student enrolment centers around the enhancement of the student experience (both international and domestic) and the advancement of the University's academic mission;
- metrics continue to be used to inform where recruitment effort should be focused (i.e. U of T investing in India to engage high school students and their parents – positive results); and
- international enrolment is also driven by other academic considerations, including the ability of graduates to become gainfully employed and remain in Canada.

The Chair expressed thanks to Professor Sargent and his team for the ongoing international initiatives and efforts, especially as they related to reputation building and branding by delivering U of T's story around the world. Professor Sargent stated that his team continued to work closely with the VP Communications group to accomplish these aims

4. Annual Report: Vice-President, Communications, 2017-2018

David Estok, Vice-President, Communications, introduced those members of the University Communications team (UTC) who were present and thanked them for their dedicated work associated with the continued success of implementing the Communications Strategy. He then offered a [presentation](#) on the Annual Report of the VP, Communications, which included an overview of the reorganized portfolio, highlights of key accomplishments and activity in 2017-18, with a focus to support the *President's Three Priorities*.

Mr. Estok highlighted the following:

- UTC was committed to focusing its work on a "*One University; Three Campuses*" approach based on best practices for branding and marketing across all three campuses;
- initiative undertaken for the realignment of the content hub to support the brand hub so that storytelling would help to illustrate U of T's brand attributes and focus on finding and promoting the best stories about U of T's global impact;
- U of T earned the greatest share of coverage in Canada (23%), among the set of universities tracked, based on 3rd-party media monitoring;

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- U of T social media: largest Facebook following in Canada (426K followers), two institutional Twitter accounts (81K followers), award-winning Instagram account (80K followers) – total followers for institutional accounts up nearly 50% since 2015;
- a reimagined *U of T Magazine* reached 350,000 readers, in print and online;
- U of T was a founding member of *Conversation Canada*, launched June 2017 – the site brought together academics and journalistic editors to provide the public with an independent source of news and views;
- previous year statistics with *Conversation Canada*: 72 U of T authors published 99 articles; U of T articles earned 1.75M page views; and 76% of U of T authors' page views came from outside Canada; and
- an Internal Communications Strategist was recruited, who would undertake an audit and needs assessment to improve internal communications;

Mr. Estok referred to the [UTC Key Accomplishments 2017-2018](#) document and [Appendix](#) which provided a more in-depth overview of the various initiatives and accomplishments of the portfolio. Estok referred to the *UTC Key Accomplishments 2017-2018* document and Appendix - UTC Activity Report 2017-18, which provided a more in-depth overview of the various initiatives and accomplishments of the portfolio. He stated that much remained to be done, but that U of T had regained its reputation as the leading university in Canada in media relations.

The Chair expressed thanks to Mr. Estok and his team for their ongoing efforts to tell the U of T story.

5. Annual Report: Deferred Maintenance, 2018

Ron Saporta, Chief Operations Officer, Property Services & Sustainability presented the [annual report](#) on deferred maintenance.

Mr. Saporta explained that the Ministry of Training, Colleges and Universities (MTCU) had mandated changes to the Facilities Condition Assessment Program (FCAP) that allowed standardization of reporting within both the University and College sector. As a result of the changes, and as anticipated, the reported deferred liability increased as the changes have been rolled out. He added that the auditing frequency of Universities would move from every 7 years to every 5 years that will result in a more up to date data for the University sector.

He reported that the University's total deferred maintenance liability on academic and administrative buildings presently stood at \$831M. As with previous reports, the vast majority of deficiencies were still focused at St. George with \$689M, or 83% of the total liability. Across all three campuses, the University's Facility Condition Index (FCI) had increased to 15.2%, an increase of 1.8% over last year.

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Mr. Saporta stated that while the volume of deferred maintenance items had increased at St. George, it was important to note that the highest priority repairs, priority one, remained relatively flat over the past seven years. This stability was the result of significant direct internal and Provincial Facilities Renewal Program (FRP) funding combined with the indirect impact of several capital building renovation projects and building energy retrofits financed through the Utilities Reduction Revolving Fund (URRF). Despite the sizable estimated cost of this liability, significant improvements had been achieved over the past decade to the fundamental elements of the portfolio of buildings on campus. He added that the University had adequately maintained its buildings and minimized, although not eliminated, the chance of an unforeseen problem having major consequences to the University's mission and operating budget.

In response to members' comments and questions, Professor Mabury and Mr. Saporta stated the following:

- the University continued to leverage funding with various Provincial and Federal programs (i.e. Strategic Innovation Fund (SIF) which supported over \$200M in retrofitting of labs across all three campuses) to address deferred maintenance needs;
- as part of institutional decision making, Deans across all three campuses continued to identify priorities and allocate more funds to address deferred maintenance;
- the University aimed to achieve a steady state funding level of \$28.7M – the annual investment target as identified by the FCI.

In response to a member's comment regarding messaging, Mr. Estok reported on the recent story of the on-going restorations to Convocation Hall, which showed the importance of re-investment in deferred maintenance and the University's commitment to heritage preservation.

The Chair extended congratulations on the comprehensive data collection and reporting on deferred maintenance which would help the University in the long-run in its planning and prioritizing of projects.

6. Capital Projects Report to December 31, 2018

The Board received a [presentation](#) on the capital projects report to December 31, 2018 from Gilbert Delgado, Chief, Planning, Design and Construction. The presentation included a comprehensive list of capital projects under construction and in design; as well as an analysis of the Greater Toronto Area construction market as it related to labor supply and demand. Mr. Delgado also referenced construction program enhancements now undertaken by the University – this included a project management peer review approach through all phases of design and construction.

Professor Mabury commented that the construction market in the GTA presented challenges to the University's current and planned construction needs. The additional information presented to the Board represented a more transparent set of data and information on construction activity across all three campuses.

REPORT NUMBER 244 OF THE BUSINESS BOARD – Monday, February 4, 2019**7. Reports on Debt:****(a) Debt Strategy - Annual Review**

Sheila Brown, Chief Financial Officer, 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; and based on the current estimated timing of the debt requirement for capital projects under active consideration, and the forward assumptions made in the review, the debt policy limit would deliver enough debt to support the University's capital needs.

In response to members' comments and questions, Ms Brown stated the following:

- members were kept informed on debt matters on an ongoing basis. As an example, (in addition to this annual report and the regular status report on debt), the Business Board received an annual report each year in June on the status of the sinking fund;
- although the debt strategy assumed a future debenture issue, it was unlikely that it would be required in the short to medium term;
- the current annual review included projects under active consideration in estimating when debt issuance would be required; and
- an off-balance sheet debt strategy was being considered that could be complementary to the University's current debt strategy.

(b) Status Report on Debt

The Status Report on Debt was presented for information.

8. Forecast of University Financial Results at April 30, 2019, prepared as of January 31, 2019

Ms Brown noted that the forecast, which was presented annually to the Board for information, contained forecasts of the income statements and net assets of the University. Projections were made which took into account The forecast included several possible investment return scenarios.

Ms Brown reported that it was currently projected that net income for the year would be approximately \$431 million, at the negative 1.4% investment return rate. She added that net income was projected to range from \$403 million (at negative 5% investment return) to \$467 million (at 3% investment return). Net assets were projected to be \$5.9 billion, at the negative 1.4% investment return rate. The projected range was from \$5.6 billion (at negative 5% investment return) to \$6.3 billion (at 3% investment return).

This item was presented for information and there were no questions from members.

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9. Pension Plan Annual Financial Report for the Year Ended June 30, 2018

Ms Brown provided an overview of the Business Board's responsibilities concerning the Registered Pension Plan (RPP) and highlighted the following financial results for the year ended June 30, 2018:

- at June 30, 2018, the RPP had a market deficit of \$211.8 million, a decrease in the deficit of \$150.6 million from the June 30, 2017 market deficit of \$362.4, primarily due to investment returns of 8.42%, exceeding the nominal target investment return of 6.46% for the year (4.0% plus CPI) and employer special payment contributions of \$78.7 million, which were partially offset by actuarial assumption changes;
- at June 30, 2018, the registered plan had a solvency deficit of \$901.6 million, a decrease of \$282.0 million from June 30, 2017, mainly due to investment returns exceeding target returns as well as a general increase in the prescribed discount rates used to discount the liabilities.

Ms Brown reported that the Pension Plan Annual Financial Report for the year ended June 30, 2018 was approved by the Pension Committee at its meeting on December 5, 2018.

10. Health and Safety Requirements: Quarterly Report on Compliance

Professor Hannah-Moffat, Vice-President, Human Resources & Equity (VPHRE) apprised the Board of two incidents that had occurred during the last quarter, for which the University had incurred no liability.

The VPHRE stated that based on the reports received through the operation of the University's occupational health and safety policy, and to the best of her knowledge, the University was in compliance with its health and safety obligations.

11. Reports of the Administrative Assessors

Greenhouse Gas Reduction Program

Professor Mabury updated the Board on the Greenhouse Gas Reduction Program (GGRP), a Provincial initiative to support projects to reduce greenhouse gas. The University had received \$26.7M in innovation funding with an additional \$7.6M in retrofit funding in support of approximately \$55M total value in GGRP projects. The University had signed all related contracts and the Provincial transfer agreement; and was on target to meet its obligations by March 30, 2019.

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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. Report of the Previous Meeting

Report Number 243 of the Business Board, November 26, 2018 was approved.

13. Business Arising from the Report of the Previous Meeting

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

14. Report Number 130 of the Audit Committee, December 5, 2018

Report Number 130 of the Audit Committee dated December 5, 2018 was received for information.

15. Date of the Next Meeting – Monday, March 18, 2019

The Chair advised members that the next meeting would be Monday, March 18, 2019.

END OF CONSENT AGENDA

16. Other Business

There were no items of other business.

THE BOARD MOVED *IN CAMERA* AND AGREED TO EXTEND THE ADJOURNMENT OF THE MEETING

17. *In Camera* Reports of the Administrative Assessors

Professor Hannah-Moffat provided a brief update on the Jointly Sponsored Pension Plan (JSPP) initiative and discussed pending collective agreement negotiations.

Professor Mabury commented on capital projects activity and related financial matters.

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18. Collective Agreements:

The following collective agreements were received by the Board for information:

- (a) Collective Agreement between the University of Toronto and International Brotherhood of Electrical Workers (IBEW) 353 (Locksmiths), May 1, 2018 - April 30, 2021;
- (b) Collective Agreement between the University of Toronto and the Sheet Metal Workers' International Association, Local 30, May 1, 2018 - April 30, 2021; and,
- (c) Collective Agreement between the University of Toronto and International Brotherhood of Electrical Workers (IBEW) 353 (Machinists), May 1, 2018 - April 30, 2021.

19. Capital Project: FitzGerald Building Revitalization

(a) Financing Requirement

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President, Operations and Real Estate Partnerships, as outlined in the memorandum dated January 24, 2019, regarding the financing of the FitzGerald Building Revitalization capital project.

(b) Execution of the Project

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Scott Mabury, Vice-President, Operations and Real Estate Partnerships, as outlined in the memorandum dated January 24, 2019, regarding the execution of the FitzGerald Building Revitalization capital project.

The Board returned to open session.

The Chair thanked members for their attendance and participation in the Board meeting.

The meeting adjourned at 7:26 p.m.

Secretary

Chair

February 7, 2019