

UNIVERSITY OF TORONTO  
THE GOVERNING COUNCIL  
**REPORT NUMBER 420 OF**  
**THE EXECUTIVE COMMITTEE**

**Thursday, February 12, 2009**

To the Governing Council,  
University of Toronto.

Your Committee reports that it held a meeting on Thursday, February 12, 2009 at 12:00 p.m. in the Boardroom, Simcoe Hall, with the following members present:

Mr. John F. (Jack) Petch (In the Chair)  
Dr. Alice Dong, Vice-Chair  
Professor David Naylor, President  
Professor Varouj Aivazian  
Ms Diana A.R. Alli  
Ms Susan Eng  
Ms Judith Goldring  
Mr. Grant Gonzales  
Professor Louise Lemieux-Charles  
Mr. Timothy Reid  
Professor Arthur S. Ripstein

**Non-Voting Member:**

Mr. Louis R. Charpentier

**Secretariat:**

Mr. Henry Mulhall, Secretary

**Regrets:**

Mr. David Ford  
Mr. Gerald Halbert  
Mr. Joseph Mapa

**In Attendance:**

Dr. Claude Davis, Chair, University Affairs Board and Member of the Governing Council  
Dr. Anthony Gray, Special Advisor to the President  
Professor Michael Marrus, Chair, Academic Board and Member of the Governing Council  
Ms Kim McLean, Chief Administrative Officer, University of Toronto at Scarborough  
Professor Cheryl Misak, Vice-President and Provost, and Member of the Governing Council  
Mr. Richard Nunn, Chair, Business Board and Member of the Governing Council  
Ms Catherine Riggall, Vice-President, Business Affairs

**1. Report of the Previous Meeting**

Report Number 419 (January 15, 2009) of the Executive Committee was approved.

**2. Business Arising from the Report of the Previous Meeting**

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

**3. Minutes of the Governing Council Meeting of January 26, 2009**

Members received for information the Minutes of the Governing Council meeting held on January 26, 2009.

**4. Business Arising from the Minutes of the Governing Council Meeting**

There was no business arising from the minutes of the Governing Council meeting.

**5. Report of the President**

**(a) Settlement with CUPE Local 3902**

The President was pleased to report that the University's recent tentative settlement with its teaching assistants (TAs), represented by CUPE Local 3902, had been ratified with 97% voting in favour. This was a particularly important agreement as membership of this group consisted primarily of the University's graduate students. Though a strike would not have halted the University's academic operations as had occurred recently at York University, it would have resulted in a difficult academic disruption. The settlement amounted to approximately an 11% increase over three years, which, though very generous given the current recession, was similar to the settlement with the United Steel Workers (USW) Local 1998 reached in September 2008 before the financial markets crashed. The settlement was financially manageable, and had demonstrated the effectiveness of collective bargaining to the provincial government at a time when the government had mused publicly about creating an employment relations commission for universities and colleges.

**(b) Government Relations**

The Federal Budget released on January 29, 2009 had contained some positive measures for the university sector, but also some that had caused concern among faculty members and students. The Canada Foundation for Innovation (CFI) had received a very significant \$750 million increase in funding. He was optimistic that the University would benefit substantially given the large number of CFI applications that it had submitted following a highly effective internal peer review process. Similarly welcome was the provision of up to \$2 billion in funding for infrastructure improvements at post-secondary institutions, with preference at universities to be given to projects that would improve the quality of research and development.

In contrast, the federal granting councils had received a small reduction in their funding. Some but not all of the reduction had been reallocated back to the councils to support scholarships for graduate students, but in the case of SSHRC these had been directed specifically to business-related disciplines. The SSHRC community was concerned about this 'earmarking' precedent.

The President added that it was uncertain whether the Provincial Budget, scheduled for release in late March of 2009, would contain significant measures in support of post-secondary education. The Premier had recently made strong statements concerning the importance of research and innovation, but given the challenging economic situation, it was realistic for the University to assume that Provincial support would not rise above current levels. Such an

**5. Report of the President (cont'd)****(b) Government Relations (cont'd)**

outcome, combined with the likelihood that a payout from the endowment would not be made in 2009, would result in a significant financial challenge for the University. Internal cost controls by the academic divisions as well as the central administration would be necessary, but it was intended that these would be carried out so as to minimize dislocation of the University's operations.

A member asked whether enhanced student aid would be available to offset increasing student residence fees in the year ahead. The President responded that significant efforts were being made just to maintain student aid at substantially the same levels as in previous years despite the very challenging budgetary situation. In this context, it was unlikely that further aid directed specifically to offset residence costs would be available. The operation of student residences was already a net cost for the University, and the process by which residence and ancillary fees were set was problematic. The Provost added that significant cuts had been made in other areas of the budget in order to make it possible to maintain student aid levels at more or less the same levels for the upcoming year. The University was aware of the effect of rising residence fee levels on students, and had allocated student aid funds to the areas of greatest need such as bursary support.

**6. Items for Endorsement and Forwarding to the Governing Council****(a) Centre of Criminology: Disestablishment in the School of Graduate Studies and Establishment as an EDU:A in the Faculty of Arts and Science**

*(Arising from Report Number 160 of the Academic Board [February 5, 2009]- Item 5)*

Professor Aivazian reported that this proposal, for the disestablishment of the Centre of Criminology in the School of Graduate Studies (SGS) and its establishment as an extra-departmental unit A (EDU:A) in the Faculty of Arts and Science, had the support of both the Academic Board and the Planning and Budget Committee. The Faculty of Arts and Science would make an appropriate administrative home for the Centre which had a strong interdisciplinary nature and a connection to the undergraduate program in Criminology at Woodsworth College. During the Board's discussion, it had been explained that the move would have little impact on graduate students in the Centre, some of whom already held teaching assistantships in the Faculty of Arts and Science. There would be a more noticeable effect on the program administrators; if the proposal was approved, the Centre's Director would report to the Dean of the Faculty of Arts and Science rather than the Dean of SGS. In response to a question, the Provost clarified that Criminology would remain a graduate program, but that one rationale for bringing the Centres and Institutes out of SGS was to engage them more fully in the undergraduate mission. The President added that this administrative change was part of a process that had been ongoing for a number of years, to relocate academic units from SGS to appropriate faculties, and to reduce the School's responsibilities for line administration.

On motion duly moved, seconded, and carried,

**YOUR COMMITTEE ENDORSED AND FORWARDED** to the Governing Council for consideration the recommendation

**THAT** the Centre of Criminology be disestablished as an academic unit in the School of Graduate Studies and reestablished as an extra-departmental unit A (EDU:A) within the Faculty of Arts and Science, effective May 1, 2009.

Documentation is attached to Report Number 160 of the Academic Board as Appendix "A".

**6. Items for Endorsement and Forwarding to the Governing Council (cont'd)****(b) Declaration of Property as Surplus to University Requirements***(Arising from Report Number 160 of the Academic Board [February 5, 2009]- Item 6)*

Professor Marrus reported that this proposal for the declaration of a small parcel of property at 245 College Street as surplus to University requirements had arisen out of an opportunity to lease the property to a developer who intended to build a student residence on the site. The transaction had been presented to the Academic Board as a complicated but very advantageous way to utilize a small piece of property for which the University had no obvious use. The University's students would have access to a high quality residence, and the terms of the lease were very favourable for the University. Both the Planning and Budget Committee and the Board had discussed the proposal thoroughly. Members' concerns had been allayed, and both bodies had expressed their support.

On motion duly moved, seconded, and carried,

YOUR COMMITTEE ENDORSED AND FORWARDED to the Governing Council for consideration the recommendation

THAT the 245 College Street property be declared surplus to University requirements.

Documentation is attached to Report Number 160 of the Academic Board as Appendix "B".

**(c) Joseph L. Rotman School of Management Expansion Project: Change of Scope***(Arising from Report Number 160 of the Academic Board [February 5, 2009]- Item 7)*

Professor Marrus reported that this was a proposal to add one floor of space to the previously approved project to expand the Joseph L. Rotman School of Management. There had been a thorough discussion of the proposal at the Academic Board, including consideration of the effect of the height of the building on the surrounding precinct. With wide support, the Board had recommended approval to the Governing Council.

On motion duly moved, seconded, and carried,

YOUR COMMITTEE ENDORSED AND FORWARDED to the Governing Council for consideration the recommendation

THAT a change in project scope of approximately 650 nasm (1,035 gsm) new construction be approved for the Joseph L. Rotman School of Management expansion project with implementation contingent on full funding of the proposed change of scope.

Documentation is attached to Report Number 160 of the Academic Board as Appendix "C".

**(d) Borrowing Authorization, February 2009***(Arising from Report Number 172 of the Business Board [February 11, 2009]- Item 7)*

Mr. Nunn reported that the technical motion under consideration was an authorization to access the markets for external borrowing. The Business Board had reviewed the context for this recommendation at its meeting the previous evening, and he summarized the highlights for the Committee. In 2004, the Governing Council had approved a Borrowing Strategy. It permitted the University to employ external borrowing, used primarily for capital projects and property acquisitions. It limited external borrowing to a maximum amount equal to 40% of the

**6. Items for Endorsement and Forwarding to the Governing Council (cont'd)****(d) Borrowing Authorization, February 2009 (cont'd)**

University's net assets, averaged over five years. The purpose of the detailed resolution before the Committee was to provide the specific authorization needed by the lenders for a new tranche of borrowing within the bounds of that approved Strategy. The maximum amount of the tranche would be \$200-million. Most of the borrowing would be used to finance projects that had already been approved.

The Business Board reviewed a report on the status of the University's borrowing at most of its meetings. As at the end of the previous fiscal year, external borrowing had amounted to \$556-million or about 30% of average net assets. The University was also allowed to use up to \$200-million of its cash float to fund capital projects. Outstanding internal borrowing as at January 31, 2009 had amounted to \$148-million. The Board had also received a substantial review of the Borrowing Strategy, and it had concluded that the Strategy was still a sound one. The debt allowed under the Strategy was under the median debt of peer U.S. public universities, and appropriately so because the University's resources to repay its borrowing were more limited. Lenders approved of the University's disciplined approach, which limited its borrowing, and the University's credit ratings were very strong.

The borrowing undertaken under the strategy had assumed the form of long, fixed-term, bullet debentures at advantageous rates of interest. The Vice-President, Business Affairs and the Chief Financial Officer had assured the Business Board that the proposed new tranche of borrowing would be used only when rates appeared to be the most advantageous and when the money was required.

The divisions responsible for each capital project signed agreements and made blended principal and interest payments. They were paid into a sinking fund known as the Long-Term Borrowing Pool. That Pool was used to pay the interest and expenses on the debentures, and to accumulate funds to repay the principal of the bullet debentures when they became due, beginning in 2031. In the meanwhile, it was invested prudently by the University of Toronto Asset Management Corporation (UTAM).

Mr. Nunn reported that some concern had been expressed at the Business Board that the current problems in the securities markets, especially if they were prolonged, would reduce the net assets of the University, particularly the value of the endowment funds. That in turn would reduce the 40% borrowing maximum. There was, however, a safeguard built into the Borrowing Strategy. If the external borrowing were to exceed 40% of net assets, no further external borrowing would be permitted until the outstanding balance had declined to 33% of net assets. He concluded by noting that, though the markets were currently unfavourable, the recommendation before the Committee would position the University to access them at the appropriate time.

The President commented that the 40% borrowing maximum was a prudent one, especially when compared to many peer U.S. public universities which had taken on borrowing equal to 100% of their net assets. He stated his view, however, that the clause in the Borrowing Strategy that would prevent further borrowing were the 40% maximum to be exceeded, until the outstanding balance had declined to 33% of net assets, was a penal one. Were a significant further decline in the value of the endowment to make such a situation a possibility, it would be necessary to consider a revision of the Borrowing Strategy. Mr. Nunn added that the debt to asset ratio would be much more favourable if it incorporated the University's extensive real estate assets.

**6. Items for Endorsement and Forwarding to the Governing Council (cont'd)****(d) Borrowing Authorization, February 2009 (cont'd)**

On motion duly moved, seconded, and carried,

YOUR COMMITTEE ENDORSED AND FORWARDED to the Governing Council for consideration the recommendation

- (a) THAT the University be authorized to borrow such amount, not exceeding \$200 million, as may be determined by the senior officer of the University responsible for financial matters, as so designated by the President, in addition to the \$160 million approved by the Business Board on January 15, 2001, the \$200 million approved by the Governing Council on June 26, 2003 and the \$150 million approved by the Governing Council on June 24, 2004;
- (b) THAT such senior officer responsible for financial matters be authorized to determine, in consultation with the University financial advisor, the most appropriate financing structure for this borrowing, including without limitation, by way of private debt placement, a public debenture issue, syndicated bank financing, or securitization and to negotiate, approve and execute and deliver for and on behalf of and in the name of the University, all agreements, documents, certificates and instruments, including without limitation any underwriting or agency agreement and any offering document, and to take all such other actions as such officer may determine to be necessary or desirable to give effect to such financing and offering of debt securities, the execution and delivery of any such agreements, documents, certificates or instruments, and the taking of such actions being conclusive evidence of such determination;
- (c) THAT such senior officer responsible for financial matters is further authorized to authorize any other officer of the University to execute and deliver, for and on behalf of and in the name of the University, such certificates, documents and instruments as may be contemplated by the principal agreements entered into with respect to such debt offering or as may be required in connection with the closing of the offering of debt securities authorized hereby;
- (d) THAT the borrowed funds be added to the Long-Term Borrowing Pool and invested by University of Toronto Asset Management Corporation until the funds are required for each project;
- (e) THAT the senior officer of the University responsible for financial matters be authorized to allocate borrowing as internal financing for spending that has been approved by the Business Board or is within the approval authority of the administration;
- (f) THAT principal and interest repayments related to debenture borrowing be placed in the Long-Term Borrowing Pool, or other sinking fund mechanism, and, together with investment income, be used to pay periodic interest payments to lenders, to pay issue and ongoing administrative costs, with the expectation that the net sum from these additions and draw downs will be sufficient to repay the bullet debentures at maturity; and

**6. Items for Endorsement and Forwarding to the Governing Council (cont'd)****(d) Borrowing Authorization, February 2009 (cont'd)**

- (g) THAT the senior officer of the University responsible for financial matters report periodically to the Business Board on the status of the Long-Term Borrowing Pool.

Documentation is attached to Report Number 172 of the Business Board as Appendix “A”.

**7. Performance Indicators**

The Chair stated that the annual Performance Indicators Report was a major element of the University's accountability exercises, and consisted of a series of metrics of institutional achievement across a wide variety of indicators. In response to feedback from Governors in recent years, the 2008 Report was a briefer document that focused on 30 measures, but provided more narrative that linked the measures to the University's priorities. The comprehensive inventory of the full set of 70 measures would be posted on the Provost's website the following week. The task of the Executive Committee was to identify any issues that might need clarification, and to agree on the focus of the presentation of the Report to be made at the Governing Council meeting. At the Chair's suggestion, it was agreed to set aside approximately 30 minutes of the meeting for the presentation as well as discussion and questions.

The Provost reiterated that the 2008 Report's format had been refined in response to suggestions from Governors. In place of the rather large Report and brief Executive Summary of recent years, the 2008 Report was a medium sized summary document that would proceed to the Governing Council for information, while the balance of the performance measures would be available on the website of the Office of the Vice-President and Provost. She added that the findings in the Report were largely positive ones, but that it also included measures that indicated areas where improvement was necessary. As an example of the latter she referred to the University's decreased share of Social Sciences and Humanities Research Council (SSHRC) funding in 2006-07 (p. 6), and the need to assess how to reverse this decline. The Provost also highlighted a new measure that had been added to the Report in response to a request by Governors. The data on pages 17-20 indicated that increasing tuition fee levels in recent years had not had a detrimental effect on retention or graduation rates.

A member stated that the Report was an excellent document, but that that he wished to highlight what he considered two omissions. Though the enhancement of student co-curricular activities had been identified as a priority in *Towards 2030: A Long-term Planning Framework*, there was only one measure in the 2008 Performance Indicators Report that touched on this aspect of the student experience (p. 27: NSSE Scores – Enriching Educational Experiences). There was much positive data that could be reported, for example regarding increased levels of participation in intramural sports following completion of the Varsity Project, and he urged that this positive message be included in the Report. Secondly, he referred to the University's *Statement of Institutional Purpose* which stated that “the University is committed to ensuring that the teaching and counselling of undergraduates is a normal obligation of every member of the faculty”. He recommended that the Performance Indicators include data that measured the degree to which this goal was being achieved.

Professor Misak agreed that the co-curricular student experience was extremely important, but noted that it was also difficult to measure beyond the rather blunt data provided by the National Survey on Student Engagement (NSSE). Specific measures, such as data concerning the Varsity initiative and intramural athletics participation rates, would need to be assessed

**7. Performance Indicators (cont'd)**

carefully regarding their representativeness. She agreed that it was important to measure the percentage of faculty who taught undergraduate students, and that comparative external data would indicate the University's success in this area. The President thanked the member for identifying these omissions, and stated that work was already underway to ensure that they were included in future reports.

There followed a discussion of the data on page 21 of the Report concerning completion rates for doctoral students. A member recommended that there be strategies in place to achieve benchmark rates in the four to five year range. The Provost agreed, but noted that rates varied significantly across academic disciplines, and that it was likely that they would also rise in the next few years as a result of the very difficult job market for academic positions. The President added that disciplinary variations increased significantly when four to five year completion rates were considered, and that there was also less comparative external data available on this timeline. There was agreement that this measure needed to be monitored closely in the years ahead. It was important for student success to ensure that effective and supportive doctoral supervision was provided that would facilitate the expeditious completion of programs. Completion rates also had implications for the University's costs, and optimal allocation of resources and capacity.

On motion duly moved, seconded, and carried,

YOUR COMMITTEE APPROVED

THAT the Performance Indicators for Governance Annual Report for 2008 be placed on the agenda of the Governing Council meeting on March 4, 2009.

**8. Reports for Information**

Members received the following reports for information.

- (a) Report Number 170 of the Business Board (December 15, 2008)
- (b) Report Number 171 of the Business Board (January 14, 2009)

**9. Date of the Next Meeting**

Members were reminded that the next regular meeting of the Executive Committee was scheduled for Monday, April 6, 2009 at 5:00 p.m.

**10. Other Business**

The Chair notified members that it would be necessary to delay the start time of the Committee's meeting on June 15, 2009 from 5:00 to 5:30 p.m. as a result of a Convocation ceremony that afternoon. There were no other items of other business for consideration in closed session.

On motion duly moved, seconded, and carried,

IT WAS RESOLVED

THAT, pursuant to sections 28 (e) and 33 of *By-Law Number 2*, consideration of items 11-14 take place *in camera*, with the Board Chairs, Vice-Presidents, and Special Advisor to the President admitted to facilitate the work of the Committee.



*In Camera Session*

**11. External Appointments**

**(a) Hungarian Research Institute of Canada**

On motion duly moved, seconded, and carried,

YOUR COMMITTEE APPROVED

THAT Professor Laszlo Endrenyi and Dr. Robert Austin be nominated as members and directors of the Hungarian Research Institute of Canada for three-year terms continuing until the 2012 annual meeting of the Institute and until their successors are appointed.

**(b) McClelland and Stewart Ltd.**

On motion duly moved, seconded, and carried,

YOUR COMMITTEE APPROVED

THAT the following individuals be approved and nominated as directors of McClelland and Stewart Ltd. for one year terms until the 2010 annual meeting of the Corporation, or until their successors are appointed, effective immediately.

Dr. Avie Bennett (Chair)  
Ms Trina McQueen  
Mr. Douglas Pepper (President and Publisher)  
Ms Catherine Riggall  
Ms Judith Wolfson

**(c) University of Toronto Asset Management Corporation (UTAM)**

On motion duly moved, seconded, and carried,

YOUR COMMITTEE APPROVED

THAT the following individuals be approved and nominated as members and directors of the University of Toronto Asset Management Corporation for one year terms until the 2010 annual meeting of the Corporation or until their successors are appointed.

Ira Gluskin (Chair)  
Robert W. Morrison (Vice Chair)  
Sheila Brown (*ex officio*)  
Allan Crosbie  
Catherine A. Delaney  
William E. Hewitt  
Eric F. Kirzner  
Florence Minz (Member, Governing Council)  
William W. Moriarity  
Catherine J. Riggall (*ex officio*)  
Thomas H. Simpson  
Bonita Then  
John Varghese

**12. Senior Appointments**

**(a) Senior Appointment**

On motion duly moved, seconded, and carried,

YOUR COMMITTEE ENDORSED AND FORWARDED

To the Governing Council for consideration the recommendation for a senior appointment contained in the memorandum from the President dated February 5, 2009.

On motion duly moved, seconded, and carried,

YOUR COMMITTEE APPROVED

THAT pursuant to Section 38 of By-Law Number 2, this recommendation be considered by the Governing Council *in camera*.

**(b) Senior Appointment: Vice-Provost, Graduate Education**

On motion duly moved, seconded, and carried,

YOUR COMMITTEE APPROVED

THAT Professor Brian Corman be appointed to the position of Vice-Provost, Graduate Education, effective July 1, 2009 and continuing concurrently with his term as Dean, School of Graduate Studies (ending June 30, 2014).

**13. Committee Assignment, 2008-09**

On motion duly moved, seconded, and carried,

YOUR COMMITTEE APPROVED

THAT the Executive Committee assign Ms Shirley Hoy to the Planning and Budget Committee, effective immediately, until June 30, 2009.

**14. Proposed Development Agreement**

On motion duly moved, seconded, and carried,

YOUR COMMITTEE APPROVED

- (a) THAT the Executive Committee take lead responsibility for governance consideration of the proposal to enter a development agreement as outlined in the memorandum from the President dated February 12, 2009;
- (b) THAT the recommendation regarding the development agreement contained in the memorandum from the President dated February 12, 2009 be endorsed and forwarded to the Governing Council for approval; and
- (c) THAT the Governing Council consider this recommendation in Committee of the Whole and *in camera*.

The Committee returned to closed session.

The meeting adjourned at 2:05 p.m.

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Secretary  
February 18, 2009

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Chair