

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

**REPORT NUMBER 226 OF THE BUSINESS BOARD**

**Tuesday, April 5, 2016**

To the Governing Council,  
University of Toronto.

Your Board reports that it met on Tuesday, April 5, 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 Scott Mabury, Vice-President,  
University Operations  
Professor Angela Hildyard, Vice-President,  
Human Resources and Equity  
Ms Sheila Brown, Chief Financial Officer  
Mr. Faizan Sohail Akbani  
Mr. Robert G. Boeckner  
Mr. David Bowden  
Mr. Ian Freedman  
M. Sara Gelgor  
Mr. Gary D. Goldberg  
Mr. Paul Handley  
Mr. William E. Hewitt  
Mr. Alex Iovic  
Ms Claire M.C. Kennedy  
Mr. Mark Krembil  
Mr. Brian D. Lawson

Ms Nancy Carolyn Lee  
Professor Jan Mahrt-Smith  
Ms. Catherine Riddell  
Mr. Andrew Szende  
Mr. Keith Thomas

**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  
Mr. Anwar Kazimi

**Regrets:**

Professor Avrum Gotlieb  
Ms. Zabeen Hirji  
Mr. Brian A. Miron  
Mr. Howard Shearer  
Mr. Christopher Thatcher

**In Attendance:**

Mr. Jean Paul Morgan, Member, Governing Council  
Ms Lisa Becker, Director, Operational Due Diligence & Chief Compliance Officer  
University of Toronto Asset Management Corporation (UTAM)  
Mr. Alex Brat, Director, Labour Relations

**In Attendance continued:**

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Mr. Tad Brown, Senior Legal Counsel, Office of the Vice-President, Advancement and Office of the Vice-President, University Operations  
Mr. Roger Bulgin, Chief Administrative Officer, Woodsworth College  
Ms Allison Burgess, Sexual & Gender Diversity Officer  
Ms Sandra Carnegie-Douglas, Anti-Racism & Cultural Diversity Officer  
Ms Elizabeth Cragg, Director, Office of the Vice-President, University Operations  
Ms Gloria Cuneo, Director, Student Family Housing  
Mr. David Curtin, Director, Communications Services  
Mr. Marc Drouin, Director, Environmental Health and Safety  
Mr. Brent Duguid, Director, Partnerships and Legal Counsel, UTSC  
Ms Rosalyn Figov, Director, Operations and Finance  
Ms Hayley Fuller, Communications Coordinator, Office of the VPHR and Equity  
Mr. Adrian Hussey, Managing Director, Portfolio and Risk Analysis, UTAM  
Ms Melanie Grant, Administrative Coordinator, Office of the VPHR and Equity  
Ms Erin Jackson, Executive Director, Central Administration Human Resources Services  
Integrated Human Resources Service Delivery  
Ms Nadina Jamison, Executive Director, Stakeholder Relations and Strategic Priorities  
Ms Helen Lasthiotakis, Executive Director, Strategic Partnerships, Office of the VPRI  
Ms Signe Leisk, Cassel Brook and Blackwell  
Mr. Yasir Mallick, Director, Manager Selection & Portfolio Construction, UTAM  
Mr. Steve Moate, Senior Counsel, Office of the President  
Mr. William Moriarty, President and Chief Executive Officer, UTAM  
Mr. Paul Nakonechny, Human Resources Analyst  
Ms Cherilyn Nobleza, Senior Human Resources Consultant & Project Specialist  
Mr. Chuck O'Reilly, Director, Manager Selection & Portfolio Construction, UTAM  
Ms Deb Osvenny, Executive Director, Total Rewards  
Ms Selena Panchoo, Communications Coordinator, Office of the VPHR and Equity  
Ms Rosie Parnass, Executive Director, Organizational & Leadership Development and Work Life Support  
Mr. Cameron Richard, Managing Director, Investment Strategy & Co-CIO, UTAM  
Mr. Richard Simm, KPMG  
Mr. Daren Smith, Managing Director, Manager Selection & Portfolio Construction, UTAM  
Mr. Gary Steinhart, Cassel Brook and Blackwell

ALL ITEMS ARE REPORTED TO THE GOVERNING COUNCIL FOR INFORMATION.

*Pursuant to section 33(i) of By-Law Number 2,  
items 15-16 were considered in camera.*

*Pursuant to section 6.1 of the Business Board terms of reference,  
item 17 took place in closed session.*

**REPORT NUMBER 225 OF THE BUSINESS BOARD – Tuesday, April 5, 2016****MAIN THEMES: HUMAN RESOURCES AND EQUITY**

The Chair welcomed members and guests to the meeting. The Chair noted two additions to the agenda including an *in camera* item 16(b) regarding the *Collective Agreement between the University of Toronto and United Steelworkers, Local 1998 (Casual)* and a presentation by the President regarding the *Administrative Response to the Report of the President’s Advisory Committee on Divestment from Fossil-Fuels* – both were for information.

**President’s Response: Report of the Advisory Committee on Divestment from Fossil Fuels**

The President provided an overview of his response to the *Report of the Advisory Committee on Divestment from Fossil Fuels*. The [Response](#) was released on March 30<sup>th</sup>, 2016.

Professor Gertler’s presentation<sup>1</sup> covered the following areas: milestones regarding the divestment issue; need for a comprehensive response; and the four (4) roles of the University (as investor; research performer; educator; and energy consumer).

Professor Gertler stated that in addition to the directions to be provided to UTAM, he would also establish a Committee on the Environment, Climate Change, and Sustainability. As part of a coordinated response, the Committee would have a mandate to coordinate and advance the University’s environmental research, innovation, education, and energy consumption initiatives.

A member asked the President to comment on the media coverage of the release of his response to the Report.

Professor Gertler stated that he had a number of interviews following the release of his response and that it was covered on the front page of the Globe and Mail, as well by several editorials in both local and national publications. He noted that the divestment movement had shaped part of the public debate with a focus only on fossil-fuel issues which had represented 25% of emissions produced. A “new” lens and more comprehensive approach to the issues was desirable – the environmental, social and governance (ESG) factor-based approach as they pertain to all sectors of the economy would seem to offer the best chance of success in meeting the challenge of climate change, while fulfilling the University’s fiduciary duties to its pension and endowment fund beneficiaries.

The Chair thanked the President for his presentation and reminded the Board that it is responsible for approval of the investment risk and return targets for University funds (but not for Pension funds, which are approved by the Pension Committee together with the asset allocation and other elements required to be included in the Pension Statement of Investment Policies and Procedures). Asset allocation and other elements of investment strategy for University funds were delegated to the President.

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<sup>1</sup> <http://uoft.me/BBr2016Apr05i0>

**REPORT NUMBER 225 OF THE BUSINESS BOARD – Tuesday, April 5, 2016****1. Annual Report of the Vice-President, Human Resources and Equity, 2014-15****2. Employment Equity: Annual Report, 2015**

The Chair stated that the Board was responsible for approving and monitoring employee policies and terms and conditions of employment for administrative and unionized staff; and, for reviewing an annual report from the Vice-President, Human Resources and Equity. The Chair advised members that Professor Hildyard's presentation would cover both items 1 and 2.

Before beginning her presentation Professor Hildyard introduced the members of her team who were in attendance. She noted that this would be her last Annual Report to the Board prior to her pending completion of her second and final term as VP HR and Equity.

Professor Hildyard's presentation<sup>2</sup> covered the following areas regarding initiatives and the efforts of the HR Division in 2014-2015: client service; communications; community outreach; equity and diversity; health, safety and well-being; leadership and succession planning; recruitment and employee recognition; union relationships; and, employment equity in action.

Before proceeding to the part of the presentation focused on the Employment Equity Report, the Chair asked members if they had any questions on what they had heard to that point.

A member asked about employee absenteeism and injuries. Professor Hildyard stated that overall absenteeism was low. The Division had carefully monitored employee absenteeism and put into place return-to-work accommodations, wherever possible. Reported injuries (e.g. slip and fall, bumping, etc.) were also relatively low. University Operations had started to collect information on “near misses” as part of its safety monitoring activity.

The Chair congratulated the Division for its role in developing an employee/employer culture of transparency and accountability. At the invitation of the Chair, Professor Hildyard proceeded with her presentation.

Professor Hildyard explained that the report provided a comparison of internal and external workforce representation for four designated groups: women, racialized persons, indigenous persons, and persons with disabilities and noted where there are gaps. The report had also captured data with respect to those who identify as LGBTQ; though there was no external comparative data and this was not a requirement of the Federal government, the University had been able to track internal trends. She further stated that for the first time in 10 years, there were more female tenure-stream hires than male. There was also a significant increase in representation amongst staff that had self-identified as racialized persons.

Professor Hildyard closed by saying that the University continued to be recognized for its leadership. It had received the following recognition in 2015: Canada's Top 100 Employers; Greater Toronto's Top Employers; Canada's Best Diversity Employers; Top Employers for Canadians over 40; Canada's Family-Friendly Employers; and Canada's Greenest Employers.

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<sup>2</sup> <http://uoft.me/BBr2016Apr05i2>

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A member asked about efforts to change the gender balance in the disciplines that generally had more female than male appointments. Professor Hildyard responded that in a Faculty such as OISE, steps have been taken to increase the representation of males, especially those at the junior level teaching, but this was not the norm across divisions. The University's approach had been to try to seek as diverse a candidate pool as possible, especially with respect to gender, racialized groups, persons with disabilities and indigenous persons, and then hire the best qualified candidate. A member inquired about the hiring statistics of faculty from the USA. Professor Hildyard commented that the hiring of faculty from the USA reflected the University's goal of recruiting from the best schools.

A member asked about how the University addressed equal compensation (pay equity) for its employees. Professor Hildyard explained that the University had maintained Pay Equity compliant Job Evaluation Systems for all non-academic positions. In addition, for non-unioned staff the University had undertaken regular market reviews. With respect to faculty, the University had focused on "market" salaries which had led to differences in compensation across disciplines. However, regular analyses were undertaken to identify any gender irregularities within a discipline.

The Chair commented on the depth and breadth of the content of both *Reports* and thanked Professor Hildyard for her informative presentation noting that it had represented the incredible amount of hard work and dedication of so many in her portfolio. The Chair extended special thanks to her and her team.

### **3. Health and Safety Requirements: Quarterly Report on Compliance**

Professor Hildyard indicated that she had no comments to make regarding the Quarterly Report and there were no questions from Board members.

## **OTHER ITEMS**

### **4. Presentation: *St. George Campus – Changes to Food Services***

The Chair invited Professor Mabury to briefly introduce the item.

Professor Mabury indicated that the pending changes were a result of the master planning exercise that had been undertaken which had included focus groups with students, faculty and staff, consultations with representatives in buildings that housed food services (both residential and non-residential) and other key stakeholders; and included a campus-wide survey. He stated that the University wanted to create a more efficient infrastructure to deliver food services in a financially sustainable manner which would be achieved using a self-operation model facilitated by a new organizational structure.

Ms Anne Macdonald, Director of Ancillary Services, made a presentation<sup>3</sup> on the changes to food services on St. George Campus. She stated that the mission of the new food services operation was "to nourish and bring the campus community together, contribute to the culinary culture of Toronto and support the work of innovative and sustainable local food suppliers".

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<sup>3</sup> <http://uoft.me/BBr2016Apr05i4>

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Some of the key recommendations were:

- Reinvest in and enhance the residential dining program
- Improve access to retail dining for all
- Engage community in both large and small gathering spaces
- Right-size dining facilities to support programmatic goals and resulting demand
- Create a more efficient infrastructure to deliver dining in a financially sustainable manner

In response to several members' questions, Ms Macdonald stated that students had expressed the need for improved food services – both in quality and choice. She said that the University would develop measurement metrics but had not utilized such information (i.e. average meals served per day/year) primarily because it was an outsourced model. However, she added that it was important to have such assessment tools available to measure student/staff satisfaction and year-over-year revenue growth.

In order to facilitate a new organization structure, Ms Macdonald stated that it is the University's intent to offer employment to the existing Aramark employees. The University would also comply with requirements set out by the Employment Standards Act.

Ms Anne Macdonald said that the federated colleges would continue to offer their own food services, as would the ancillaries at UTM and UTSC, but that there were many opportunities on St. George campus to expand food services and increase revenues (e.g. increased catering).

The Chair thanked Ms Macdonald for her presentation.

**5. Ancillary Operations: Residential Housing – Operating Results for 2015-16 and Budget, 2016-17.**

The Chair noted that under its Terms of Reference, the Board reviewed and approved the annual budget of unincorporated business ancillaries and that the St. George Campus Residential Housing Ancillary was one such unincorporated business ancillary.

Ms Macdonald reported that revenue growth from the new management approach had significantly outpaced growth of operating costs and the ancillary was now a stable operation. The ancillary had experienced a reduction in the number of vacant units; and additional repairs and renovations had been undertaken in the last three years.

There were no questions from members.

On motion duly moved, seconded and carried

IT WAS RESOLVED

THAT the operating budget for the Residential Housing Ancillary for 2016-17, as contained in the '2016-17 Budget' column of Schedule 1 to the *Overview of Operations and Business Plan for 2016-21*, be approved.

**REPORT NUMBER 225 OF THE BUSINESS BOARD – Tuesday, April 5, 2016****6. University of Toronto Asset Management Corporation: Annual report and Financial Statements, 2015**

The Chair invited Ms Sheila Brown to briefly introduce the item. Ms Brown indicated that that the *Annual Report*<sup>4</sup> and *Financial Statements* were approved by the UTAM Board at its meeting on March 18<sup>th</sup>, 2016. She noted that UTAM operated on a January to December basis in line with the investment industry. Ms Brown introduced Mr. William (Bill) Moriarty, President and Chief Executive Officer, UTAM who subsequently introduced his colleagues who were in attendance.

Mr. Moriarty presented the UTAM Portfolio Performance Review. His presentation<sup>5</sup> highlighted the following matters: annual returns versus University targets; 2015 value-added versus new benchmark portfolio; the steady improvement in value-added; the portfolio asset mix; public markets returns; private investment returns; asset segment returns; portfolio risk versus reference portfolio; the challenging investment environment; the challenges ahead; implication for simple passive portfolio; and, the current investment environment.

Mr. Moriarty provided a brief summary noting the following:

- total assets under management increased 8.6% in 2015 to \$8.1 billion; long-term assets increased 7.7%;
- the capital markets environment was more challenging in 2015 as the return on the University's passive Benchmark portfolio did not meet the University's target return on its long-term portfolios (Pension and Endowment);
- the actual return on the long-term portfolios exceeded the University's Target Return by 2.1% for LTCAP and 1.8% for the PMT in 2015 as a result of 'active management' decisions;
- very strong performance compared to Benchmark Portfolio over last four years.

Mr. Moriarty commented that economic conditions around the world had remained uneven and growth was expected to generally remain below the historical trend. In this environment, he believed that the additional return offered by efficient diversification and 'active' portfolio management would represent a more significant part of overall portfolio returns going forward. Mr. Moriarty concluded his presentation by stating that the period ahead was expected to remain quite challenging for investors.

Members sought clarification on several matters and asked questions regarding the Expendable Funds Investment Pool (EFIP) and liquidity; and the use of risk measurements and metrics (comparables to other universities).

Mr. Moriarty and Ms Brown explained the current minimum risk strategy regarding EFIP investment, noting that this pool contained expendable funds, including unspent operating, research, donation, capital and ancillary funds of the University. This was considered to be a prudent practice (based on experiences in early 2000 to 2003), with investments primarily in money

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<sup>4</sup> <http://uoft.me/BBr2016Apr05i6i>

<sup>5</sup> For complete presentation, please see: <http://uoft.me/BBr2016Apr05i6ii>

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market vehicles so that expendable funds were not lost and could be made available for expenditure by divisions when they required the funds. The University had invested some of the expendable funds on a longer term basis in the form of internal lending for capital projects in accordance with the Business Board-approved Debt Strategy.

Ms Brown stated that the possibility of comparing investment performance to results achieved by other university pension plans had been investigated in depth and addressed extensively by the Pension Committee. The key conclusion of that discussion was an understanding that such comparisons were not useful, since it was not possible, with the information available, to identify which plans could be deemed comparable in terms of, amongst other things, pension plan objectives, asset allocation and risk parameters.

**Recognition of Mr. William (Bill) Moriarty**

President Meric Gertler thanked Mr. William (Bill) Moriarty for his contributions to the University, especially during the time of turbulent market conditions and ever-changing economic conditions. He commented that over the past five years the returns generated by Mr. Moriarty and his team had meaningfully exceeded the University of Toronto benchmark and targets – they had demonstrated an ability to consistently add value and for this the University was truly grateful.

The Chair thanked Mr. Moriarty and presented him with a token of appreciation on behalf of the Board members. Members commended Mr. Moriarty for doing a stellar job and acknowledged him with a round of applause.

Mr. Moriarty stated that he had thoroughly enjoyed his position – it was both challenging and rewarding – and he was proud of the results that had been achieved and the team that had been built.

**7. Reports of the Administrative Assessors****Budget 2016 – Infrastructure Funding for Postsecondary Institutions**

Professor Mabury reported that as part of the *Budget 2016*, the federal government had announced new funding to support 50% of the eligible costs of infrastructure projects at postsecondary institutions and federal laboratories. The University had already started to prepare its proposal with a focus on the rejuvenation of existing research laboratories. He noted the short turn-around time to submit an application which might require an expedited University approval process.

**Chief of University Planning, Design & Construction**

Professor Mabury stated that Mr. Gilbert Delgado would be starting in his position as the Chief of University, Planning, Design and Construction on May 9, 2016. He added that Mr. Delgado would be inducted in to The American Institute of Architects' College of Fellows lifetime achievement recognition – just after his arrival at the University.



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**OPEN SESSION CONSENT SGENDA**

On a motion duly moved, seconded and carried

YOUR BOARD APPROVED

THAT the consent agenda be adopted and items approved.

**8. Report of the Previous Meeting**

Members received report number 225 from the meeting of February 29, 2016.

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

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

**10. Reports on Debt**

- a) **Status report on Debt to March 31, 2016**
- b) **Dominion Bond Rating Service (DBRS) Credit Report**
- c) **Standard and Poor's (S&P) Credit Report**

Members received the status report on debt to March 31, 2016 and the two credit reports.

**11. Report on Capital Projects as of March 31, 2016**

- a) **Under Construction**
- b) **Occupied**

Members received the report on capital projects as March 31, 2016

**12. Service Ancillaries Operating Plans, 2016-2017**

Members received the service ancillaries report on operating plans for 2016-2017.

**CLOSING ADMINISTRATIVE MATTERS**

**13. Date of the Next Meeting**

The Chair advised Board members that the next meeting was scheduled for June 16, 2016 at 5:00 p.m.

**14. Other Business**

There were no items of other business.

**The Board Moved *in Camera***

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**15. Quarterly Report on Donations: November 1, 2015 – January 31, 2016**

The quarterly report on donations was received by the Board for information.

**16. a) Collective Agreement: University of Toronto and CUPE 3907**

On motion duly moved, seconded and carried

IT WAS RESOLVED

THAT the proposed establishment of a Health Benefit program for members of CUPE 3907, as described in a Memorandum dated March 23, 2016 from Professor Angela Hildyard, Vice-President, Human Resources and Equity, be approved.

**b) Collective Agreement: University of Toronto and United Steelworkers, Local 1998 (Casual)**

The Collective Agreement was received by the Board for information.

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

**The Board returned to open session.**

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

The meeting adjourned at 7:28 p.m.

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Acting Secretary

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Chair

April 5, 2016