

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 247 OF THE BUSINESS BOARD

Tuesday, June 18, 2019

To the Governing Council,
University of Toronto.

Your Board reports that it met on Tuesday, June 18, 2019 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Keith Thomas (Chair)
Brian Lawson (Vice-Chair)
Claire Kennedy, Chair of the Governing Council
Scott Mabury, Vice-President, Operations and Real Estate Partnerships
Kelly Hannah-Moffat, Vice-President, Human Resources and Equity
Sheila Brown, Chief Financial Officer
Preet Banerjee*
Robert G. Boeckner
Harvey T. Botting
Sara Gelgor
Gary D. Goldberg
Avrum Gotlieb
Sue Graham-Nutter
Jan Mahrt-Smith*
Price Amobi Maka
Brian A. Miron*
Chris Thatcher

**participated via conference call*

Non-Voting Assessors:

Cheryl Regehr, Vice-President and Provost
David Estok, Vice-President, Communications
Trevor Rodgers, Assistant Vice-President, Planning and Budget
Gilbert Delgado, Chief, Planning, Design and Construction
Saher Fazilat, Chief Administrative Officer, University of Toronto Mississauga
Anne Macdonald, Assistant Vice-President, Ancillary Services
Ron Saporta, Chief Operations Officer, Property Services and Sustainability

Secretariat:

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

Regrets:

Andrew Binkley
David Bowden
P.C. Choo
Ian Peter Hutson
Mala Kashyap
Mark Krembil
John Paul Morgan
Bruce Winter

In Attendance:

Steven Bailey, Director, Academic and Campus Events

Elizabeth Church, Director, Stakeholders Relations, University of Toronto Communications

Elizabeth Cragg, Director, Vice-President, Operations and Real Estate Partnerships (VPOREP)

Adrienne De Francesco, Executive Director, Capital Projects Group, VPOREP

Lori-Anne Hill, Director, Human Resources, VPOREP

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

Michelle Fong, Senior Development Officer, Development & Alumni Relations, UTSC

Joshua Mitchell, Director of Real Estate, VPOREP

Chuck O'Reilly, Senior Portfolio Manager, Investments, University of Toronto Asset Management Corporation (UTAM)

Pierre Piché, Controller and Director of Financial Services

ITEM 13 AND *IN CAMERA* ITEMS 21(a), 21(b), 21(c), 21(d) AND 23 WERE APPROVED. ITEMS 5(a) AND 6 ARE 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 19 through 23 were considered in camera.*

OPEN SESSION**1. Chair's Remarks**

The Chair welcomed members and guests to the meeting.

Recognition of the Business Board Chair

Ms Claire Kennedy, Chair of the Governing Council, thanked Mr. Keith Thomas for his service to the Board, both as a member since 2011 and, in particular, as its Chair for 2017-2019. She stated that Mr. Thomas had been an excellent Chair, managing meetings in an efficient and respectful manner, and encouraging members to ask questions and share their views at meetings. Ms Kennedy added that Mr. Thomas had also provided excellent advice to the senior assessor and voting assessors, and to all the other assessors. During Mr. Thomas' term as Chair, he had help to guide a number of important capital projects and initiatives, including the acquisition of the CAMH properties and the approval of the *Four Corners Strategy*.

The Chair made special note that Mr. Thomas would continue to serve as a member of the Board in 2019-20, but not as its Chair. Ms Kennedy explained the reason for such a decision was that Mr. Thomas had suggested he be replaced as the Chair for 2019-2020; as since he would be entering his last year as a governor (9-year maximum service), he had wanted to ensure a successful hand-over and provide leadership opportunities for his colleagues on the Board.

As a token of appreciation and consistent with tradition, Ms. Kennedy presented a chair to Mr. Thomas in recognition of exemplary service and leadership. Members of the Board applauded Mr. Thomas' recognition.

2. Annual Report: Senior Appointments and Compensation Committee (SACC)

Ms Kennedy presented the SACC Annual Report covering the period May 1, 2018 to April 30, 2019. She noted that SACC was responsible for attesting to the Governing Council, through the Business Board, that compensation policies and programs for particular categories of employees were appropriate, and that decisions about the compensation of individuals had been made in accordance with established policy and practice.

As part of its role, SACC had reviewed the *President's Annual Activity Report*, and the Chair of the Governing Council's performance evaluation for the President – as well as the performance assessments of the Vice-Presidents prepared by the President. SACC had also reviewed the annual *Academic Salary Report* and the *Administrative Salary Report* and had engaged on discussions on related matters including faculty gender pay equity and the merit pay model for professional managerial staff.

Ms Kennedy reported that in August 2018, the Ontario government had issued a new Compensation Framework Regulation under the *Broader Public Sector Executive Compensation Act*. The new Regulation had frozen executive compensation for universities (among other designated employers). The University awaited further information from the Ontario government with regard to a new compensation framework for executives. Ms Kennedy noted that Bill 124, *Protecting a Sustainable Public Sector for Future Generations Act, 2019* did not apply to the designated senior executive group at the University level.

3. Annual Report: Vice President, Operations & Real Estate Partnerships, 2018-19

Professor Scott Mabury, Vice-President, Operations and Real Estate Partnerships (VPOREP), [presented](#) an annual report for 2018-19. He introduced members of his senior team.

Professor Mabury noted that the University was one of the largest landowners in the Greater Toronto Area with 215 buildings, (50+ either listed or designated as being of historic significance), on 266 Hectares (657 acres) of land, with 1.6 million GSM of facilities, space and holdings over three campuses.

As part of the pursuit for new initiatives, Professor Mabury stated that the portfolio would be guided by five important goals: 1) to build and integrate OREP as a portfolio; 2) through operational efficiency, drive change and free up resources for the classroom; 3) anticipate institutional challenges/risks and work collaboratively to address and mitigate them; 4) increase revenue sources to reduce reliance on student enrolment; and 5) work collaboratively with shared service colleagues to improve "central services" to benefit the broader academy.

Professor Mabury highlighted key accomplishments for the 2018-19 period including the following:

- 100 active construction projects had been undertaken with a combined total of \$1.15B;
- completed Greenhouse Gas Retrofits Program (GGRP);
- U of T named one of Canada's Greenest Employers for the sixth consecutive year;

- participated in the Global Benchmarking initiative and Service Effectiveness Survey;
- implemented the *Four Corners Real-Estate Framework/Strategy* (hired new Director of Real Estate, a key team member for the on-going execution of the University's Four Corners initiatives);
- successful negotiation and execution of the several agreements supporting the Spadina-Sussex Student Residence;
- completion of all Strategic Infrastructure Fund (SIF) projects on time;
- implemented centralized project tracking and reporting tool;
- standardized process of providing senior peer reviews of major projects;
- development of the Information Technology Services (ITS) Strategic Plan;
- launched Next Generation Student Information System (NGSIS);
- implemented: Net Tuition Billing, new Safety Abroad application, Global University configuration, new on-line Admissions Deposits, and new Awards Application;
- expanded ancillary services including new cafes in the Faculty of Law and at the Faculty of Music and a new residential dining hall in the CampusOne residence

The VPOREP stated that other notable accomplishments included the Interdivisional Teaching (IDT) initiative; the establishment of the Canadian Security Operations Centre (CanSOC) and the approval of the first phase of the Schwartz Reisman Innovation Centre (PIE-C).

In response to a member's question, Professor Mabury provided a brief update on the Centre for Civilizations and Cultures capital project at 90 Queen's Park. The centre would house the departments of History and Near and Middle Eastern Civilizations, along with the Institute of Islamic Studies and the Anne Tanenbaum Centre for Jewish Studies; and other spaces for the Faculty of Music and Faculty of Law. The project was in the design stage and was expected to be presented for governance consideration in the Fall 2019.

The Chair thanked Professor Mabury for his detailed presentation. Professor Mabury and his team were congratulated on their excellent work on the many successful initiatives in the VPOREP portfolio.

4. Human Resources & Equity Interim Annual Report & Interim Employment Equity Annual Report (July 1 – December 31, 2018)

Professor Kelly Hannah-Moffat, Vice-President, Human Resources and Equity (VPHRE), presented two interim annual reports for the period July 1 to December 31, 2018.

Professor Hannah-Moffat stated that the VPHRE Division continued to build on planned initiatives that helped U of T keep pace with local and global changes, while accommodating legislative reform, technological advances, demographic changes in its community and shifting ideas about work itself.

Professor Hannah-Moffat highlighted key accomplishments for the 6-month period including the following:

- developed an institutional approach to talent management and succession planning (establishment of a Talent Management unit);

- engaged in off-cycle bargaining with UTFA (in particular, with a resolution of one aspect of the gender pay anomaly grievance);
- successfully negotiated seven collective agreements including IBEW 353, SMWIA 30, CAW 27, and OPSEU 519;
- helped lead discussions regarding the Jointly Sponsored Pension Plan (JSPP); and introduced and negotiated changes towards the creation of the University Pension Plan (UPP)
- continued support for important Integrated Equity, Diversity & Inclusion (EDI) initiatives;
- introduced new policies and plans to address personal safety, sexual violence, and wellbeing for employee groups; and
- as part of technology and innovation initiatives continued work on transformation to the digital workplace, including the launch of the ServiceNow and SuccessFactors programs, and other initiatives.

In response to a member's question, Professor Hannah-Moffat explained the process under the University's *Policy on Sexual Violence and Sexual Harassment* as it related to differentiated disclosures including the number of requests for support and reports of sexual violence under the *Policy*. The VPHRE stated that the University anticipated an increased demand to the services provided by the Sexual Violence Prevention and Support Centre and that resources, including staffing support, would continue to be provided. Professor Cheryl Regehr, Vice-President and Provost, added that the University would also continue to ramp up its educational efforts. She noted the similarities experienced by the Centre to that of external agencies, particularly as it related to staffing issues.

In response to member's other questions and comments, Professor Hannah-Moffat stated the VPHRE division would be implementing a number of "training the manager" initiatives, including best practices training on how to lead people, undertake performance reviews and other management training opportunities for staff. With respect to the *Smoking Policy*, the VPHRE reported that no significant issues had been reported – the University would continue to implement its communication plan regarding the *Policy*.

The Chair thanked Professor Hannah-Moffat for her interim reports update.

5. Financial Statements (arising from the meeting of the Audit Committee, June 17, 2019)

a) Audited Financial Statements for the Fiscal Year ended April 30, 2019

Ms Sheila Brown, Chief Financial Officer (CFO), stated that the main focus of the Financial Report was related to overall growth and associated capital needs for renewal and growth. The CFO offered a [presentation](#), which provided additional granularity in the following areas:

- Revenue and Expenses
- Assets, Liabilities and Net Assets
- Net Assets
- Endowments
- Investment Performance of the Long-Term Capital Appreciation Pool

- Endowment Cumulative Preservation of Capital compared to Cumulative Inflation
- Outstanding Debt and Debt Policy Limit
- Financial Results Compared to Forecast

Ms Brown reported that net income for the year was \$505 million due primarily to capital investments during the year, which had been capitalized and not expensed, and to the accumulation of funds towards capital expenditures in future years. Net assets increased by \$507 million due primarily to the net income for the year. The LTCAP investment return for the year was 5.2%.

Mr. Chris Thatcher, Chair of the Audit Committee, reported that the Audit Committee had met with the external auditors and that there were no matters to be brought forward. The Audit Committee also had reviewed the work of the External Auditors and discussed their plans. Mr. Thatcher stated that given the size and the complexity of the University, the CFO and her team, as well as the Internal Audit group, should be commended for their tremendous efforts and exceptional job in the annual preparation of the audited statements.

The Chair concurred and thanked Ms Brown, Dr. Piché and others for their hard work in the presentation of the audited statements and financial report.

On motion duly made, seconded and carried,

YOUR BOARD RECOMMENDED

THAT the University of Toronto audited financial statements for the fiscal year ended April 30, 2019 be approved.

b) Supplementary Report by Fund April 30, 2019

The *Supplementary Report* was received by the Board for information.

6. Appointment of the External Auditors

Ms Sheila Brown reminded members that 2019 was the fifth audit conducted by Ernst & Young LLP since they had been re-appointed during the 2014 year, following a request for proposals. The University continued to be very satisfied with the work performed by the Ernst & Young LLP team and the relationship that had been fostered between Ernst & Young LLP and the University. The CFO also noted that the Audit Committee and the administration had reviewed the performance of the auditors and that the review had been very favourable. Ms Brown expressed unqualified support for the re-appointment of the external auditors.

Mr. Thatcher reported that Ernst & Young LLP continued to perform well and were proactive in bringing issues and new developments forward. The firm had also met the University's very tight deadlines and heavy workload requirements for the various audits. As Chair of the Audit Committee, Mr. Thatcher confirmed that at its meeting on June 17, 2019, the Audit Committee had recommended to the Business Board the re-appointment of Ernst & Young LLP.

On motion duly made, seconded and carried,

YOUR BOARD RECOMMENDED

THAT Ernst & Young LLP be re-appointed as external auditors of the University of Toronto for the fiscal year ending April 30, 2020; and

THAT Ernst & Young LLP be re-appointed as external auditors of the University of Toronto pension plan for the fiscal year ending June 30, 2020.

7. Debt Policy Limit, Debt Allocations, Outstanding Debt Issued and Status of the Long Term Borrowing Pool to April 30, 2019

Ms Sheila Brown explained that the *Report*, which was an annual item presented to the Board for information, provided an update on the total debt policy limit; the debt burden ratio and the viability ratio; as well as an update of the status of the long-term borrowing pool. The Long Term Borrowing Pool was a self-imposed sinking fund in which the University was accumulating funds to repay debentures when they matured.

The CFO reported that a thorough review of the Expendable Funds Investment Pool (EFIP) had been undertaken. As a result:

- the percentage of EFIP funds to be allocated to internal loans programme would be increased, while remaining well within the upper limit permitted under the Business Board-approved Debt Strategy. The increased allocation for 2019-20 would be updated on the Status Report on Debt presented to the Business Board at its first meeting in the Fall. This did not represent a change in the Debt Policy Limit but rather in the amount of financing to the debt programme being provided from internal funds; and
- the *University Funds Investment Policy* would be revised to propose the addition of a medium term investment portfolio, establishment of its return target and risk tolerance, and a change to the return target for short-term investments managed by UTAM.

8. Status Report on Debt to May 31, 2019

Members received the status report on debt to May 31, 2019 for information.

OTHER ITEMS

9. Report of the Alternative Funding Sources Advisory Group (AFSAG)

Professor Cheryl Regehr, Vice-President and Provost, provided an overview stating that the AFSAG was one of five working groups that made up the Budget Model Review. She noted that the mandate of the Review was to ensure that the University's budget model would continue to serve it well into the future. The AFSAG was established in 2017 to consider how the University could broaden its funding sources to provide it with a strong financial basis going forward, especially in an environment of reduced government funding.

The Provost reported that the AFSAG was co-chaired by Professor Cristina Amon, Dean, Faculty of Applied Sciences and Engineering and Mr. Brian Lawson, Vice-Chair of the Business Board, and included student, staff, faculty, governor, and alumni members. The Provost expressed her thanks to the group for all their work and diligence, and for preparing such a comprehensive report.

As part of a [presentation](#), Mr. Brian Lawson reported on the context and process of the AFSAG's work. He reiterated that in response to declining contributions from government, coupled with rapid change in technology and increasing demands for lifelong learning, the AFSAG's was tasked to think creatively and seek out potential revenues from diverse sources.

Mr. Lawson reported that the following set of core principles were developed to guide the work of the AFSAG:

- support the core mission of the University and align with the institution's strategic vision;
- protect rights of academic freedom;
- uphold the University's financial aid commitment;
- retain a student-centered approach; and
- be sustainable and generate net revenue in due time.

Mr. Lawson reported that sixteen recommendations were made, grouped into three categories: 1) knowledge; 2) real estate and physical infrastructure; and 3) financial resources. As part of its recommendations, the AFSAG noted that actions that were not directly revenue-generating, yet essential to building a strong foundation for future new or expanded revenue streams should be considered.

Mr. Lawson stated that U of T was already highly successful in developing initiatives that generated revenues in non-traditional ways; and remarked that many initiatives across the three campuses could be scaled up so that the "whole is greater than the sum of the parts".

In response to a member's comment regarding one of the City of Toronto's strategic initiatives called *CreateTO*, Professor Mabury responded that the University was always interested in various strategies, but had not yet had any discussions with the new municipal agency.

Professor Regehr commented that her office had met regularly with divisional heads to explore alternative revenue generating opportunities. She referred to the work undertaken by Dr. Maureen MacDonald, Dean of the School of Continuing Studies – the School had developed an expertise in the field of continuing education, which was good model for other divisions to consider.

The Chair thanked Mr. Lawson and the Provost for their presentation. The Board received the report for information.

10. Health and Safety Requirements – Quarterly Report on Compliance (March 1 - May 31, 2019)

Professor Hannah-Moffat apprised the Board of 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 *Occupational Health and Safety Policy*, and to the best of her knowledge, the University was in compliance with its health and safety obligations.

The Board received the report for information.

11. The Report of the Provostial Advisory Group on Faculty Gender Pay Equity (April 15, 2019) and Provost’s Administrative Response (April 15, 2019)

Professor Cheryl Regehr stated that she had convened a Provostial Advisory Group on Faculty Gender Pay Equity, comprising faculty, academic administrators and staff in the fall of 2016. The group was charged with undertaking the most comprehensive study to date of the salaries of full-time appointed men and women faculty at the University to determine whether, and to what extent, there existed a significant gender-based pay gap among University of Toronto faculty.

Professor Regehr reported that as a result of the main findings and recommendations contained in the *Report* and her administrative response, an announcement was made that, effective July 1, 2019, every woman faculty member who was tenured or in the tenure stream at the University of Toronto would receive a 1.3% increase to their June 30, 2019 base salary; the cost of the Gender Pay Equity increase would be met from central funds.

Professor Hannah-Moffat added that as part of the Memorandum of Understanding (MOU) with the University of Toronto Faculty Association (UTFA), the University was committed to examine other structural issues related to faculty gender pay equity.

The Board received the report for information.

12. Reports of the Administrative Assessors

Professor Hannah-Moffat provided an update on two recent Provincial pieces of legislation that would affect Ontario universities: Bill 100, *Protecting What Matters Most Act (Budget Measures), 2019*, which had been enacted; and pending Bill 124, *Protecting a Sustainable Public Sector for Future Generations Act, 2019*. The University was awaiting further information pertaining to the regulations associated with Bill 100. The VPHRE stated that Bill 124, once enacted, would result in a 3-year wage restraint limiting total compensation increase to 1% per year for employee groups.

OPEN SESSION CONSENT AGENDA

On a motion duly moved, seconded and carried

YOUR BOARD APPROVED

THAT the consent agenda be adopted and items approved.

13. Report of the Previous Meeting

Report Number 246, from the meeting of April 23, 2019, was approved.

14. Business Arising from the Report of the Previous Meeting

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

15. Report Number 132 of the Audit Committee, May 2, 2019

The Board received the report for information.

16. Moody's Credit Opinion (April 23, 2019)

The Board received *Moody's Credit Opinion* dated April 23, 2019 for information.

CLOSING ADMINISTRATIVE MATTERS

17. Date of the Next Meeting

The Chair advised Board members that the next meeting was scheduled for Monday, October 7, 2019.

18. Other Business

There were no items of other business.

The Board Moved *In Camera*

19. Quarterly Report on Gifts and Pledges over \$250,000: February 1, 2019 to April 30, 2019

The Quarterly Report was received by the Board for information.

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

There were no *in camera* reports from the Administrative Assessors.

21. Employee Pension Contribution and Compensation Increases/ Enhanced Benefit Formula

a) Employee Pension Contribution and Compensation Increases for OPSEU Local 519 (Campus Police) bargaining unit

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Kelly Hannah-Moffat, Vice-President Human Resources and Equity, as outlined in the memorandum dated June 3, 2019, regarding Employee Pension Contribution and Compensation Increases for OPSEU Local 519 (Campus Police) bargaining unit.

(b) Employee Pension Contribution and Compensation Increases for Unifor Local 2003 bargaining unit

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Kelly Hannah-Moffat, Vice-President Human Resources and Equity, as outlined in the memorandum dated June 3, 2019, regarding Employee Pension Contribution and Compensation Increases for Unifor Local 2003 bargaining unit.

(c) Employee Pension Contribution and Compensation Increases for CUPE Local 2484 (Childcare Workers at the Early Learning Centre) bargaining unit

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Kelly Hannah-Moffat, Vice-President Human Resources and Equity, as outlined in the memorandum dated June 10, 2019, regarding Employee Pension Contribution and Compensation Increases for CUPE Local 2484 (Childcare Workers at the Early Learning Centre) bargaining unit.

(d) Enhanced Benefit Formula for CUPE Local 2484 (Childcare Workers at the Early Learning Centre) bargaining unit

On motion duly made, seconded and carried

YOUR BOARD APPROVED

The recommendation of Professor Kelly Hannah-Moffat, Vice-President Human Resources and Equity, as outlined in the memorandum dated June 3, 2019, regarding the Enhanced Benefit Formula for CUPE Local 2484 (Childcare Workers at the Early Learning Centre) bargaining unit.

22. Collective Agreement: University of Toronto and the International Alliance of Theatrical Stage Employees and Moving Picture Machine Operators of the United States and Canada ('IATSE'), Local 58, September 1, 2018 - August 31, 2021

The Board received a report for information regarding the renewal of the Collective Agreement between the University of Toronto and IATSE, Local 58 (September 1, 2018 – August 31, 2021).

23. Report of the Striking Committee: Co-opted Membership of the Business Board and the Audit Committee for 2018-2019

On motion duly made, seconded and carried

YOUR BOARD APPROVED

THAT Ms Susan Rogers be appointed to the Business Board as a co-opted administrative staff member for a one-year term from July 1, 2019 to June 30, 2020;

THAT Mr. Ian Taylor and Ms Kathryn Jenkins be appointed to the Business Board as a co-opted lay member for three-year terms from July 1, 2019 to June 30, 2022;

THAT the following be appointed as co-opted members of the Audit Committee for one-year terms from July 1, 2019 to June 30, 2020: Mr. Robert Boeckner, Ms Sue Graham-Nutter, Ms Kathryn Jenkins and Mr. Chris Thatcher; and,

THAT Mr. Chris Thatcher be appointed Chair of the Audit Committee and Ms Janet Ecker be appointed Vice-Chair of the Audit Committee for one-year terms from July 1, 2019 to June 30, 2020.

The Board returned to Open Session.

The Chair informed members that they would be sent a link by the Secretary for the annual member evaluation survey. He encouraged members to complete the survey noting that the feedback was important on the planning of the future meetings of the Board.

The Chair thanked members for their attendance, diligence and participation in the Board meetings, offering a special thanks to the Vice-Chair, Senior Assessor, Voting Assessors, outgoing Board members and the Secretariat. He also expressed special thanks to outgoing co-opted members: Mr. Andrew Binkley, Mr. Ian Hutson and Ms Sara Gelgor.

The meeting adjourned at 7:04 p.m.

Secretary

Chair

June 20, 2019