

UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 160 OF THE BUSINESS BOARD

October 1, 2007

To the Governing Council,
University of Toronto.

Your Board reports that it held a meeting on Monday, October 1, 2007 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Mr. Richard Nunn (In the Chair)
Mr. Geoffrey Matus, Vice-Chair
Mr. John F. (Jack) Petch, Chair of the
Governing Council
Ms Catherine Riggall, Vice-President,
Business Affairs
Professor Angela Hildyard,
Vice-President, Human Resources and
Equity
Ms. Mary Anne Elliott
Ms. Susan Eng
Mr. Jim Linley
Mr. Gerald A. Lokash
Mr. George E. Myhal
Mr. David Oxtoby
Professor Arthur S. Ripstein
Mr. Stephen C. Smith
Mr. John Varghese
Ms Elizabeth Vosburgh *
Mr. Larry Wasser
Mr. Robert S. Weiss
Mr. W. David Wilson

Non-Voting Assessors

Ms. Sheila Brown, Chief Financial
Officer
Ms Rivi Frankle, Assistant Vice-
President, Alumni Relations

Regrets:

Mr. P.C. Choo
Dr. Gerald Halbert
Ms Paulette L. Kennedy
Mr. Alex Kenjeev

Non-Voting Assessors (cont'd)

Professor Vivek Goel, Vice-President
and Provost
Dr. Tim McTiernan, Interim Vice-
President, Research
Mr. David Palmer, Vice-President and
Chief Advancement Officer
Ms. Christina Sass-Kortsak, Assistant
Vice-President, Human Resources
Mr. Nadeem Shabbar, Chief Real
Estate Officer
Ms Elizabeth Sisam, Assistant Vice-
President, Campus and Facilities
Planning
Professor Safwat Zaky, Vice-Provost,
Planning and Budget
Mr. Nick Zouravlioff, Chief Capital
Projects Officer

Mr. Louis R. Charpentier, Secretary of
the Governing Council

Secretariat:

Ms Cristina Oke

Dr. Joel Kirsh
Dr. Stefan Mathias Larson
Dr. Gary P. Mooney
Mr. Yang Weng

* Participated by telephone conference

In Attendance:

Mr. Brian Burchell, former member of the Governing Council and Station Manager, CIUT Radio Station
Mr. Felix Chee, President and Chief Executive Officer, University of Toronto Asset Management Corporation (UTAM)
Professor John Coleman, Vice-Dean, Research, University of Toronto at Scarborough
Ms Karen Coll, Managing Director, Public Investments, UTAM
Mr. Ira Gluskin, Chair, UTAM Board of Directors
Mr. John Lyon, Managing Director, Investment Strategy, UTAM
Professor Peter Martin, Chair, Department of Astronomy and Astrophysics, Faculty of Arts and Science
Professor Roger Martin, Dean, Rotman School of Management
Mr. Henry T. Mulhall, Assistant Secretary, Office of the Governing Council
Professor Peter Pauly, Vice-Dean, Research and Academic Resources, Rotman School of Management
Ms Mary-Ellen Yeomans, Assistant Dean and Chief Administrative Officer, Rotman School of Management

ALL ITEMS ARE REPORTED TO THE GOVERNING COUNCIL FOR INFORMATION.

Chair's Introductory Remarks

The Chair welcomed members to the meeting. He explained that the agenda had been organized to provide a substantial amount of time for presentation and discussion on the theme of Advancement, Endowment and Investment Performance, before proceeding to items for approval and items for information.

OPENING ADMINISTRATIVE ITEMS

1. Reports of the Previous Meetings

Report Number 158 (June 21, 2007) and Report Number 159 (September 4, 2007) were approved.

2. Business Arising from the Reports of the Previous Meetings

There was no business arising from the Reports of the previous meetings.

MAIN THEME: ADVANCEMENT, ENDOWMENT AND INVESTMENT PERFORMANCE

The Chair explained that agenda items 3, 4 and 5 represented the main theme of the meeting. There would be a brief presentation for each item, followed by an opportunity for questions and discussion.

3. Advancement: Vice-President and Chief Advancement Officer - Annual Report, 2006-07, with Special Emphasis on Alumni Relations Activities

The Chair invited Mr. Palmer to introduce the Annual Report, 2006-07, of the Vice-President and Chief Advancement Officer.

Mr. Palmer noted that it was his fourth week at the University. He congratulated Ms Frankle for the leadership that she had provided as Interim Vice-President and Chief Advancement Officer over the past two years. He also congratulated the staff in the Division of University Advancement (DUA) for their work during that period.

Mr. Palmer stated that his vision for advancement included enabling and supporting change, building long-term sustainable relationships with donors, and emphasizing meaningful philanthropy. The University of Toronto was recognized as having the most successful fundraising and alumni organization in Canada. Mr. Palmer stated that one of the most impressive findings that he had made since joining the University had been the fact that there had been no decline in donations after the end of the most recent campaign. The strong core of professional staff and the strong resource base would continue to contribute to the success of advancement at the University.

Ms Frankle noted that the Division's Annual Report had been included in the documentation for the meeting, and explained that she would be highlighting the year's main achievements, and sharing some of the innovative work being done in alumni affairs.

The key points of the presentation included the following.

Financial Results

- The Division's financial goals for both the present year and for future gifts had been exceeded.
 - Almost \$164 million had been raised in new pledges and gifts, a 61% increase over the fundraising achievement of 2005-06;
 - \$24.5 million in confirmed future bequest intentions had been achieved, an increase of 6.5% over 2005-06;.
 - Gifts of securities valued at more than \$40 million had been received as a result of the new tax provision in the 2006 Federal budget.

Donations by Sector

- Donations from Alumni represented over 50% of total donations received;
- Alumni represented 83% percent of the University's donors.

Breakdown of Donations

- In 2006-07, expendable gifts accounted for 80% of donations, compared with 51% in 2005-06.

3. Advancement: Vice-President and Chief Advancement Officer - Annual Report, 2006-07, with Special Emphasis on Alumni Relations Activities (cont'd)

Transforming Gifts

- The success of the Division in 2006-07 would not have been possible without several transformative gifts.
 - The \$10 million gift from Lawrence Bloomberg to the Faculty of Nursing was intended to change the face of nursing education in Canada, and would enable the University of Toronto to address some of the most important issues driving Canada's nursing shortage.
 - The donation of \$15 million from Chancellor Emeritus Jackman to the humanities at the University had doubled a commitment he had made five years ago. The \$30-million total donation was the largest gift to the humanities in a Canadian university from an individual. Double matched by the university, it had effectively triggered a \$90.5-million increase in investment in the University's humanities departments.
 - A gift of \$15.1 million from the Goldring Family to the University of Toronto would have a tremendous impact on student life and athletics. The Varsity Centre would receive \$11 million - the largest individual gift ever made to university athletics at a Canadian university. Victoria University would receive \$4 million to upgrade, improve and expand its student centre, while \$100,000 would go towards the restoration of Soldiers' Tower, the University of Toronto's memorial to those who had given their lives during both World Wars.

Stewardship

- The University of Toronto had continued to set the standard for best practices in stewardship.
 - More than 1400 personalized donor financial reports had been prepared for donors along with a number of Impact Reports, which outlined how the donor's gifts had made a difference.

Non-Philanthropic Revenue

- Revenue generated from the Division's successful affinity programs such as alumni credit card and insurance programs had continued to fund projects around campus, including the operating budget of the University of Toronto Alumni Association (UTAA).
- In total, more than \$300,000 had been allocated to student and alumni activities.

3. Advancement: Vice-President and Chief Advancement Officer - Annual Report, 2006-07, with Special Emphasis on Alumni Relations Activities (cont'd)

Alumni Affairs Initiatives

- The scope of alumni initiatives had been broadened in 2006-07.
 - The University was developing an online community for alumni and friends. The community would make it easy for alumni to re-connect with old friends and make new connections.
 - The Dinner with 12 Strangers program had been introduced. This program had brought together alumni and new students at dinners hosted by alumni in their homes.
 - The New Grad series had offered 2007 graduates a dynamic program of life skills courses including public speaking presentations skills, dressing for success, and negotiating their first salary. The series had been completely booked within a few hours of launching and would be reprised this fall in order to accommodate those who could not attend in the spring.
 - The Shaker series for young alumni continued to be fully subscribed. Events through the year had been held in Toronto, Hong Kong, London UK and Vancouver.

Regional Activities

- DUA continued to take the lead on regional alumni engagement by hosting or helping to organize 58 events this year outside of the GTA, across the country and around the world.

Divisional Activities

- Most alumni activity had been initiated and managed by the College, Faculty and Departmental advancement offices.
- The hard copy of the report ¹ had included an appendix outlining all divisional print and electronic communications. This catalogue numbered four pages and provided some idea of the extent of university communication with its alumni.

Anniversary celebrations

- A number of divisions, including the Ontario Institute of Education of the University of Toronto (OISE/UT), the Faculty of Forestry, and the University of Toronto at Mississauga (UTM) had celebrated major milestones in 2006-07 and had attracted hundreds, and in some cases, thousands of alumni and community members back to the campus.
 - Many of these celebrations had been funded through the affinity sponsorship program.

¹ <http://www.governingcouncil.utoronto.ca/Assets/Boards+and+Committees/Business+Board/2007+-+2008+Academic+Year/r1001-iiiia.pdf>

3. Advancement: Vice-President and Chief Advancement Officer - Annual Report, 2006-07, with Special Emphasis on Alumni Relations Activities (cont'd)

Anniversary celebrations (cont'd)

- Convocation Hall had marked its 100th anniversary in May 2007.
 - In addition to celebrating the anniversary and initiating a fundraising campaign to accompany it, a special convocation ceremony had been held to honour graduates who had been unable to attend their convocation due to their war time service.

Ms Frankle ended her presentation by expressing her thanks for the privilege of having the opportunity to serve as Interim Vice-President during the past two years.

Mr. Palmer concluded by referring to the two main mandates of the Division for 2007-08: to 'grow the bottom line' and to increase alumni participation. Over the past twelve years, the Division had raised an average of \$113 million a year. The Division wanted to pursue sustainable growth and to diversify the asset base.

Mr. Palmer noted a number of projects that were currently underway, including the Varsity Centre, the proposed Student Commons, the proposed expansion of the Rotman School of Management and the Faculty of Law, and the expansion of programming at the University of Toronto at Mississauga (UTM) and the University of Toronto at Scarborough (UTSC). There was no shortage of opportunity and energy at the University, which remained a locus of philanthropy with no sign of donor fatigue.

On behalf of the Board, the Chair thanked Ms Frankle for the stewardship of the advancement portfolio during the past two years.

Discussion

The following questions were raised during discussion.

- What was the significance in the shift from endowed donations to expendable donations?
 - Donors were examining the effective use of endowments, and were directing their donations to programs and capital projects, which were expendable.
- Where were international alumni of the University located?
 - Of the 400,000 alumni, only 40,000 lived outside of Canada, with the majority being in the United States, China and Hong Kong.

4. Endowments: Annual Report for the year ended April 30, 2007

Ms Brown reminded members that endowments provided a strong base of funding for student aid, for endowed chairs, for research and for academic programs in support of the academic vision. Endowments were restricted funds that had to be used in accordance with purposes specified by donors or by Governing Council. The endowments were not available for use in support of general operating activities.

At April 30, 2007, there had been more than 4,750 individual endowment funds, totaling \$1.8 billion, an increase of \$193.9 million from April 30, 2006.

The endowments were expected to provide a predictable source of revenue to the University, with growth in the capital value of the endowment and with spending increasing over time as a percent of the original donations. The University had a target spending allocation of 4 per cent of current market value within a corridor of 3% to 5%. Spending allocations were increased annually for inflation. Almost all of the University's endowments held units in a unitized investment pool entitled the Long-Term Capital Appreciation Pool (L.T.CAP). The market value of each unit had grown from \$202.63 at April 30, 2006 to \$221.84 at April 30, 2007. The spending allocation at April 30, 2007 had been \$7.14 per unit, representing 3.5% of the opening unit market value and reflecting a 2% inflation increase from 2006, when the spending allocation had been \$7.00 per unit.

Discussion

A member asked about the process for reviewing an increase in payout of the endowment. Ms Brown replied that a review was currently underway to determine the amount of endowment capital that should serve as protection against inflation and as a reserve in the event of poor investment markets. Currently, 23% of the market value of the endowment was reserved as a cushion in excess of the amount required for inflation protection. This cushion was for protection against the volatility of investment markets.

A member asked why there had been a decrease in the University's administrative costs for the endowments' share of expenses allocated by the University to the L.T.CAP. Ms Brown replied that the new budget model had reallocated costs away from the endowments.

5. Investments: Semi-annual Update from the University of Toronto Asset Management Corporation (UTAM) on Investment Performance

The Chair welcomed Mr. Gluskin, Mr. Chee, Ms Coll, and Mr. Lyon to the meeting.

Mr. Chee presented the report of the University of Toronto Asset Management Corporation (UTAM) on investment performance to June 30, 2007. Among the highlights of his report were the following.

5. Investments: Semi-annual Update from the University of Toronto Asset Management Corporation (UTAM) on Investment Performance (cont'd)

- **Assets under management.** Total assets under UTAM's management had grown by 21% to \$5.7-billion as at June 30. The Long-Term Capital Appreciation Pool (L.T.CAP), consisting mostly of the endowment funds and the money set aside for the Supplemental Retirement Arrangement, had grown by 20% to \$2.1-billion. The pension fund had grown by 18% to \$3-billion. The Expendable Funds Investment Pool (EFIP) had grown by 44% to \$595-million. The growth in L.T.CAP and pension fund reflected investment returns.
- **Performance against benchmarks.** The investment return for L.T.CAP and the pension fund was higher than both the market benchmark and the University target. The 100% hedging of currency exposure had contributed more than \$300 million of gains. Two-thirds of the increase in investment return could be attributed to asset mix and portfolio construction while one-third was attributable to manager selection. Investments had been well diversified with minimal credit exposure.
- **Investment performance relative to other Canadian funds.** For the year ended June 30, both the L.T.CAP and the pension fund had placed in the top 18% of peer Canadian funds ranked by RBC Global Services. This ranking reinforced the fact that the added value was a result of asset mix and portfolio construction. Mr. Chee noted that UTAM's return on investment of 25.2% compared favourably to Harvard's 23% return on investment.
- **Current Environment.** In July and August 2007, there had been a severe dislocation primarily in credit markets, featuring a contraction of liquidity and a re-pricing of risk. This had had a negative impact on all asset classes. 'Good' assets had been sold while 'bad' assets had been kept.
- **Performance of past 36 months.** Over the past three years, Canadian equities had had negative returns in ten of the 36 months, or 33% of the time. In the same time period, hedged funds had had negative returns in five of the 36 months.

Discussion

A member congratulated Mr. Chee and his team at UTAM for their performance.

Ms Riggall noted that Mr. Chee was stepping down as President and Chief Executive Officer of UTAM at the end of December, and that this would likely be the last time that he presented an update on investment performance to the Business Board. On behalf of the Board, she thanked Mr. Chee for the time and effort he had put into UTAM, building the organization and delivering results, during the past five years. Mr. Chee thanked members of the UTAM Board and the Business Board for their support, and informed them that UTAM had been recognized by its peers with a nomination as Alternative Investor of the Year.

ITEMS FOR APPROVAL

6. Capital Projects

(a) Background Information

The Chair explained to members that the reports on approved projects under construction, approved projects occupied, closure reports and the status report on borrowing that had been included in the meeting documentation were intended to provide the context for the consideration of the capital projects being considered for approval.

He reminded members that the role of the Business Board with respect to Capital Projects, as specified in the *Policy on Capital Planning and Capital Projects*, was to assess:

- the extent to which the project was within its approved parameters,
- the cost effectiveness of the project,
- the extent to which full funding for the project was committed or obtainable, and
- whether there were any significant outstanding and unresolved issues with respect to the project.

(b) Capital Project: Rotman School of Management Expansion

The Chair welcomed Professor Martin, Professor Pauly, and Ms Yeomans to the meeting.

Mr. Zouravlioff explained that a total of 13,280 net assignable square metres (nasms) of space had been identified as being required to accommodate growth within the Rotman School of Management. This could be accomplished with the use of 5880 nasms of existing space at 105 St George Street and the creation of 7400 nasms with a new structure to be located on Site 11 to the south of 105 St George Street. Site 11 consisted of two existing buildings (91 and 97 St George Street), and a surface parking lot. The current occupants of 91 St. George Street - CIUT radio station and the Sexual Education and Peer Counseling Centre (SEC) - would be relocated to other space on campus as secondary effects of this project. The current occupant of 97 St George – the Department of Classics – was being relocated to the Lillian Massey Building. The forty-four surface parking spaces located at Site 11 would be relocated across campus in a variety of locations to maintain the City of Toronto Parking by-law requirements.

A building of between ten to thirteen stories above grade, to an approximate height of 43 to 56 metres would be required to achieve the full program. The development site currently allowed construction to a maximum height of 23 metres (five stories). The project would require rezoning approvals from the City of Toronto.

The project scope was for the new construction of 15,000 gsm and renovations of 725 gsm within 105 St George Street. The total project cost for the Rotman School of Management Expansion was estimated to be \$91.8 million dollars. This high estimated cost was due to the challenges of the site, including the heritage designations of the buildings on Site 11, and the restricted amount of staging space available during construction. Sources of funding were the Government of Ontario (\$50 million), other government grants to the University (\$10 million), Joseph and

6. Capital Projects (cont'd)

(b) Capital Project: Rotman School of Management Expansion (cont'd)
Sandra Rotman (\$2.8 million), general revenues of the University of Toronto (\$9 million) and donations (\$20 million). Assuming a lump sum tender in January/February 2009, the budgeted construction cost within the total overall total project cost for the new building of 15,000 gross square meters (gsm) amounted to \$4,267 per gsm. Completion date for the Rotman School of Management Expansion was targeted for Summer of 2011.

Address by Non-Member

The Chair informed members that he had granted the request of Mr. Burchell, Station Manager of CIUT, to address the Board, and invited Mr. Burchell to speak.

Mr. Burchell informed members that the CIUT-FM radio station had served the University community on the St. George campus for forty years, and that it broadcast to an area that extended from Kitchener to Cobourg and from Barrie to Buffalo. He congratulated the Rotman School of Management on its success and growth, and noted his appreciation of the Campus Plan for St. George.

Mr. Burchell expressed his concern that, to his knowledge, no calculations had been done to determine the cost of relocation, and that, in his view, the \$204,000 allocation in the Project Planning Report for the relocation of CIUT and the Sexual Education and Peer Counseling Centre (SEC) would not be sufficient. He also expressed concern about the options for relocation for CIUT that had been included in the Project Planning Report – temporary or permanent relocation to 256 McCaul Street, or space in the proposed Student Commons.

Mr. Burchell thanked the Board for the opportunity to speak.

Professor Goel acknowledged Mr. Burchell's service to the University, including his service on the Governing Council. The Provost emphasized that the University's support of CIUT was not in question. He noted that units often had to be relocated with the construction of capital projects. Options for relocation were often limited and while every opportunity to take account of needs would be taken, it was not always possible to satisfy every possible desire. There had already been discussions with CIUT and he looked forward to more work through a project planning committee for the station.

Discussion

The following questions were raised in discussion.

- How had the \$204,000 allocation for relocation been determined?

Mr. Zouralioff explained that the estimate had been based upon moving the occupants of 91 St. George to existing space.

6. Capital Projects (cont'd)

(b) Capital Project: Rotman School of Management Expansion (cont'd)

Discussion (cont'd)

- What would happen if the actual cost for relocation exceeded the \$204,000 allocation?

Mr. Zouraliouff explained that, if the actual relocation cost exceeded the estimated cost, the difference would be covered by the contingency fund for the project. Professor Goel added that the *Policy on Capital Planning and Capital Projects* allowed the Vice-President, Business Affairs to authorize expenditures of the lesser of \$2,000,000 or 10% of the approved project cost if the costs had increased from the approved/tendered price.

- What would happen if CIUT was unable to operate appropriately after it had been relocated?

Professor Goel repeated the commitment of the administration that CIUT would continue to operate. Any change in the mandate of CIUT would be considered in an appropriate manner.

- What was meant by 'University of Toronto General Revenues' in the sources of funding?

Professor Goel explained that the term 'General Revenues' arose from the new budget model, and referred to funds that were shared by all divisions of the University.

- What would happen if the \$20 million in donations was not received?

Ms Riggall noted that the proposed motion authorized the Vice-President, Business Affairs to arrange interim and long-term borrowing as required. Professor Goel added that the project would not proceed unless certain conditions had been met. It had been necessary to bring the Project Planning Report forward for governance approval at this time in order to approach the City of Toronto to begin negotiations for rezoning for the project.

Invited to comment, Professor Martin indicated that he anticipated no difficulty in raising \$20 million in donations.

- What was the significance of the estimated cost of \$4,267 per gross square meter (gsm) of the project?

Mr. Zouravliouff replied that the estimated construction cost of \$344 per square foot was towards the high end of the range of construction costs. Benchmark costs had to be tailored to each project. Professor Goel added that the cost per square foot for capital projects such as the Leslie Dan Faculty of Pharmacy building, the Bahen Centre for

6. Capital Projects (cont'd)

(b) Capital Project: Rotman School of Management Expansion (cont'd)

Discussion (cont'd)

Information Technology (BCIT) and the Donnelly Centre for Cellular and Biomedical Research (CCBR) had been greater than the estimated cost per square foot for the Rotman expansion.

- Were there any guidelines concerning the amount of funding from particular sources for capital projects?

Professor Goel replied that most capital projects were funded by a variety of sources, both internal and external to the University. Normally, if no external sources of funding had been identified, the capital project would not proceed until nearly 100% of the funding was in hand. He noted that all of the major new building projects of this scale in recent year had been initially approved by governance with a substantial proportion of contingent financing – in virtually all cases, those sources had been realized by the time the project was completed.

- Would the funding from the Government of Ontario be secure in the event that the provincial election of October 10, 2007 resulted in a change of government?

Professor Goel explained that the funding had been included in the 2006 Ontario budget, and the funding commitment should be honoured by the provincial government.

A member indicated that she would have appreciated receiving more information about the proposed Rotman School expansion. It was noted that the Project Planning Report was being considered for approval by the Academic Board on October 2, 2007, and that the Report would be distributed to members of the Governing Council as part of the documentation for the October 30, 2007 meeting. Professor Goel suggested that the division of responsibilities between the Business Board and the Planning and Budget Committee with respect to the approval and execution of capital projects would be a critical point for consideration by the review of governance that was being proposed as part of *Towards 2030*.

6. Capital Projects (cont'd)**(b) Capital Project: Rotman School of Management Expansion (cont'd)**

On motion duly made and seconded

YOUR BOARD APPROVED

Subject to Governing Council approval of the project,

- i. THAT the Vice-President, Business Affairs be authorized to execute the Rotman School of Management project at a total project cost not to exceed \$ 91.8 M dollars, with sources of funding as follows:

• Government of Ontario	\$50,000,000
• Government Grants	\$10,000,000
• Joseph and Sandra Rotman	\$ 2,800,000
• University of Toronto General Revenues	\$ 9,000,000
• Donations	\$20,000,000
- ii. THAT the Vice-President, Business Affairs be authorized to arrange such interim and long-term borrowing as required either from internal or external sources.

Documentation is attached hereto as Appendix 'A'.

(c) Capital Project: University of Toronto at Scarborough Balcony Enclosures

The Chair welcomed Professor Coleman to the meeting.

Mr. Zouravlioff explained that the project scope entailed the enclosing of two S-wing balconies, located on the fourth level of the original 1964 building of the Science Wing to create administrative and faculty offices. The renovated space would accommodate sixteen offices, including two offices for departmental chairs, reception areas, storage and support facilities.

The project scope had a space allocation of 455 gross square metres (gsm). The Total Project Cost for the Balcony Enclosures at the University of Toronto at Scarborough was estimated to be \$3,614,900. Funding for the project was being provided by operating funds of the University of Toronto at Scarborough (UTSC). The project was proposed to be completed by August 2008.

Discussion

A member asked whether it would have been less expensive to construct a new building. Mr. Zouravlioff replied that other options had been examined.

At the invitation of the Chair, Professor Coleman informed the Board that the building was unique and not uniform in its construction. UTSC was currently delaying hiring faculty because there was no office space available. Ms Sisam added that the proposed project would address deferred maintenance issues at UTSC.

Professor Goel indicated that it would be additional sites for new construction were very limited at UTSC.

On motion duly made and seconded

YOUR BOARD APPROVED

Subject to Governing Council approval of the project,

THAT the Vice-President, Business Affairs be authorized to execute the Balcony Enclosures at the University of Toronto at Scarborough at a total project cost not to exceed \$ 3,614,900, with sources of funding as follows:

- UTSC operating funds \$3,614,900

Documentation is attached hereto as Appendix 'B'.

7. Property: Recommended Sale of David Dunlap Observatory Lands

The Chair welcomed Professor Martin to the meeting.

Ms Riggall explained that, when the David Dunlap Observatory had opened in 1932, it had been a world-class observatory. However, while the site originally had been farmland, it was now surrounded by a highly urbanized area and the encroachment of light pollution and changes in technology over the years had diminished the use as an observatory.

With the agreement of the successors of Jessie Dunlap, the University was proposing that the operation of David Dunlap Observatory cease and the assets at that site be liquidated. The net proceeds would be invested in an endowment to support astronomy and astrophysics at the University.

Discussion

A member asked where the Observatory was located. Ms Riggall replied that it was located in the Town of Richmond Hill.

Members asked whether there was any time limit on the disposal of the property, and whether the University had a minimum acceptable offer in mind. Ms Riggall replied that the disposition of the land would be done following normal University process. A single stage Request for Proposals would be issued after approval by Governing Council. Bids would be reviewed and the Real Estate Advisory Board would be consulted in the

7. Property: Recommended Sale of David Dunlap Observatory Lands
(cont'd)

evaluation of the bids to ensure that the University of Toronto received maximum value consistent with its risk tolerance.

A member asked if the academic impact of the sale had been considered. Ms Riggall replied that the sale of the land was subject to the approval of the Governing Council that the property was surplus to the academic needs of the University. Planning and Budget Committee had already recommended approval of this to the Academic Board, which would consider the item the next evening.

On motion duly made and seconded

YOUR BOARD APPROVED

Subject to the approval by the Governing Council that the lands are surplus to the academic requirements of the University,

THAT the Vice President, Business Affairs be authorized to undertake the sale of the David Dunlap Observatory Lands.

Documentation is attached hereto as Appendix 'C'.

ANNUAL REPORTS

8. Design Review Committee, Annual Report, 2005-06 and 2006-07

The Chair reminded continuing members of the Board that the 2005-06 Annual Report had been on the agenda for both the May and June meetings, but had been deferred each time because of the length of the agenda. The Annual Reports for both 2005-06 and 2006-07 were being presented at this time.

Ms Sisam explained that the Design Review Committee was a group of volunteers. The Committee had reviewed all developments on the three campuses of the University since 2001, and had contributed extensively to ensure that high quality and standards of design and construction had occurred. Over the past two years, the Committee had met fifteen times, and had reviewed twenty-five projects.

Ms Sisam noted that a number of the projects reviewed by the Committee had won awards, including the Arts and Administration Building at the University of Toronto at Scarborough (UTSC) ², the Communications, Culture and Technology Building at the University of Toronto at Mississauga (UTM) ³, and the Davenport/Lash Miller Garden. ⁴

² Outside the Box Awards 2006: User-Friendly Urban Design; Design Exchange Awards 2006, Honorable Mention

³ OAA Awards, 2007, Ordre des Architectes du Quebec Prix D'Excellence en Architecture;

⁴ Clean and Beautiful City Appreciation Awards 2006 – South District.

8. Design Review Committee, Annual Report, 2005-06 and 2006-07 (cont'd)

Ms Sisam indicated that the City of Toronto had recently established a municipal design panel, modeled on the University's Design Review Committee, to consider projects that engaged the public realm.

A member remarked on the contribution made by the buildings to the atmosphere and success of Nuit Blanche.

A member asked whether the two capital projects that had been discussed earlier in the meeting would be considered by the Design Review Committee (DRC). Ms Sisam replied that the balcony enclosure project at UTSC had been considered twice by DRC because of the significance of the building designed by John Andrews. The member asked whether the DRC considered financial aspects of the projects that were being reviewed. Ms Sisam replied that the DRC made recommendations about where money spent on a project would have the greatest impact.

OTHER REPORTS FOR INFORMATION

9. (a) Health and Safety Requirements: Report on Compliance

Professor Hildyard summarized the third quarterly statement for 2007 with respect to the University's compliance with legal requirements in the area of health and safety.

- The Ontario Ministry of Labour had issued two orders during this reporting period, related to an incident at Bissell Building involving a Caretaking Service Worker. The Ministry of Labour had ordered the University to ensure that all caretaking employees were trained on the Caretaking Policies and Procedures Manual and that all Caretakers using controlled products were trained in Workplace Hazardous Materials Information System (WHMIS). The University was in compliance with these orders.
- The *Asbestos Regulation*, enacted under the *Ontario Occupational Health and Safety Act*, required the University to annually report to the Ministry of Labour the number of asbestos work hours conducted by each University employee assigned to Type 2 and/or Type 3 asbestos work. It had been brought to the attention of Professor Hildyard that the University had not made the required reports for several groups of employees for the 2004 to 2006 period. These reports had been submitted to the Ministry of Labour in May, 2007 and a system was now in place to ensure ongoing reporting in compliance with this regulation. For a second group of workers the required reports had not been submitted for the period from 1990 to 2003. Environmental Health & Safety (EHS), in cooperation with the relevant employee union and the Joint Health & Safety Committee (JHSC), was collecting retrospective exposure data from each of these employees. Exposure reports for these employees would be submitted to the Ministry of Labour at the end of October, 2007.

9. (a) Health and Safety Requirements: Report on Compliance (cont'd)

- As of September 18, 2007, Joint Health and Safety Committee (JHSC) compliance with requirements respecting meetings was similar to that of the compliance rates of 2006. Environmental Health & Safety (EHS) was implementing an aggressive strategy, working with those committees that were not currently meeting requirements to ensure compliance.
- The Canadian Nuclear Safety Commission (CNSC) had conducted a Type II Inspection on September 12 and 13, 2007. The scope of the audit was consolidated licence. Inspections had been conducted in the Medical Sciences Building. The CNSC had provided a draft report on September 13, the final report was pending. The inspection had resulted in four minor non-compliance items. The response date was October, 2007. Radiation Protection Services were currently addressing the items.

Professor Hildyard concluded the report by stating that, based on the reports she had received through the operation of the University's occupational health and safety policy, and except with reference to the items described above, to the best of her knowledge, the University was in compliance with its health and safety obligations.

A member asked if there would be any liability exposure for the University in light of the failure to report as summarized above. Professor Hildyard replied that all reports had been submitted, and that no consequences for late reporting were anticipated.

(b) Approvals under Summer Executive Authority: Annual Report, 2007

The Chair reported that one approval had been made under the Terms of Reference of the Business Board. The Vice President, Business Affairs had been authorized to conclude the sale of certain Mississauga lands that had been declared surplus to University requirements at the Governing Council meeting of June 2004.

(c) Calendar of Business, 2007-08

The Chair reminded members that the Calendar of Business showed the items that were planned to come before the Board in the coming year. The Calendar was updated on a regular basis during the year, and a consolidation of the calendars of business of all Governing Council Boards and Committees was available on the Governing Council website.

(d) Report Number 85 of the Audit Committee – June 20, 2007

Members received the Report for information. There were no questions.

10. Reports of the Administrative Assessors

Ms Riggall reported on several matters.

- The purchase price of the UTM land that received approval for sale under Summer Executive Authority was \$7.5 million.
- The purchase of property on Wellesley Street that had previously been approved by the Business Board was proceeding after permission for the sale had been granted by the Vatican to the Sisters of St. Joseph.
- A Search Committee had been established and a search was underway for the position of President and Chief Executive Officer of the University of Toronto Asset Management Corporation (UTAM).
- Two new credit ratings had been received by the University, and copies were available upon request.

CLOSING ADMINISTRATIVE ITEMS

11. Date of Next Meeting – Monday, November 19, 2007 at 5:00 p.m.

12. Other Business

There was no other business.

13. Quarterly Report on Gifts and Pledges over \$250,000, May 1 – July 31, 2007

Members received the Report for information. There were no questions.

The meeting adjourned at 7:10 p.m.

Secretary

Chair

November 12, 2007