

DELEGATION OF AUTHORITY made as of the \_\_\_\_ day of December, 2007

FROM:

THE GOVERNING COUNCIL OF THE  
UNIVERSITY OF TORONTO  
(hereinafter called the "University")

OF THE FIRST PART

TO:

UNIVERSITY OF TORONTO ASSET  
MANAGEMENT CORPORATION  
(hereinafter called "UTAM")

OF THE SECOND PART

WHEREAS the University wishes to invest such of the money, investments, investment funds and pension funds that come into the hands or are under the administration of the University (the "University Assets" and "Pension Assets" respectively);

AND WHEREAS the University sets investment risk and return targets and specifies other requirements in its investments policies, and their regulations, of or approved by the University or its Business Board, as amended from time to time (the "Investment Policies") for funds it wishes to invest;

AND WHEREAS UTAM was incorporated pursuant to the Corporations Act (Ontario) by Letters Patent dated April 25, 2000, for the following objects, inter alia:

"(a) to manage, or see to and supervise the management of, the money, investments, investment funds and pension funds that come into the hands or are under the administration of The Governing Council of the University of Toronto, subject to and in accordance with the applicable policies from time to time approved by or on behalf of the Council; and

(b) to carry out such other duties and responsibilities on behalf of the said Council as may be properly delegated or assigned to the Corporation;”

AND WHEREAS the University wishes to delegate authority to UTAM to permit it to act as agent for the University.

**DELEGATION OF AUTHORITY:**

1. The University hereby delegates to UTAM, with permitted delegation by the UTAM Board to UTAM staff, should the UTAM Board so desire, the power and authority to take all such actions and execute all such documents as may be necessary or desirable to provide investment management services to properly manage the University Assets and the Pension Assets, subject to the terms and conditions hereof including, UTAM's obligations hereof to act in accordance with the Investment Policies and to act in accordance with any other instructions issued by the University from time to time in accordance with section 7. This delegation shall include without limitation the power and authority to:

- (a) Determine investment strategy for the University Assets and the Pension Assets including, without limitation, determination of asset mix;
- (b) Execute investment strategy for the University Assets and the Pension Assets;
- (c) Invest and re-invest the University Assets and the Pension Assets and the proceeds thereof in accordance with the Investment Policies and including but not limited to the authority to:
  - (i) acquire hold, manage, lease, repair, improve, alter, demolish, dispose of and otherwise deal with lands, buildings and other interests in real estate for investment purposes on behalf of and for the benefit of the University ;
  - (ii) purchase securities on margin or short-sell securities;
  - (iii) exercise any proxy or voting rights and give any consents or waivers associated with any securities in which the University Assets and Pension Assets are invested in the

best interests of the fund, unless otherwise advised by the University;

- (iv) enter into agreements relating to synthetic investment products including debt, equity, commodity, interest rate and currency futures, options, swaps and forward contracts, agreements relating to securities lending, securities relending and repurchase, investment and indemnity agreements and other agreements of every nature whatsoever related to the investment of the University Assets and Pension Assets;
- (v) loan securities of the University Assets to investment dealers and banks and as part of the trustee/custodian's lending program when it is deemed that such lending may add incremental return to the fund at minimal risk and provided the loan is collateralized in accordance with industry standards and marked to market and adjusted on a daily basis.
- (vi) employ and retain the services of investment managers, counsellors, advisers and other investment professionals and experts and delegate investment powers to such persons;
- (vii) appoint and retain the services of legal counsel.
- (viii) provide directions to, oversee any administration by and otherwise correspond with duly appointed trustees, custodians and subcustodians of the University Assets and Pension Assets;
- (ix) open accounts with banks, trust companies and other financial institutions and give instructions with respect to such accounts as may be necessary in order to invest the University Assets and Pension Assets; and
- (x) take any action contemplated by or incidental to implementing the Investment Policies.

2. **Authorization to act:** Any matter with respect to which UTAM is authorized to act as the University's agent may be undertaken by such officer or officers of UTAM as are authorized to take such action in accordance with a resolution of the directors of UTAM. All agreements and other documents

executed by UTAM as agent for the University shall be executed by such officer or officers of UTAM as are authorized to execute same in accordance with resolutions of the directors of UTAM (in force from time to time) in the following manner, and if so executed, the University acknowledges that such agreement or document is binding upon the University:

“UNIVERSITY OF TORONTO  
ASSET MANAGEMENT CORPORATION  
as agent on behalf of the  
GOVERNING COUNCIL OF  
THE UNIVERSITY OF TORONTO

Per: \_\_\_\_\_”

3. **Valuation of assets:** The University hereby delegates to UTAM the authority for valuation of assets invested through UTAM and permits further delegation by UTAM to the trustee/custodian.

4. **Compensation and evaluation of employees:** The University hereby delegates to UTAM the authority for policies, procedures, methods of evaluation, and compensation of its employees, with the exception of the compensation of the President and Chief Executive Officer, which must be approved by the University.

5. **Other services:** As permitted by regulation and subject to the prior approval of the senior officer of the University responsible for financial matters as so designated by the President of the University (the “senior university officer”) on behalf of the University in each instance, and upon such terms and conditions as the senior university officer may prescribe, UTAM may also, as provided in its said Letters Patent, and provided that the quality, level and timeliness of the Services provided to the University are not impaired in any way:

- (i) manage, or see to and supervise the management of, the money, investments, investment funds and pension funds that come into the hands or are under the administration of any university, college or institution that is federated or affiliated with the University; and
- (ii) manage, or see to and supervise the management of, the money, investments, investment funds and pension funds that come into the hands or are under the administration of other charitable or non-charitable, philanthropic and not-for-profit organizations, institutes and associations.

which collectively are referred to as “Other Services”.

Examples of institutions falling under (i) above are the universities federated and colleges affiliated with the University, its affiliated teaching hospitals and The Toronto School of Theology and its member institutions. Examples of organizations falling under (ii) above are other universities, community colleges and educational and research institutes.

## **GENERAL RESTRICTIONS**

6. **Investment Management Agreement:** UTAM shall enter into an investment management agreement (the “IMA”) with the University, to be amended from time to time, and pursuant to which it will exercise the power and authority delegated to it under this Delegation of Authority in providing investment management services to the University as agent of the University.

7. **Other Instructions:** UTAM will also be subject to and act in accordance with any other instructions issued by the University pursuant to the IMA from time to time, including, without limitation, specifications of permitted and prohibited investments that may arise from University policy or from other means.

8. **Reporting obligation:** UTAM shall provide reporting to the extent, and with the content and frequency required by the University pursuant to the IMA regarding this delegated authority.

9. **Securities not in UTAM's name:** The securities representing University Assets and Pension Assets from time to time shall be held on behalf of the University in the name(s) of such trustee(s) or nominee(s) as may be directed by the senior university officer, but not in the name of UTAM.

10. Nothing contained in this Agreement shall be construed to give UTAM or any of its officers, directors or employees the power to take any action on behalf of the University which is outside the scope of its authority hereunder, or shall constitute the parties as joint venturers, partners, co-owners or otherwise as participants in a joint undertaking.

#### **OTHER**

11. The University hereby indemnifies the directors and officers of UTAM, with the exception of claims, actions, costs, charges and expenses occasioned by the wilful neglect or wilful default of the officer or director.

12. The invalidity of any particular provision of this Delegation shall not affect the validity of any other provision and in such event, the Delegation shall be construed as if the invalid provision had been omitted.

13. This Delegation shall be construed and interpreted in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

14. Any notice required or permitted to be given hereunder by one party to the other shall be in writing and hand-delivered, in the case of notice to the University, to it in care of the Office of the Vice-President, Business Affairs, Simcoe Hall, 27 King's College Circle, Toronto, M5S 1A1, marked for the attention of that officer, and in the case of notice to UTAM, to it at MaRS Centre,

Heritage Building, 101 College Street, Suite 350 Toronto, Ontario, Canada M5G 1L7, marked for the attention of its President, with a copy similarly delivered and marked for the attention of its Chair of the Board, and any notice so delivered shall be deemed to have and become effective on the second business day following the day of delivery.

IN WITNESS WHEREOF the University has caused this Delegation to be executed and sealed under the hands of its officers, duly authorized.

THE GOVERNING COUNCIL OF THE  
UNIVERSITY OF TORONTO

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