



University of Toronto

OFFICE OF THE VICE-PRESIDENT, BUSINESS AFFAIRS

TO: Business Board

SPONSOR: Catherine Riggall

CONTACT INFO: 416-978-7473, catherine.riggall@utoronto.ca

DATE: November 13, 2007 for November 19, 2007

AGENDA ITEM: 3 (d)

ITEM IDENTIFICATION:

University of Toronto Asset Management Corporation (UTAM) By-law

JURISDICTIONAL INFORMATION:

The Business Board is responsible for approval of the conditions for the delegation of authority to a University-controlled asset management corporation for the management of the investment of University funds and pension funds, including provisions for appointment of an expert Board to oversee the work of that corporation and arrangements for the appointment and removal of its members.

The Business Board reviews semi-annual and annual reports from UTAM.

Clause 66 of the *By-Law* states that amendments to clauses 3 to 9 inclusive, 16, 17, 22, 25, 30, 41, 59, 64 and 66 cannot be enforced or acted upon until approved by the Business Board.

PREVIOUS ACTION TAKEN:

The Business Board most recently approved the amended personnel and service agreement between the University and UTAM on April 7, 2003. Business Board reviewed the annual report of UTAM on April 11, 2007.

The Business Board has received a review and recommendations for information at the meeting of November 19, 2007.

HIGHLIGHTS:

The members of the UTAM Board are appointed by the Executive Committee of Governing Council on the recommendation of the President. We believe that this is very sensible and provides appropriate control over UTAM as a business subsidiary of the University. We are not proposing any changes to the method of appointing UTAM board members, which require approval of the Executive Committee of Governing Council on the recommendation of the President.

HIGHLIGHTS (cont'd)

We are proposing a change to the membership of the UTAM Board. The UTAM by-law currently requires that the President of the University be a member of the UTAM Board along with the senior university officer responsible for financial matters. The President has indicated his preference that the University representatives on the UTAM Board be the senior university officer responsible for financial matters and the chief financial officer. The revised UTAM by-law is attached. It requires approval by the Business Board and the UTAM Board.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

-

RECOMMENDATION:

THAT the following prospective amendments of By-Law Number 1 of the University of Toronto Asset Management Corporation be approved:

(i) THAT clause 6 of By-Law Number 1 be amended to read as follows:

Ex Officio Directors

6. The following persons shall be nominated ex officio for election to the board and elected as such by the voting members:
 - (i) the senior officer of the University responsible for financial matters as so designated by the President of the University ("senior university officer");
 - (ii) the Chief Financial Officer of the University (CFO); and
 - (iii) a member or former member of the Governing Council or the Business Board of the Governing Council having investment experience or expertise as approved and nominated by the Executive Committee of the Governing Council on the recommendation of the President of the University.

Ex officio directors shall have the same rights, powers and duties as other members of the board.

RECOMMENDATION (cont'd)

(ii) THAT clause 22 of By-Law Number 1 be amended to read as follows:

Compensation

22. The compensation of the directors, senior officers and senior staff of the Corporation shall be determined in accordance with programs and policies that have been submitted for review by the Senior Appointments and Compensation Committee of the University in accordance with the University's Policy on Appointments and Remuneration as amended from time to time.

(iii) THAT clause 25 of By-Law Number 1 be amended to read as follows:

Compensation Committee

25. There shall be a Compensation Committee of the board composed of four directors, one of whom shall be the senior officer responsible for financial matters (SFO) of the University, and two of whom shall constitute a quorum for the transaction of business at any meeting thereof. The Chair of the Committee shall be appointed by the board. The Committee shall meet at least twice annually and its duties shall include the following:
- (a) subject to the provisions of the by-laws of the Corporation, establishing the compensation programs and policies of the Corporation and monitoring the execution thereof;
 - (b) reviewing and approving changes to the compensation policy and scheme;
 - (c) reviewing and recommending to the Board of Directors annual adjustments to base salaries, if and as required, taking into account latest market data;
 - (d) reviewing and recommending to the Board of Directors annual performance bonus awards for the President and the senior officers and senior staff of the Corporation, based on corporate and individual performance against benchmarks;
 - (e) reviewing and recommending to the board and the President of the University the terms of employment contracts for the President; and
 - (f) reviewing and recommending to the board the terms of employment contracts for other senior officers and senior staff of the Corporation.