

**EXCERPT FROM REPORT NUMBER 166 OF THE BUSINESS BOARD -
April 28, 2008**

THE FOLLOWING ITEM IS RECOMMENDED TO THE GOVERNING COUNCIL FOR APPROVAL.

2. Investments: Relationship with the University of Toronto Asset Management Corporation (UTAM) - Business Board Terms of Reference: Revisions

The Chair reminded members that the Board had had a first discussion of the relationship between the University and the University of Toronto Asset Management Corporation (UTAM) at the November 19th meeting. The Board had given its approval to a By-Law change, enabling the President of the University to cease service as an *ex officio* member of the Board. (The Vice-President, Business Affairs continued as an *ex officio* member.) The University administration was now represented by the Vice-President, Business Affairs and the Chief Financial Officer. The Board had also had a substantial discussion of the matters now before it: (a) the revised terms of reference for the Business Board, and (b) the change from the current Service Agreement to a delegation of authority to UTAM approved by the Business Board plus an Investment Management Agreement approved by the Vice-President, Business Affairs. It was intended at that time that there would be further consultations, including consultations with lawyers to ensure that the proposed delegation of authority to UTAM would not amount to a breach of this Board's fiduciary duties. Those consultations had taken place, some changes had been made, and the matter was now before the Board for approval.

The Chair said that the objective of the proposed amendment of the terms of reference was and remained a simple one: that the Business Board, acting for the Governing Council (which was the trustee of the endowment funds and administrator of the pension plans) should approve appropriate return targets and risk tolerances for the funds under UTAM's management and should monitor their achievement. On that basis, the management of the funds should be left to the UTAM management and staff – the people with the expertise - overseen by the University-appointed, expert UTAM Board.

On the recommendation of the Chair of the Business Board,

YOUR BOARD RECOMMENDS

THAT the proposed, revised section 5.1 of the Business Board Terms of Reference, "Financial Policy and Transactions," a copy of which is included in Appendix "A" hereto, be approved.

Secretary

Chair

May 8, 2008
45600