

## UNIVERSITY OF TORONTO

## THE GOVERNING COUNCIL

**REPORT NUMBER 177 OF THE BUSINESS BOARD****November 9, 2009**

To the Governing Council,  
University of Toronto.

Your Board reports that it met on Monday, November 9, 2009 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Mr. Richard Nunn, (In the Chair)	Ms Sheila Brown, Chief Financial Officer
Mr. Geoffrey Matus, Vice-Chair	Mr. Paul Donoghue, Chief Administrative Officer, University of Toronto at Mississauga
Ms Catherine J. Riggall, Vice-President, Business Affairs	Ms Rivi Frankle, Assistant Vice-President, Alumni and Stakeholder Relations
Professor Angela Hildyard, Vice-President, Human Resources and Equity	Professor Scott Mabury, Vice-Provost, Academic Operations
Mr. William Crothers	Ms Kim McLean, Assistant Principal (Business and Administration) and Chief Administrative Officer, University of Toronto at Scarborough
Ms Mary Anne Elliott	Ms Christina Sass-Kortsak, Assistant Vice-President, Human Resources
Mr. J. Mark Gardhouse	Mr. Nadeem Shabbar, Chief Real Estate Officer
Ms Deborah Ovsenny	Ms Elizabeth Sisam, Assistant Vice-President, Campus and Facilities Planning
Mr. Tim Reid	Mr. Ron Swail, Assistant Vice-President, Facilities and Services
Ms Jennifer Riel	
Professor Arthur S. Ripstein	Mr. Neil Dobbs, Secretary
Mr. Stephen C. Smith	
Mr. Olivier Sorin	
Mr. W. John Switzer	
Mr. W. David Wilson	
Mr. David Palmer, Vice-President, Advancement	
Ms Judith Wolfson, Vice-President, University Relations	

## Regrets:

Mr. Andrew Agnew-Iler	Mr. Gary P. Mooney
Mr. Steve (Suresh) Gupta	Mr. George E. Myhal
Ms Paulette L. Kennedy	Ms Melinda Rogers
Dr. Stefan Mathias Larson	Professor Janice Gross Stein
Ms Florence Minz	Mr. John Varghese

## In Attendance:

Mr. Mark L. Britt, Director, Internal Audit Department

**REPORT NUMBER 177 OF THE BUSINESS BOARD – November 9, 2009**

In Attendance (Cont'd)

Mr. Bruce Dodds, Director of Utilities, Facilities and Services Department  
Dr. Anthony Gray, Special Advisor to the President  
Ms Melanie Gruer, Senior Executive Director, Advancement Communications and Marketing  
Ms Gillian Morrison, Assistant Vice-President, Divisional Relations and Campaigns  
Mr. Zoran Piljevic, Director, Information and Instructional Technology Services, University of Toronto at Scarborough  
Ms Marny Scully, Executive Director, Policy and Analysis, Government, Institutional and Community Relations  
Mr. Robert Steiner, Assistant Vice-President, Strategic Communications  
Ms Meredith Strong, Director, Office of the Vice-President, University Relations  
Ms Mae-Yu Tan, Assistant Secretary, Office of the Governing Council

ALL ITEMS ARE REPORTED TO THE GOVERNING COUNCIL FOR INFORMATION.

**1. Report of the Previous Meeting**

Report Number 176 (September 29, 2009) was approved.

**2. Business Arising from the Report of the Previous Meeting**

**Pension Committee Proposal**

The Chair reminded members that, at the previous meeting, the Board had received a report on the arbitrator's award that instructed the University to establish a pension committee to give the Faculty Association an institutionalized voice in the governance of the pension plan.

Ms Riggall reported that the terms of reference for a Pension Committee had been drafted, and a meeting had been arranged for later in the month to refine that first draft. The administration had received representations from some of its unions, whose members were also members of the pension plan and wished representation on the Committee. It was clear that the process of arriving at terms of reference for the Committee would take some time. The objective was to have the Committee in place with membership appointed as of July 1, 2010, as with other Governing Council committees. The Committee would then commence its work in the 2010-11 academic year.

THE BOARD MOVED INTO CLOSED SESSION

**3. Closed Session Reports**

Professor Hildyard reported on developments concerning a charge laid by the Ministry of Labour order concerning asbestos exposure on a construction project and on other actions being taken concerning asbestos found in certain older buildings.

**REPORT NUMBER 177 OF THE BUSINESS BOARD – November 9, 2009****3. Closed Session Reports (Cont'd)**

Professor Hildyard reported on the interim three-year agreement with the Canadian Union of Public Employees local representing the University's sessional instructors. She would be in a position to provide further information to the Board following the anticipated ratification of the agreement by local union members, and she would report further at the December 14 Board meeting. Members of the Board congratulated Professor Hildyard on her bringing this very difficult negotiation to a conclusion without any disruption of the University's academic programs or disadvantage to its students.

**4. Ancillary Operations: University of Toronto Press - Annual Report and Audited Financial Statements for the Year ended April 30, 2009**

The Board received for information the audited financial statements of the University of Toronto Press for the year ended April 30, 2009. The Chair noted that the statements had been classified as confidential for competitive business reasons.

THE BOARD RETURNED TO OPEN SESSION.

**5. Vice-President, Advancement: Annual Report, 2008-09**

Mr. Palmer presented the University Advancement Annual Report for 2008-09. Copies of excerpts from his presentation slides are attached hereto as [Appendix "A"](#). In the course of his presentation, Mr. Palmer said that given the current economic slowdown and the declines in the securities markets, it had been a difficult year with total funds raised declining to 2005-06 levels. However, total gifts and pledges had remained over \$100-million, with annual giving remaining close to par. Cultivation and communication efforts had been emphasized, and alumni participation in regional events and in affinity programs had grown. There was expected to be a lag in the recovery of philanthropy, which tended to follow some time after recovery in the economy and the markets.

Mr. Palmer reported that there was, however, a great deal of interest in the potential launch of a new fundraising campaign. To assist in the preparations for the proposed campaign, the University had engaged the highly regarded consulting firm, Grenzeback, Glier & Associates (G.G.&A.), to conduct a comprehensive review of fundraising in the University and its divisions, benchmarked against U.S. peers. G.G.&A. had found that there was ample evidence of the University's potential to grow fundraising to \$200-million annually, assuming the initiation of a major institutional campaign. With respect to alumni relations, the consultants had found a need to strengthen central services to the divisions.

Mr. Palmer reported that the Advancement group was now preparing for a major institution-wide, transformative campaign, profiling divisional priorities within a centrally defined and promoted vision. Planning, developing the University's case, developing communications and cultivation strategies, and the building of volunteer leadership were now underway. The current discussions with major donors could be considered the beginning of the "quiet phase" of

**REPORT NUMBER 177 OF THE BUSINESS BOARD – November 9, 2009****5. Vice-President, Advancement: Annual Report, 2008-09 (Cont'd)**

the campaign, with the timing of the public phase to be determined as the economy recovered. The University's alumni had played a central role in the previous campaign, and their role would be essential in the forthcoming campaign. Themes of the campaign would include the University's contribution to Canada's innovation agenda, transformation of the student experience, support for divisions most in need including catch-up in facilities for the Mississauga and Scarborough campuses and the Faculty of Arts and Science, and the clear establishment of the University as Canada's primary destination for philanthropic support and volunteer advancement leadership.

Among the matters that arose in discussion were the following.

**(a) Affinity programs.** A member urged that, given the failure and weakness of a number of major banking and insurance companies in the recent financial crisis, the University exercise great care in its selection of institutions for such affinity programs as insurance and investment services. There would otherwise be a real risk to the University's alumni participants and to the reputation of the University.

**(b) Dunlap Institute for Astronomy and Astrophysics – Gift.** In response to a member's question, Mr. Palmer said that the extraordinary gift of the Dunlap family for the Dunlap Institute accounted for approximately \$26-million of the \$106-million raised in 2008-09. When the Dunlap Observatory property in Richmond Hill was sold, the family had certain rights to a share of the proceeds and donated of their own free will more than half of the proceeds to the University to establish the Institute. Only the donated amount was included in the gift tally for the year.

**(c) Giving to the endowment.** In response to a member's question, Mr. Palmer said that during the past campaign, about two thirds of gifts had been to endowed funds, with the other third designated for other purposes. Following the completion of the campaign, however, gifts to the endowment had declined to about 35% of all gifts. For 2008-09, however, donations to the endowment had been close to 60% of total giving. While Mr. Palmer anticipated that the majority of gifts in the near future would be designated to purposes other than endowments, most of the very large gifts now being discussed were to endowment funds.

**(d) Support for the public-service role of the University.** A member cited with approval the statement in the Annual Report that "philanthropy plans a transformative role in University life, providing critical support to our mission of teaching, research and public service." The member cited examples of the valuable public-service role played by members of the University in addition to teaching and research, and he urged that this role be emphasized in the University's communications with the public. Mr. Palmer noted that the University found it difficult to quantify the impact of its public-service work, but he agreed that the University could do a better job of making this work known to the public.

**REPORT NUMBER 177 OF THE BUSINESS BOARD – November 9, 2009****6. Vice-President, University Relations: Annual Report, 2008-09**

Ms Wolfson presented the University Relations Annual Report for 2008-09. Copies of excerpts from her presentation slides are attached hereto as [Appendix “B”](#). Ms Wolfson said that the University Relations role comprised: (a) government, institutional and community relations; (b) strategic communications and marketing; (c) and international relations. Many people across the University participated in those activities, and their excellent work needed to be expressed as an overall, coherent story.

The first key area of achievement in 2008-09 had been to support efforts to maximize funding opportunities – to gain for the University the revenue it required to provide very high quality teaching and research. The University had secured \$167-million of funding for new capital projects, primarily from the Federal Knowledge Infrastructure Program and matching Government of Ontario Funds – funding designed to stimulate the economy. The University had also received \$21-million of one-time-only operating funding – a very important outcome in a difficult economic environment. Going forward, the University would seek additional support from the Federal Government for important purposes such as research, graduate scholarships, support of international doctoral students, and post-doctoral fellows. The University would work with other universities to seek support from the Federal Government for the full costs of research.

Ms Wolfson said that the Province of Ontario was the source of most base funding for the University. The “Reaching Higher” program – the Government’s \$6.2-billion beginning-of-term commitment to provide additional support to higher education – was coming to an end in 2010. The University would make every effort to promote a new “Reaching Higher” commitment as part of a structure with a new tuition-fee framework and new capital funding. This would be a challenge in the light of the Provincial Government deficit. It would also be important to continue to promote an excellent relationship with the Toronto and Mississauga governments.

Ms Wolfson continued that the second key area was that of brand awareness and reputation. Achievements in 2008-09 had included: a media presence that was over 50% greater than that of other Canadian universities; significant coverage of the University in the international press; a series of 50 brief videos featuring comments by students, faculty and staff members on their experiences at the University that had succeeded in communicating a real-life feel of the University to prospective students and others; and a redesigned very powerful University website, which served as a “front door” to the University and which had drawn a very positive response internally and externally. For 2009-10, the University planned an advertising campaign directed at potential students; advertising focusing on key decision-makers; and research and analysis on leading rankings of institutions of higher education including that issued by the *Times Higher Education Supplement*, which ranked world universities based on a survey of 10,000 academics, in which the University of Toronto ranked ninth out of 625 institutions. Ms Wolfson noted that no individual survey told the full story and that the University also considered surveys that showed a need for improvement.

The third key area was international activities. Toronto was the world’s most substantial “Gateway City,” with 45% of its population born outside of the country. The University reflected

**REPORT NUMBER 177 OF THE BUSINESS BOARD – November 9, 2009****6. Vice-President, University Relations: Annual Report, 2008-09 (Cont'd)**

that fact. The objective of University Relations was to secure recognition of the University's global engagement. It did so by hosting incoming delegations (some 60 over the past year) and assisting University of Toronto delegations going abroad. Sustaining and increasing the University's reputation domestically and internationally would require a sustained effort, with faculty, students and staff serving this end.

Among the matters that arose in discussion were the following.

**(a) Effectiveness of advertising.** Invited to respond to a member's question, Mr. Steiner said that the University had two quantitative measures of the success of its advertising efforts. First, during the past year, the University ran 23 versions of a three-second "flash" advertisement on various internet sites, beginning with the words, "You can . . . ." The objective of the advertisements was to initiate an emotional connection with sixteen or seventeen year old potential students who wished to make a real contribution to changing the world. Students who clicked on the advertisement were connected to a University site describing research and educational efforts to achieve the objective stated. That in turn was intended to elicit applications to the University. In a survey completed after the campaign, 40% of the respondents reported that they recognized the advertisements – a response rate far above the norm of 6% in such surveys. The firm that completed the survey had advised that they had not hitherto seen so strong a response. The outcome had contributed to a marked increase in applications to the University. Second, the University had purchased a service from Google, whereby the University would appear first or second in searches in which certain key works appeared. The outcome had been 125,000 unique visits to the University's web sites. That program was being continued in the current year, yielding even better results.

**(b) Current students in the branding exercise.** A member observed that current students would likely be the University's best ambassadors. Was the University taking any action to assist students in that function? For example, many current students might well not know the identity of outstanding alumni who had made and were making real contributions to society. Ms Wolfson replied that the University's website enjoyed a heavy traffic from the University's current students. The reference to their knowing of the achievements of alumni was an important one, and the University was considering how best to involve alumni as ambassadors. They were currently significantly involved in international efforts. The University was considering means for such involvement within Canada. Alumni achievements had played a significant part in the "You can . . . ." advertising campaign, with prospective students showing a clear interest in current research and discoveries. The member observed that most students did not use the University's general website, and he urged efforts to reach them through such other means as the student portal or "Blackboard" sites that many students did use more frequently.

Another member observed that the University ranked poorly in certain surveys that depended on student responses. He urged that the University improve its communication with its own students to communicate to them the University's extraordinary strengths.

**REPORT NUMBER 177 OF THE BUSINESS BOARD – November 9, 2009****6. Vice-President, University Relations: Annual Report, 2008-09 (Cont'd)**

Ms Wolfson agreed that the suggestions were good ones, and she would work with the Vice-Provost, Students with respect to these matters. She noted that students in the upper years of their undergraduate programs had a more favourable view of their student experience than did those in their first and second years.

**(c) Local community relations.** A member enquired about the level of focus on local community relations. The University of Toronto at Mississauga, for example, had established an excellent relationship with the City of Mississauga and the Mississauga community. Many divisions and members of the University as a whole had contributed to the community. Was the University leveraging the value of such service to improve its brand? Ms Wolfson replied that the University focused its efforts on the levels of government where key decisions were made.

**(d) Proposal for a broader report in future years.** A member observed that the Board's terms of reference charged the Board to review annual reports on the "University's public and community relations activities and government relations activities". That should be interpreted to mean those activities undertaken by the University as a whole and not only those activities carried out under the aegis of the Vice-President, University Relations. Faculty and students carried out a whole range of outreach activities, which strengthened the Toronto, national and international communities and which should be made clear in this important official report in order to strengthen the University's reputation and brand. The member cited several examples including activities to combat AIDS in Africa, alumni building a school in Kenya, and the work of the group Engineers Without Borders. Inclusion of information on such activities would be viewed positively by politicians, by the electorate, by the University's alumni and its financial benefactors. He urged that future reports adopt this broader scope. He noted with disappointment that the report did not make reference to alumni as core "stakeholders". Ms Wolfson agreed that the many outreach activities described by the member were very important ones that played a major role in strengthening the University's brand. While the Office of the Vice-President, University Relations worked closely with the Office of Vice-President and Provost, including the Office of the Vice-Provost, Students, this particular report focused on the business aspects of University Relations, and it was limited to the activities under the purview of the Vice-President, University Relations. Reports on student projects, for example, would more appropriately be made to the University Affairs Board. The member stressed that the Board's terms of reference called for reports on the "University's public and community relations activities and government relations activities," and he requested clarification of the terms of reference with respect to the matter. The Chair took notice of the question, stating that he would seek clarification of the Board's terms of reference relative to those of the University Affairs Board. In response to a subsequent question, the Chair noted that members with concerns about the matter that were within the jurisdiction of the Business Board could be in touch with the Chair to request a specific report on the matter. Members would also be entitled to attend meetings of the University Affairs Board when any reports within that Board's jurisdiction were brought forward.

**REPORT NUMBER 177 OF THE BUSINESS BOARD – November 9, 2009****7. Report on Capital Projects to September 30, 2009**

The Chair said that the report was intended to assist the Board in monitoring the progress of the University's extensive construction program. The Board was not responsible for setting priorities for capital projects. It did, however, have the duty of ensuring the cost-effectiveness of the execution of the capital projects and the prudence of spending and borrowing for them. The background report on capital projects was traditionally a consent item, but the format of the report had been changed somewhat. Therefore, the Chair had asked Mr. Shabbar to present the report.

Mr. Shabbar said that the new reporting format was simplified and concentrated on more current projects. It showed the projects currently under construction and those recently occupied and completed. Previous reports had also shown older projects, some dating from 2005 and 2006, which had now been removed. The report showed the date of the approval of the project by the Board and its approved budgeted cost. It showed the scheduled completion date, and it contained comments on each project, indicating whether the project was or was not on budget and on schedule, and commenting on the reason for any delay or any spending over the original budget. The second report showed the projects that had recently been completed and provided a quick assessment of their outcome relative to the budget and the schedule. Mr. Shabbar welcomed any suggestions on the new format of the reports as well as on the projects being reported.

The Chair asked whether, in any case when a project was delayed, the report would disclose any likely financial problem. If there was no disclosure of any potential problem in such cases, could the Board assume that the delay had not caused any financial problem? Mr. Shabbar replied in the affirmative. If there was a delay in any project, the next report would disclose whether there was any financial problem, whether it appeared likely that it would be possible to make up the delay, and when the Board could expect the project to be completed.

It was suggested that the reports also provide information about the amount of space delivered in each project. When the Governing Council approved the original Project Planning Report, the approval specified an amount of space. From time to time, there were changes to the scope of the project, which affected its cost. The Chair agreed that the additional information would be valuable, with the report showing the original amount of approved space along with the approved budget, and any revised amount of space along with the revised cost. A member suggested that the report also disclose the cost of each project per square foot or square meter of space provided. Doing so would enable the Board to make a judgment about the value for money delivered, bearing in mind the differing cost of projects for different purposes. Mr. Shabbar replied that information about cost per square foot was provided in the annual report, it but could also be added to the report made to each Board meeting. In addition, where there were changes of scope for a project, appropriate information would be provided in the “comments” section of the report.



**REPORT NUMBER 177 OF THE BUSINESS BOARD – November 9, 2009****8. Borrowing: Status Report to October 31, 2009**

The Board received for information the status report on borrowing to October 31, 2009. That report showed borrowing capacity of \$958.4-million pursuant to the University's policy; borrowing allocated (net of repayments that could be reallocated) of \$880.2-million; actual external borrowing of \$532.8-million; and internal borrowing outstanding of \$211.5-million.

**9. Capital Project: St. George Campus Utilities Infrastructure Renewal**

Mr. Swail presented the proposal, summarized in his memorandum to the Board dated October 8, 2009, to upgrade the district energy system on the St. George Campus. He noted that most of the 120 buildings on the Campus were served by a very large central system, which distributed electricity, heat and chilled water. The outcome was significantly more energy-efficient than local systems, with the need for less equipment and maintenance. With the growth of the Campus, however, there was need to make three upgrades to the systems. First, it was necessary to construct a new electrical feeder to the Medical Sciences building and to remove that building from the southeast campus energy distribution loop. Doing so would provide a necessary increase to the electrical supply to that building and to others nearby including the Sanford Fleming and Galbraith Buildings. The estimated cost was \$5-million. Second, it was necessary to add a chiller and cooling tower to the southeast chiller plan, which served 15 buildings. The estimated cost was \$3.55-million. Third, it was necessary to improve the central steam plant for the campus, providing upgrades to its water treatment system and its emergency oil tank, at an estimated cost of \$2.6-million. Those needs had been anticipated for some time, and the University had hoped that they would be funded by the Government of Canada fiscal stimulus program. Because they would not be so funded, Mr. Swail recommended approval of the project that would be funded by \$11.2-million of University funds, including: (a) \$5-million from funds that had been budgeted for infrastructure renewal, and (b) a loan to be repaid by the St. George Campus utilities budget, which would be increased by \$720,000 per year.

On motion duly moved, seconded and carried,

**YOUR BOARD APPROVED**

Subject to Governing Council approval of the program of projects,

- (i) THAT the Vice-President, Business Affairs be authorized to execute the Utilities Infrastructure Renewal program of projects, at a total cost not to exceed \$11.232 million, with funding as follows:

- \$5 million from utilities infrastructure renewal funds, and
- the balance a loan to be repaid by increasing the annual utilities budget by \$720,000; and

**REPORT NUMBER 177 OF THE BUSINESS BOARD – November 9, 2009**

**9. Capital Project: St. George Campus Utilities Infrastructure Renewal (Cont'd)**

- (ii) THAT the Vice-President, Business Affairs be authorized to arrange such interim and long-term financing as required, from either internal or external sources.

**10. Capital Project: University of Toronto at Scarborough South Campus Data Centre**

Mr. Shabbar presented the proposal for the upgrading and relocation of the Data Centre at the University of Toronto at Scarborough, as summarized in his memorandum to the Board dated October 29, 2009. The current centre was twelve years old. Since it had been put into place, the student population at U.T.S.C. had grown by 97% and the number of servers had also grown substantially. As a result, the current facility lacked appropriate cooling capacity and lacked any space for continued growth. It was therefore proposed to construct a new facility on the roof of the Academic Resource Centre building to provide appropriate space. The cost of \$3.9-million, which included some equipment costs, would be funded by the U.T.S.C. operating budget.

A member asked whether it might be possible to achieve economies through joint purchasing with the planned purchases of similar equipment on the St. George Campus. Mr. Shabbar replied that the project was at too early a stage to know whether such economies would be available. The project was, however, being developed in consultation with the University's Chief Information Officer with a view to the provision of data back-up capacity at U.T.S.C., and the possibility of economies through joint purchasing would be examined at the appropriate time.

On motion duly moved, seconded and carried,

YOUR BOARD APPROVED

Subject to Governing Council approval of the project,

THAT the Vice-President, Business Affairs be authorized to execute the University of Toronto at Scarborough South Campus Data Centre Project at a total project cost not to exceed \$3,904,000, with all funding provided by the University of Toronto at Scarborough.

**11. Expense Accountability: Report**

The Chair said that, in the light of some highly public problems encountered by certain other organizations, he had requested that the Board be briefed on accountability for expenses at the University. Ms Brown, Mr. Shabbar and Mr. Britt, using a power-point presentation, briefed the Board and responded to questions.

**REPORT NUMBER 177 OF THE BUSINESS BOARD – November 9, 2009**

**12. Date of Next Meeting**

The Chair reminded members that the next regular meeting was scheduled for Monday, December 14, 2009 at 5:00 p.m. The main theme of the meeting would be the University's pension plans: the annual report, the annual review of the investment policy, and (if ready) the proposal for terms of reference of a pension committee.

**13. Other Business**

**President's Advisory Committee on Investment Policies, Structures, Strategy and Execution**

In response to a member's question, Ms Riggall said that the special advisory Committee on Investment Policies, Structures, Strategy and Execution, chaired by Chancellor-Emeritus H. N. R. Jackman, was a Presidential advisory committee. It would make its report to the President, who would determine what action, if any, to take on the basis of that report. Ms Riggall anticipated that the President would prepare a formal response to the report, which she expected to be presented to the President by the end of the calendar year.

The meeting adjourned at 7:10 p.m.

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Secretary

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Chair

November 30, 2009