UNIVERSITY OF TORONTO

THE GOVERNING COUNCIL

REPORT NUMBER 101 OF THE BUSINESS BOARD

October 25th, 1999

To the Governing Council,
University of Toronto.

Your Board reports that it met on Monday, October 25th, 1999 at 5:00 p.m. in the Council Chamber, Simcoe Hall, with the following members present:

Mr. Amir Shalaby (In the Chair)
Ms Wendy M. Cecil-Cockwell, Chairman of the Governing Council
Professor J. Robert S. Prichard, President
Professor Michael G. Finlayson, Vice-President - Administration and Human Resources
Mr. Robert G. White, Chief Financial Officer
Dr. Robert Bennett
Ms Wanda M. Dorosz
Mr. H. Garfield Emerson
Professor Vivek Goel
Dr. Robert J. Kyle
Professor Brian A. Langille
Mr. Gerald A. Lokash
Mr. Frank MacGrath
Professor Heather Munroe-Blum
Dr. John P. Nestor
Mr. Martin Offman
Ms Jacqueline C. Orange
Mr. Roger P. Parkinson
The Hon. David R. Peterson
Mr. Kashif S. Pirzada
Mrs. Susan M. Scace
Dr. Alexander R. Waugh
Mr. Robert S. Weiss
Ms Judith J. Wilson
Mr. Vilko Zbogar

Dr. Jon S. Dellandrea, Vice-President and Chief Development Officer
Mr. Louis R. Charpentier, Secretary of the Governing Council
Professor Derek McCammond, Vice-Provost, Planning and Budget
Miss Janice Oliver, Assistant Vice-President Facilities and Services

Secretariat:

Mr. Neil Dobbs
Ms Susan Girard

Regrets:

Ms Shruti Dev
Mr. Paul V. Godfrey
Dr. Anne Golden
Ms Rose M. Patten
Dr. Joseph L. Rotman
Mr. Terrence L. Stephen
Mr. John H. Tory

In Attendance:

Ms Wendy Talfourd-Jones, member, the Governing Council
Mr. Donald Burwash, member, Audit Committee
Mr. Robert W. Korthals, Senior Advisor to the President; Chair, President's Investment Committee
Dr. Peter B. Munsche, Assistant Vice-President, Technology Transfer
Dr. George Adams, President, University of Toronto Innovations Foundation
Ms Sheila Brown, Controller and Director of Financial Services
Mr. Stuart J. Budden, Treasurer and Director of Investments
Mr. Eric Fleming, Director, Risk Management and Insurance
Ms Rivi Frankle, Director of Alumni and Development

In Attendance (Cont'd)

Professor William C. Graham, President, University of Toronto Faculty Association
Ms Tennys Hanson, University Campaign Director and Vice-President, University of Toronto Foundation
Ms Laurie M. Lawson, Assistant Treasurer
Mr. Brian Marshall, Director of Human Resources
Mr. Kasi Rao, Director of the Office of the President and Director of Government Relations
Ms Deborah Simon-Edwards, Executive Assistant to the Chief Financial Officer

ITEM 2 CONTAINS A RECOMMENDATION TO THE GOVERNING COUNCIL FOR APPROVAL.

1. Report of the Previous Meeting

Revised Report Number 99 (June 17th, 1999) and Report Number 100 (September 13th, 1999) were approved.

2. Investments: Governance and Management

The Chair recalled that the Board had, at its previous meeting on September 13th, 1999, engaged in a substantial discussion of the proposal to establish an investment-management corporation. Mr. White had outlined the alternatives and the rationale for a separate corporation. The matter had then been left with members for reflection. The matter was now before the Board for its decision and, if the Board supported the proposal, its recommendation to the Governing Council.

Mr. White recalled that the Board had had a thorough discussion of the proposal at the previous meeting, and a description of that discussion, in the form of an excerpt from the Board's Report Number 100, had been distributed with the current agenda package. At the previous meeting, a member had raised a question concerning the organizational chart entitled "Proposed Investment Management Organization," which was attached to the proposal as Appendix "F". Mr. White had undertaken to amend that organizational chart to show clearly the place of the Business Board: the Board of the proposed new corporation would report through the University's Chief Financial Officer and President to the Business Board. A revised Appendix "F" had been distributed with the materials for the current meeting.

Also at the previous meeting, the President and Mr. White had invited members to forward any further advice to them. One member had called with questions for clarification, which Mr. White had answered. Another member had proposed changes: (a) to make it clear that the new corporation would be subject to the University's policies and in particular its Policy on Social and Political Issues with Respect to University Investment, and (b) to ensure that the corporation reported on its compliance with University policies and directives. As the result of a recent meeting among the member, Mr. Korthals, and Mr. White, Mr. White now proposed a number of amendments to the service agreement between the University and the new corporation. Those amendments were outlined in a memorandum that had been placed on the table for this meeting.

- Paragraph 4 of the Service Agreement listed the policies to which the new corporation would be subject. Mr. White added to that list the Policy on Social and Political Issues with Respect to University Investment. He also added two other policies that were relevant to investments: (a) the Consolidated Investment Pool Policy and regulations thereunder, and (b) the Policy for

2. <u>Investments: Governance and Management</u> (Cont'd)

the Preservation of Capital of Endowment Funds and regulations thereunder. Those three additional policies would in fact govern the actions of the University rather than the corporation, and the University might issue directives to the corporation pursuant to and in accordance with those policies. Nonetheless, it was important that the corporation be aware of the policies and of the fact that the University might issue directions to the corporation arising from the application of the policies.

- Paragraph 13(b) of the Service Agreement prescribed the content of the new corporation's reports to the Business Board. The member had urged that the reporting requirements be expanded to include a statement that the corporation was "in compliance with all applicable University policies." That requirement had been added to paragraph 13(b), as had two other items. The first additional item gave the corporation the opportunity to report on "any other material matter that the management of UTIM [the University of Toronto Investment Management Corporation], in its reasonable judgement, decides should be brought to the attention of the C.F.O., President and Business Board." The second additional item provided for reports including "such other information and material as may be requested by the C.F.O., acting reasonably."

Mr. White noted that his recommendation was to approve the proposal to establish the corporation, its basic by-law, and the service agreement between the University and the corporation "essentially as set out" in his memorandum to the Board for its September 13th meeting. The intention of the words "essentially as set out," was to allow for changes that would not be of significant consequence to the By-Law and Service Agreement, if the need for such changes became apparent during the detailed work of setting up the corporation.

Questions and discussion focused on the following topics.

- **Social and Political Issues with Respect to University Investment**. A member expressed his support for: (a) the addition of the Policy on Social and Political Issues with Respect to University Investment to the list of policies to which the corporation would be subject, and (b) the addition of the requirement that the new corporation include a statement of compliance with all applicable University policies, including the Policy on Social and Political Issues with Respect to University Investment.

- **Investment policies and performance benchmarks**. In response to a member's question, Mr. White stated that the Business Board would continue to be responsible for the approval of the investment policies, including performance benchmarks.

- **Pension plan surpluses**. A member requested reassurance that the change in the legal status of the investment management operation would not mean that the pension fund or the pension fund surplus could be used for any purpose other than paying pensions. Mr. White replied that the approval of the proposal would not in any way lead to any difference from the present situation.

2. <u>Investments: Governance and Management</u> (Cont'd)

On the recommendation of the Chief Financial Officer,

YOUR BOARD RECOMMENDS

THAT the proposal to establish a University of Toronto Investment Management Corporation, the proposed By-Law Number 1 of that Corporation, and the proposed Service Agreement between the Governing Council of the University of Toronto and that Corporation, essentially as set out in Appendix "A" hereto, be approved.

The Chair applauded Mr. Korthals and Mr. White for their efforts to improve the management of the University's and the pension funds' investments.

3. <u>Development and University Relations: Annual Report of the Vice-President, 1998-99</u>

Dr. Dellandrea presented the annual report of the Development and University Relations portfolio for 1998-99.

- **Review of priorities for 1998-99**. Dr. Dellandrea reviewed the portfolio's priorities for the 1998-99 year: maximize private support; renew the University's commitment to its alumni; engage the volunteer leadership more deeply; emphasize recognition and donor stewardship; review the infrastructure and lay the foundation for a mature advancement program; support student recruitment worldwide; and ensure effective advancement communications.

- **Financial results** overall to September 30th, 1999 were as follows, in thousands of dollars.

	Pledge/gift Amount	Total Received
Pledges and gifts	$398,639	$309,905
Realized planned gifts	46,207	46,207
Gifts in kind	74,209	74,209
Total	$519,055	$430,321

Dr. Dellandrea stressed that those figures did not include government or University matching money. Of the total of about $520-million in gifts or pledges, $430-million had already been received. It was remarkable that only two years into a five-year campaign so high a proportion of pledges had been fulfilled.

- **Annual donations**. In 1994-95, in the pre-campaign phase, the University had received donations amounting to less than $40-million. By 1998-99, the giving for the year had grown to $135-million.

- **Campaign goals funded**. The University's benefactors had to date in the Campaign: funded 95 new endowed chairs; donated more than $100-million of endowed funds devoted to student support; and supplied the core of funding for the planned new Centre for Information Technology, the St. George Street revitalization project, the Scotiabank Information Commons, the Munk Centre for International Studies, and the new Student Centre for the University of Toronto at Mississauga.

3. <u>Development and University Relations: Annual Report of the Vice-President, 1998-99</u> (Cont'd)

- **Highlights of results for 1998-99**. Total revenue from gifts (cash and gifts in kind to the University and the federated universities) amounted to $135-million, up from $100-million the previous year. Gifts through the regular annual giving solicitations had increased by almost 25% to $9.1-million. The Presidents' Circle, consisting of benefactors who donated $1,000 or more during the year, had increased to 3,500 members. The University had reached 125,000 alumni with requests to support the Campaign through the Annual Fund. The response rate from current and lapsed donors had been 72%. The response rate from those who had not donated previously was 8.6%. New commitments for future gifts (such as estate gifts) amounted to $20.5-million. Alumni activities outside of Toronto had increased by 20%. In cooperation with the Director of Student Recruitment, alumni had participated in student recruitment efforts both in Canada and internationally. In the light of the very positive response to the Campaign, donor stewardship had become a major responsibility, and detailed stewardship plans had been developed for 200 benefactors who had contributed $100,000 or more. Three divisional web sites had been established: the "ways of giving" site, the "alumni affairs" site and the "news and events" site. The University received over 500 media calls for information, many of them related to research.

- **Goals for 1999 - 2000**. First, the division would work to maximize private support and to exceed the $575-million Campaign goal by June 30th, 2000, coinciding with the end of Professor Prichard's term as President. Then the division would work to maintain the intensity of effort through the Campaign's completion on April 30th, 2002. Second, the division would seek to enhance the University's overall positioning, nationally and internationally, building on the "great minds" theme. Third, the division would work to ensure that all thirty academic divisions were able to fund their core priorities by April 30th, 2002. Fourth, the division would develop a program-based budget for a permanent advancement operation to build on the new funding plateau generated by the Campaign. Fifth, the division would build on the success of the local and regional alumni programs, and it would help the Alumni Association achieve its goal of becoming more active nationally and internationally. Sixth, the division would continue to find meaningful roles for the Campaign volunteers and to provide new volunteer opportunities across the University. Seventh, the division would enhance donor stewardship to build the foundation for major gift activities after the Campaign. Eighth, the division would carry out continuous monitoring of the advancement infrastructure to maximize effectiveness and efficiency. Ninth, the division would work with the Provost's division to support worldwide student recruitment. Tenth, the division would make the University's site on the world-wide web competitive with the best in North America. Finally, the division would develop plans for advancement in conjunction with a transition to the new President, who would succeed Professor Prichard on July 1st, 2000.

- **The Campaign's next wave**. The division would maintain the high level of campaign intensity until every academic division had achieved success in meeting its goals. The division remained committed to reaching as many as possible of the University's 300,000 living alumni worldwide. Finally, the division would maintain its commitment to build a base for a strengthened post-Campaign advancement program. The Campaign would not become merely a "moment in time."

A member asked about annual fundraising objectives for future years. Dr. Dellandrea replied that he hoped that the University would achieve its formal campaign goal of $575-milion by June 30th, 2000. But, to achieve the Campaign goals of all of the University's divisions would require a total of about $700-million. Therefore, the aim would be to bring the Campaign total

3. <u>Development and University Relations: Annual Report of the Vice-President, 1998-99</u> (Cont'd)

to $700-million in the final two years. The division would most certainly not rest on its laurels with the achievement of the $575-million Campaign goal. The President agreed fully. The achievement of the Campaign goal would by no means limit the University's ambitions. Rather, it would make every effort to remain at the current level of support, with fundraising proceeds of at least $100-million per year.

The Chair congratulated Dr. Dellandrea and his colleagues on their report and on the remarkable successes enumerated in it. The President noted that prior to Dr. Dellandrea's appointment, the University was raising about $20-million per year. Dr. Dellandrea and his remarkable team had therefore achieved a dramatic improvement.

4. <u>Research and International Relations: Annual Report of the Vice-President, 1998-99</u>

Professor Munroe-Blum presented the annual report for the Research and International Relations portfolio for 1998-99. She noted that the University of Toronto and its affiliated teaching hospitals represented the second largest research enterprise in Canada, following Nortel Networks, devoting nearly $2-million per working day to research activities.

- **Mandate**. The Research and International Relations portfolio's mandate was to support the strategic growth, effective development and efficient and accountable administration of research and international resources, activities and partnerships, consistent with the University of Toronto's mission to be an internationally significant research university.

- **Operating themes**. The portfolio had five operating themes: service to the University; strengthening government research resources and the governmental science and research policy framework; increasing the success of University of Toronto faculty in research competitions; enhancing information and analysis in support of research and international activities; and enhancing the profile of research and international activities at the University.

- **Overview: three kinds of support**. The Research and International Relations division provided three kinds of support. First, it assisted researchers in their efforts to win grants, research contracts, and funded awards from national and international sources. When the University's faculty participated, they achieved considerable success in competitions for research funding. That success in turn enhanced the University's overall position as an international research university. Second, the division worked to increase investment in research. It worked to promote support for such new programs as the Canadian Institutes for Health Research. The University's Government Research Infrastructures Program (GRIP) office worked to help the University's researchers win capital support under these new programs. Third, the divisions worked to achieve partnership agreements with Canadian and other governments, industries, not-for-profit agencies, foundations, benefactors, and other universities and research institutes, nationally and internationally.

- **Performance indicators: research revenue**. Total research revenue for 1997-98 had amounted to $297-million. (Professor Munroe-Blum noted that matching funding was provided on a slip-year basis; therefore, total research funding was reported for 1997-98. Other information was reported for 1998-99.) Of that amount, only about 36% had been provided by the three federal research-granting councils: the Medical Research Council, the Natural Sciences and Engineering Research Council and the Social Sciences and Humanities

4. **Research and International Relations: Annual Report of the Vice-President, 1998-99** (Cont'd)

Research Council. This differed markedly from the U.S., where, notwithstanding extraordinary philanthropy and the extensive use of research partnerships, peer-reviewed government grants supplied nearly 80% of university research funding. The problem was that the Canadian governments' outlook now appeared to favour short-term support to attract private support. Public support would then expand only to match that private support.

Over the past five years, the University of Toronto had been the leading institution in terms of awards received from all three of the federal research-granting councils.

- **Performance indicators: research infrastructure support**. In 1998-99, the University of Toronto had also been the leading University in terms of awards under the various government research-infrastructure support programs, receiving a total of $161-million: $72.2-million from the Canada Foundation for Research, $81.4-million from the first competition for support from the Ontario Research and Development Challenge Fund, $3-million from the Ontario Premier's Research Excellence Awards, $4.2-million from the second-round Ontario Research and Development Challenge Fund competition, and $67.7-million in matching funds from the Ontario Innovation Trust. The University had earned $98.8-million of industry matching funds that had been leveraged with funds from the various government programs. The outcome to date had been $327-million in research and research-infrastructure funding.

- **Performance indicators: technology transfer**. The Innovations Foundation had completed a restructuring, and the Business Board would, later in the meeting, consider a proposal for a line of credit for the Foundation. The University had earned over $50-million in industrial research revenue during 1998-99. Contract research sponsored by the federal Networks of Centres of Excellence had provided $4.7-million, and contract research sponsored by the Ontario Centres of Excellence had provided $8.3-million. University /industry research programs sponsored by the Natural Sciences and Engineering Research Council had provided $4-million; programs sponsored by the Medical Research Council had provided $1.3-million, and those sponsored by the Social Sciences and Humanities Research Council had provided $10.5-million. The Natural Sciences and Engineering Research Council's Intellectual Property Management Program provided grants to double the University's seed funding for commercially promising projects. Notwithstanding those successes, Professor Munroe-Blum stressed the continuing need for support of basic research without requirements for matching funds.

  The University had earned $1.2-million in 1998-99 from licensing the inventions of its faculty. Three new "spin off" companies had been formed to develop inventions by University of Toronto faculty - two in the biotechnology area and one in the information-technology area. That brought the total of known spin-off companies in operation to 89, producing gross revenue of $419-million.

- **Outlook for research support**. It appeared that Canadian governments had turned the corner in their approach to supporting research, with funding now being increased rather than reduced as in previous years. The newly established Canadian Institutes for Health Research would likely provide 65% of funding for research in the University and its affiliated teaching hospitals in the health sciences, as broadly defined. In addition, funding was being expanded to the federal research-granting councils. Funding was also being enhanced for

4. **Research and International Relations: Annual Report of the Vice-President, 1998-99** (Cont'd)

virtually all federal research support vehicles: the Networks of Centres of Excellence, the Canada Foundation for Innovation, the Canadian Space Agency, and the Canadian Health Services Research Foundation.

- **Highlights of the accomplishments of the Research and International Relations division**. The research successes of the University were those of its outstanding faculty and students. The Research and International Relations division had, however, enjoyed successes in promoting and assisting the research and international endeavors at the University.

  The University's officers had contributed to the successful lobbying of the federal and provincial governments for increased research support. The division had generated significant new partners and new investment in research and in the internationalization of the University's work. Research services had been enhanced. The Innovations Foundation had developed its new strategic plan and had engaged the services of its new President, Dr. George Adams.

  The division had supported the successful efforts to attract funding for two new Networks of Centres of Excellence, both centred at the University of Toronto and both cross-disciplinary in nature: the Centre for the Mathematics of Information Technology and Complex Systems (MITACS) and the Canadian Arthritis Network. The division had been involved in the negotiation of seventeen international agreements that would lead to substantial academic collaboration and student exchanges. Finally, the division had continued to develop its electronic communications capability to serve as a resource for faculty members. Among its features was a new China and Hong Kong list-serve for scholars doing research in those areas.

- **Highlights of plans for 1999 - 2000**. First, the division would seek effective implementation of the University's participation with respect to the Canadian Institutes for Health Research by promoting partnerships with industry, government agencies, and foundations in Canada and abroad.

  Second, the division would work to support members of the faculty in order to increase their successes in applications to the research-granting councils. While the University of Toronto was the leading recipient of grants from all three councils, the University should increase its total grants given to the size of its faculty.

  Third, the division would also work with the Province to establish a system to enable the universities to recover their infrastructure costs in connection with research grants. In the U.S. between 50¢ and $1.00 was provided to cover infrastructure and salary costs for each $1.00 provided in the form of direct grants for research. In the absence of such support, the costs of research had to be borne by operating funding that would otherwise be directed to support academic programs.

  Fourth, the division would work to increase the University's successes in applications for assistance under the Canada Foundation for Innovation, the Ontario Research and Development Challenge Fund, and the Premier's Research Excellence Awards.

4. **Research and International Relations: Annual Report of the Vice-President, 1998-99** (Cont'd)

Fifth, the division would work to achieve new international-relations objectives, with significant new initiatives in the area of international development, efforts to forge new strategic international partnerships, and continued development of the International Activity Database.

Sixth, the division would further efforts in the area of technology transfer. This would involve coordinating the work of the Innovations Foundation and the technology-transfer functions within the University. The division would work with the faculties and departments to facilitate disclosures of research products with commercial potential. And the division would work to increase research contracts and grants.

Finally, the division would work to celebrate the successes of the University's researchers. Historically, the University had too low a profile for the range of talent and scholarship amongst its faculty and students. The division would seek to increase that profile through such means as the launch of *Edge* magazine in the fall of 1999, the re-engineering of the Research and International Relations web site, work to increase the media profile of researchers, work to increase their profile amongst potential industrial and government partners, and efforts to increase nominations of University of Toronto faculty members for major research prizes.

Items that arose in discussion included the following.

(a) Distribution of research support amongst academic areas. A member was pleased that government research funding was increasing. He asked whether the funding was provided for all academic areas or whether only some areas were preferred. Professor Munroe-Blum replied that the new government programs were focused on the applied sciences and the physical and life sciences. The University was therefore working to seek more recognition for the humanities and social sciences through such means as lobbying the federal government for increased funding for the Social Sciences and Humanities Research Council and seeking to convince the Government of Ontario of the important contributions of the humanities and social sciences to productivity and to the quality of life and culture. The University was also working to provide support for colleagues in those disciplines. One important initiative in the past year had been the allocation of resources from the Connaught Fund for matching funding for chairs in the humanities. That funding had matched the magnificent gift from Chancellor H. N. R. Jackman to establish five endowed chairs for outstanding scholars in the humanities.

A member asked whether the University's increasing participation rates in research funding had been a trend in all areas. The President and Professor Munroe-Blum replied that the participation rates had been growing significantly in the medical sciences, and there had been movement in the right direction in the social sciences and humanities. There was need for the University's lead to grow further in its participation in grants from the Natural Sciences and Engineering Research Council to reflect the University's outstanding strengths in those areas.

The President and Professor Munroe-Blum noted that the broader participation in grants from the Social Sciences and Humanities Research Council in part reflected a shift from that Council's supporting a few large projects at the University (and elsewhere) and providing instead more, but smaller, grants to individuals. As a result, the University's participation rate had grown while the overall amount of funding received had remained relatively constant. That said, there had also been major successes by collaborative programs that had won support.

4. **Research and International Relations: Annual Report of the Vice-President, 1998-99** (Cont'd)

(b) Role of the Research and International Relations division with respect to funding competitions. A member referred to the recent request for proposals from the Canadian Institutes for Health Research. What role did Professor Munroe-Blum's division play? Did it coordinate the University's response? Set goals? Professor Munroe-Blum replied that the first task was to ensure that the information was disseminated to colleagues in the faculties and departments. The division had set corporate goals, for example increasing the participation rate for funding from the three federal granting councils beyond the current level of 14% of the faculty. There had been significant success in efforts to encourage more faculty members to apply for funding, and faculty members, when they did apply, enjoyed considerable success. This success had, however, created some tension. The University's efforts to win an increased share of research funding were taking off and leading to dramatic gains. The group of the ten most research-intensive universities in Canada were obtaining 80% of the funding available to all 90 institutions. That caused some concern amongst those who favoured more equalization amongst institutions. That also led to the need to make the case that the success of the leading universities, and especially the University of Toronto, was very important for the success of Ontario and Canada.

(c) Support per faculty member. A member observed that the University's success was not as good when measured in relation to the size of its faculty. Were data available concerning research support per faculty member? Professor Munroe-Blum replied that such information was included in the document entitled *Performance Indicators for Governance*. The University was making every effort to increase the participation rate of its faculty in research support. It was important to bear in mind that many faculty members did not require grants to pursue research in their fields. However, even in those cases, it would often be helpful for faculty members to form research groups to seek support, which could provide funding for their graduate students.

(d) Private-sector research relationships and the control of intellectual property. A member referred to the University's research relationships with the private sector. What provisions were in place to ensure that the University controlled the resulting patents? In particular, what provisions were in place to ensure the control of patents emerging from the recent agreement for the Bell Canada Laboratories? Professor Munroe-Blum replied that a policy framework had been put in place with respect to sponsored research and the distribution of royalties resulting from sponsored research. In fact, the University's most substantial problem in ensuring that it derived benefits from the results of research was that researchers often did not disclose discoveries that could be protected and exploited. The objective of the Innovations Foundation was to encourage such disclosures and to assist faculty members and the University to license the marketable outcomes of research.

In response to the specific question concerning the Bell Canada Laboratories, Dr. Munsche said that nothing in the agreement with Bell Canada forfeited any right held by any faculty member of the University to the intellectual property developed in the Laboratories. Research projects were proposed by the faculty members associated with the Laboratories in the conformity of their own research interests. If the research led to a marketable discovery, Bell Canada, in return for its funding of the Laboratories, had ninety days to exercise a right of first refusal to license the discovery. The inventor and the University would both receive the royalties arising from the licensing agreement, divided in accordance with the University's Inventions Policy. If Bell Canada did not exercise its right of first refusal, the University and the inventor were free to seek to license the invention elsewhere. The agreement with Bell Canada did not steer the direction of faculty members' research. Prior to the agreement, if a faculty member sought a research contract

4. Research and International Relations: Annual Report of the Vice-President, 1998-99 (Cont'd)

from Bell Canada, that firm would itself decide whether or not it wished to enter into a contract to fund the research. Under the current agreement, that decision was made by a committee consisting of an even number of representatives of Bell Canada and of the University. If anything, therefore, the new agreement reduced any steering effect on research. Professor Munroe-Blum stressed that faculty members participated in the work of the Bell Canada Laboratories entirely of their own volition. They were under no pressure to do so. The formation of the Laboratories had been a University rather than a company initiative. The President stressed that the agreement was in complete compliance with every University policy. While some members of the University were concerned about any corporate support for University research, there was no reason for them to have any special concern about this particular agreement, which was an exemplary one and of considerable benefit to the University's faculty.

(e) Appropriate level for research support. A member asked whether the additional research support provided from such sources as the Canada Foundation for Innovation and the Ontario Research and Development Challenge Fund would bring support for the University of Toronto closer to the level of that enjoyed by major U.S. institutions. Professor Munroe-Blum replied that support would still have to double, at least, to bring the University of Toronto even with U.S. peer institutions.

In the course of discussion, a member complimented Professor Munroe-Blum and her colleagues on the quality of the annual report. The profiles of individual researchers were a particularly enjoyable component. Another member noted with pleasure that many of the outstanding researchers profiled in the report were also active teachers.

The President said that the University of Toronto had not always been the leading institution according to peer-reviewed funding awards. The strong numbers just reported by Professor Munroe-Blum had been achieved under her leadership. The stakes were very high in the competition among institutions for peer-reviewed research funding because such funding was one of the few objective relative measures of excellence. Therefore, the University and its faculty could not reduce the intensity of their efforts to win research funding and the general support that would flow from it. Such support was essential for the University of Toronto, which had the best paid faculty and one that expected and deserved the best library resources and other research infrastructure.

The President referred to the Province of Ontario Speech from the Throne, in which the Government announced that it had asked Professor Munroe-Blum "to look at innovation-supporting programs from around the world and to recommend ways to expand Ontario’s ability to innovate in all sectors of the economy." She would make her report in the near future.

5. University of Toronto Innovations Foundation: Annual Report and Financial Statements 1998-99

Mr. Weiss reminded members that the Innovations Foundation was a separate corporation with its own Board, appointed by the University. The Audit Committee therefore recommended that the Business Board "accept" rather than "approve" the annual report and financial statements. The Foundation worked with faculty inventors at the University of Toronto, and a number of other institutions, to license the products of their research. The 1998-99 year had been a difficult one for a number of reasons. First, the Foundation's second-largest property had lost its patent protection, costing over a half million dollars of royalties. Second, its largest property, a test for malignant

5. University of Toronto Innovations Foundation: Annual Report and Financial Statements 1998-99 (Cont'd)

hyperthermia in pigs, had yielded much reduced revenue owing to a world-wide decline in the market for pork products, causing producers to cut back drastically on their use of the test. Third, the Foundation had recorded a $120,000 write-down on its shares of Innova Corporation - shares which it had received as part of a technology-licensing agreement. Fourth and most important, there had been a transition in the leadership and other staff of the Foundation, and the Foundation's business had suffered during the transition. The Audit Committee hoped that the Foundation's problems were now in the past and that with its new leadership and new strategic plan, it would be able to achieve a real turnaround.

On the recommendation of the Audit Committee,

YOUR BOARD ACCEPTED

The annual report and financial statements of the University of Toronto Innovations Foundation for the year ended April 30th, 1999, copies of which are attached to the excerpt from Report Number 54 of the Audit Committee as Appendix "B".

6. University of Toronto Innovations Foundation: Strategic and Business Plan and Proposal for a Line of Credit

Professor Munroe-Blum introduced and welcomed Dr. George Adams, the recently appointed President of the Innovations Foundation. Dr. Adams had been a professor and inventor, and he had experienced both success and failure in his previous work to commercialize inventions. Professor Munroe-Blum acknowledged, and expressed gratitude for, the work of Ms Dorosz and Dr. Rotman as members of the Board of the Innovations Foundation. Their work had been important in the formation of the new plans. There had been considerable renewal in the membership of the Board, which had sought to establish more ambitious plans for the Foundation.

Professor Munroe-Blum stressed that the revenue projections in the business plan were conservative ones, based solely on licensing agreements currently in place or under negotiation. The projections assumed no new inventions will be managed by the Innovations Foundation over the loan period, even though a number of inventions had in fact been disclosed since the preparation of the business plan. The existing agreements and those under negotiation would generate gross revenue of $655-million over the next fifteen years, if everything went perfectly. It was, however, unreasonable to expect that the full revenue potential would be achieved. Agreements in the biotechnology area, for example, often took many years for development, testing and regulatory approval before they would yield royalties. Some inventions would not lead to revenue streams at all. Therefore, a case-by-case analysis had been completed, and the Foundation's business plan assumed that only 14% of the maximum potential revenue would be achieved, yielding gross revenue of $110-million over the next fifteen years. Of that amount, $47-million would go to the faculty inventors, $15-million to the University and the remaining $48-million to the Innovations Foundation. Professor Munroe-Blum noted that the typical division of royalties was 45% to the inventor, 15% to the University and 40% to the Innovations Foundation. The University's 15% share was further divided, with 7.5% going to the inventor's department, 3% to the inventor's Faculty, and 4.5% to general university revenue. In addition, a windfall clause in the University's Inventions Policy provided that if any particular invention produced gross revenue in excess of $800,000, 70% of the excess amount would be paid to the Connaught Fund.

6. **University of Toronto Innovations Foundation: Strategic and Business Plan and Proposal for a Line of Credit** (Cont'd)

Professor Munroe-Blum said that the revenue projections in the Foundation's new business plan began with a poor year in 1998-99. This was followed by an anticipated substantial improvement in 1999 - 2000, with revenue increases arising from projects currently under license or in negotiation. By 2005, the Foundation should be earning a significant profit. Professor Munroe-Blum stressed that the projections showed only the Innovation's Foundation usual share of revenue from license agreements; those agreements would also generate revenue for inventors and for the University.

Professor Munroe-Blum added that the proposed line of credit would be secured not only by the Foundation's future net income but also by its equity holdings in a number of public and private companies. Those holdings were valued at about $2.6-million, of which $1.3-million belonged to the University.

Professor Munroe-Blum stressed that the University's investments in the Innovations Foundation over time had provided a good return. Between 1992 and 1999, the University had provided grants totaling $1.25-million and a loan of $600,000, with the Royal Bank of Canada generously providing a gift of $600,000. Over that same period, the University had received $1.6-million in royalty payments, $800,000 in overhead payments, and a $390,000 share in the equity of companies developing inventions, for a total of $2,790,000. That did not include the $1.3-million in equity built up by the Foundation, which was ultimately the University's property. In addition, during those years, inventors had received $2.5-million in royalty payments and $900,000 in equity from the inventions managed by the Foundation. The Innovations Foundation had, therefore, paid for itself and more.

Professor Munroe-Blum reviewed the Foundation's operations for 1998-99. As Mr. Weiss had reported, 1998-99 had been a bad year, but it had also been a year that provided the backdrop for growing success. Revenues had declined, and invention disclosures had fallen from 75 to 33. The Foundation's major revenue source, the so called "pig project," had provided a much smaller revenue stream. First, the dramatic decline in the pork market had caused producers to reduce their use of the test for malignant hyperthermia. Second, a new management model had been established, providing the Foundation with only 10% of the royalty stream rather than the previous 40%. Revenues had been affected by the eighteen month transition to a new President. Competition had been particularly fierce during this period. The affiliated teaching hospitals had established their own technology-transfer operations. Seed funds, consultants, and licensing agents were all contacting faculty members directly. The largest proportion of inventions being handled by the Foundation had been in the area of biotechnology, and inventions in that area required a long dormancy period for testing and regulatory approval. The Foundation would in the future seek to manage inventions in a broader range of fields including information technology, advanced materials and possibly the humanities and social sciences (for example software developed in those areas). The Foundation's revenue had also suffered from inactivity in collecting accounts receivable from often small, hard-to-locate partners. Under Dr. Adams' direction, almost all of the overdue accounts receivable had been cleared.

Professor Munroe-Blum outlined the Foundation's new strategic approach. The Foundation would work (a) to re-establish itself as the best source to provide maximum impact for faculty members seeking to license inventions, and therefore (b) to increase invention disclosures. The Foundation would work with other technology-development firms to leverage their workforce and therefore keep the Innovations Foundation's costs down. It would establish a variable fee structure

6. **University of Toronto Innovations Foundation: Strategic and Business Plan and Proposal for a Line of Credit** (Cont'd)

to fit different phases of, and pathways to, commercialization. This would involve the renegotiation of certain long-term contracts. Finally, the Foundation would diversify its portfolio and it would include efforts to commercialize inventions in areas that would provide earlier returns.

Professor Munroe-Blum reported on a number of initiatives completed in the past ninety days. Among other things, the Foundation had established a number of important working relationships, moved to expand the areas of expertise included in its staff, and explored opportunities to establish a seed fund to develop early technology.

With respect to the line of credit, Professor Munroe-Blum said that technology transfer was a line of activity in which the University had to participate. The University had to be able to demonstrate to the federal and provincial governments that University research had an impact. Not all research was amenable to commercialization, but some of the University's research product could have a very significant impact. Successful technology transfer would raise the national and international profile of the University and therefore help to expand its success in all areas.

Professor Munroe-Blum discussed the financial projections arising from the proposed line of credit. She stressed again that the projected revenues were based solely on inventions that had already been licensed and those that were under negotiation for licensing. The projections assumed no new inventions. The line of credit would make possible investments that would enable the Foundation to diversify its portfolio to include such areas as information technology and physical science. The Foundation would be able to initiate new value-added services such as start-ups and mentoring inventors. The outcome would be to increase the Foundation's revenues and earnings, allowing it to pay back the credit used. The rate at which the line of credit would be repaid would depend on a number of factors, including the interest rate in effect from time to time, but it was anticipated that repayment would be complete by the end of 2006. The maximum credit, including interest, would be $2.5-million. This was secured not only by the Foundation's revenue stream but also by its equity holdings, valued at $1.3-million as at 1999. During the loan period, the Foundation would pay not only interest to the University but also full royalties, estimated to be about $3.5-million, and it would increase the University's equity holdings in start-up companies by an estimated $500,000. The projections were conservative ones. Most important, the line of credit would enable the Foundation to continue providing the University and its inventors with the services they would require.

Among the matters that arose in questions and discussion were the following.

(a) Interest rate on the line of credit. In response to a question, Mr. White said that the interest rate on the line of credit would be determined monthly and would represent the University's opportunity cost. That is, the interest payments would replace the University's earnings had the amount been invested in the Expendable Funds Investment Pool. The President noted that University policy stipulated that there should, in general, be no hidden subsidies to the business ancillary operations. There might be exceptions such as the interest-free portion of the University's loan to the University of Toronto Press. But, in general, the University was fully reimbursed for its costs, and it also received the benefits of the services provided by the ancillary operation.

(b) Importance of improving the University in the area of technology transfer. A member, who also served on the Board of the Innovations Foundation, said that she fully supported the work of Professor Munroe-Blum, Dr. Munsche and their colleagues in bringing forward this proposal, which was a profoundly important one for the University. She was pleased that the

6. University of Toronto Innovations Foundation: Strategic and Business Plan and Proposal for a Line of Credit (Cont'd)

proposal had been expressed in terms of an investment. Having said that, it was important to recognize that while the University had established an outstanding research record, it had been less successful in establishing a culture of technology transfer. The outside world was in many ways moving very quickly past the University in this area, which was a highly important one in the current national and international environment.

Another member also commended the proposal. He noted, however, that the plan involved increasing the Foundation's staff to only ten and one-half people, significantly fewer than comparable operations elsewhere. Given the importance of the area, the member wondered whether the plan was sufficient. The President and Professor Munroe-Blum replied. The Innovations Foundation Board would clearly have preferred a more aggressive plan; leading international research universities did invest more in this area; and in an ideal world the University of Toronto would also do so. It was, however, prudent to limit the loan to a manageable amount until the Foundation established some period of success. More ambitious plans had been considered and could be implemented after success had been achieved on a more limited scale.

(c) Food-related biotechnology inventions. A member noted that there had been a significant public backlash concerning the application of biotechnology to food production, in particular the use of genetic modification of food products. With the Foundation's move to diversify its portfolio, would this area be likely to be one in which the Foundation would provide more or less technology-transfer service? Professor Munroe-Blum agreed that this was an area of important public concern, but it was not a major area for Innovations Foundation operations. Invited to elaborate, Dr. Adams said that the largest part of the Foundation's portfolio of biotechnology projects consisted of pharmaceuticals. There was one file involving food production. University inventors had developed a means of stimulating plant growth in highly salinated soil. This methodology did not involve the insertion of a new gene but rather the stimulation of an existing gene. While this invention was not a major part of the Foundation's portfolio, it was an invention of enormous potential benefit to humanity because 30% of otherwise arable land had become too salinated for satisfactory growth. Dr. Adams noted that the focus of the Foundation's diversification efforts was not so much the expansion of its biotechnology portfolio; this portfolio consisted largely of pharmaceuticals which required long periods for testing and regulatory approval before they began to generate licensing income. Rather, the objective was to license more information technology and physical science inventions, which required a much shorter incubation period before generating royalties.

(d) Value of the Foundation's equity holdings. A member noted that the proposal contained references to the security provided by the Foundation's share of equity holdings in start-up companies. The proposal had stated the value of those holdings to be $1.3-million. However, the Foundation's financial statements had noted that it was possible to readily determine the market value of the shares of only one holding, an estimated amount of $10,500. Dr. Adams replied that the figure of $1.3-million represented the best available judgement of the current market value of the shares in all of those start-up companies. That judgement had been accepted by the Board of the Foundation. Those shares were illiquid; therefore their market value could not be readily verified; and therefore that value could not be included in the financial statements. A member added that those shares were given no book value in the assets of the Foundation; the value of those shares and of the Foundation's entire technology portfolio did not appear as assets on its balance sheet.

In the course of discussion and in response to a question, Professor Munroe-Blum said that the proposal, including the financial projections, had been reviewed and approved by the Board of the Innovations Foundation at its recent annual meeting. Mr. White noted the need for a correction

6. University of Toronto Innovations Foundation: Strategic and Business Plan and Proposal for a Line of Credit (Cont'd)

to part (a) of the credit agreement. The term of the line of credit was a maximum of eight years, not six years as shown. Section (d), which listed the anticipated annual balances on the line of credit, correctly listed the balances for eight years.

On the recommendation of the Vice-President - Research and International Relations,

YOUR BOARD APPROVED

The University of Toronto Innovations Foundation's request for a line of credit of up to $2.5-million, with terms as outlined in the proposed Line of Credit Agreement between the University of Toronto Innovations Foundation and the Governing Council of the University of Toronto, a copy of which is attached hereto as Appendix "B", provided that in the event that the draw on the line of credit in any year exceeds the estimate contained in the Line of Credit Agreement, the matter will be referred back to the Business Board for its consideration.

7. University of Toronto Press Inc. - Annual Report and Financial Statements, 1998-99

Mr. Weiss recalled that one year ago, the University of Toronto Press had reported a loss of $1.3-million. For 1998-99, the management and the staff of the Press had achieved a real turnaround, earning a net income of $420,000 for the year and bringing the cumulative surplus back up over $1,000,000. Most important, the Press had achieved this turnaround while establishing a record in its key mandate of publishing scholarly books. For the first time ever, the Press published over 200 books in a single year.

Discussion focused on two matters.

(a) The Press's mandate. A member asked whether the Press was asked to earn a net income for the University or instead only to avoid a loss. The President replied that the main mandate was to earn sufficient revenue to provide excellent scholarly publishing and to provide excellent services to students through its bookstores on all three campuses. It was expected to pay interest on its loan from the University, and when it earned a net income it was expected to devote one third of that income to paying "participating interest" on the otherwise interest-free portion of its loan from the University. Beyond that, when it made a net income, it contributed a third of that income to a scholarly publishing fund that would further its ability to publish academic books. Therefore, it was essential that the Press not lose money and it was desirable that it make money to support its key mission. The University of Toronto Press was Canada's largest and leading scholarly publisher.

(b) Review of Press activities. A member, who also served on the Board of the Press, noted that a previous review of the Press's operations had been completed about five years ago and another review was about to get under way. The President commented that it was important that the Press review each of its businesses. The terms of reference for the review would be set in the near future. The outcome would be forwarded to the University's executive group, which would

7. University of Toronto Press Inc. - Annual Report and Financial Statements, 1998-99 (Cont'd)

wish to ensure that the direction arising from the review was consistent with the University's objectives. The report would no doubt also be provided to the Business Board. It would be important to set clear objectives for each of the Press's businesses, and it was very fortunate that the review of the Press's operations was being completed when the Press was doing well. The member commented that the various businesses were at different stages, and it was important to review each. There were enormous changes taking place in the world in which the Press operated.

A member stressed the importance of affordability of books and course packages. He hoped that affordability would be assessed as part of the review. The President replied that it was indeed very important that the bookstores provide good service to students on all three campuses, and price formed an important component of that service. Therefore, the President shared the member's view and would urge that the Press do everything possible to provide its bookstore services as efficiently and effectively as possible.

On the recommendation of the Audit Committee,

Subject to the approval of the financial statements by the Board of the University of Toronto Press,

YOUR BOARD ACCEPTED

The annual report and financial statements of the University of Toronto Press for the year ended April 30th, 1999, copies of which are attached to Report Number 54 of the Audit Committee as Appendix "A".

8. Capital Projects: Background Briefing - Approval of Capital Projects

Professor McCammond noted that his comments on the life cycle of a capital project at the University would deal with new construction and renovation projects costing $500,000 or more. Those costing less than $500,000 were considered for approval by an administrative committee called the Accommodation and Facilities Directorate. While the smaller projects did not require governance approval, the Planning and Budget Committee and the Academic Board were asked to review and approve funding for those projects when that funding derived from such special funds as the University Infrastructure Investment Fund or the Academic Priorities Fund.

Professor McCammond outlined the steps in the approval of major capital projects.

- **Identification of need**. The need for a capital project most often emerged from an academic division's plan. Occasionally, the need arose from an unexpected opportunity or a sudden need. When the need for a major project was identified, it would then be recommended for inclusion in the University's Capital Plan - the plan of record for the University's capital program.

- **Users' Committee**. With the Provost's approval, a Users' Committee was struck to plan the scope of the proposed project. The membership of each committee was reported to the Planning and Budget Committee. The committees included representatives of the users of the new facility - faculty, staff and students - as well as a space planner from the Office of the

8. **Capital Projects: Background Briefing - Approval of Capital Projects** (Cont'd)

Vice-Provost, Planning and Budget, and representatives of the Facilities and Services Department and the Environmental Protection Advisory Committee. The report of the Users' Committee would define the scope of the project on the basis of a space analysis, often related to space standards established by the Council of Ontario Universities. The report would also include the site for the project, provide an estimate of its cost, and enumerate the planned sources of funding. The Users' Committee report was submitted to the Vice-President and Provost.

- **Governance approval in principle**. With the Provost's approval, the Users' Committee report, along with the administrative response, was forwarded to the Planning and Budget Committee and (with its approval) the Academic Board. The administration would recommend approval in principle of the project, including its scope, site, estimated cost, and sources of funding. For projects costing over $1-million, the Academic Board's recommendation would be forwarded to the Governing Council for approval. The Academic Board was entitled to approve projects costing less than $1-million, subject only to confirmation by the Executive Committee of Governing Council. The approved report of the Users' Committee, as modified by the administrative response and approved by governance, then became the instructions for the execution of the project. Any substantial change to the scope, site, cost or funding of the project would require further governance consideration of the project beginning with the Planning and Budget Committee.

- **Business Board approval for the execution of the project**. The Business Board is responsible for approving the establishment of capital appropriations for projects and for authorizing their execution. Its review of projects usually followed the design work and the tendering of the construction contract. Its responsibility was to ensure that projects were properly funded and that they would be carried out in a cost-effective manner. From time to time, the Board would also be asked to approve increases in appropriations for projects.

9. **Capital Project: Lash Miller Chemical Laboratories: Addition / Renovation**

Miss Oliver recalled that the Business Board had previously approved execution of the project to expand and renovate the Lash Miller Chemical Laboratories at a cost of $14.6-million. As the result of a grant from the Canada Foundation for Innovation, matching the extraordinarily generous gift of the Davenport family, the Department of Chemistry had proposed changes to the sequencing of the project. The Planning and Budget Committee and the Academic Board had recommended to the Governing Council acceptance of this sequencing. The Governing Council had yet to approve that recommendation; therefore the Business Board's action would be subject to the Governing Council's approval of the revised project. The project, as originally approved, had provided that a part of the research laboratory facility be completed only as a shell. It would now be possible to outfit a part of that shelled space. Another part would remain unfinished to await the appointment of the faculty who would occupy the laboratories and to determine their specific needs. At this time, Miss Oliver was seeking approval of funding for several discreet parts of this exciting project. They included the recladding of the tower, the renovation of the lobby, provision of a meeting and seminar room, the fit-out of the departmental library and the renovation of space for the theoretical chemistry group. In response to a question, Miss Oliver said that the funding available would be $24.5-million. The expenditures being proposed up to and including this meeting would amount to a lesser figure. Another proposal would come forward at a later date for the completion of the other research laboratories.

9. Capital Project: Lash Miller Chemical Laboratories: Addition / Renovation (Cont'd)

On the recommendation of the Vice-President - Administration and Human Resources,

Subject to Governing Council approval of the recommendation to amend the previous project approval,

YOUR BOARD APPROVED

THAT the Vice-President - Administration and Human Resources be authorized to expend up to $3,600,000 for the next phase of renovations to the Lash Miller Chemical Laboratories, including the recladding of the tower, the renovation of the lobby, provision of a meeting room, fit-out of the library and renovation of space for the theoretical chemistry group.

10. Capital Project: Parking Garage under the Centre for Information Technology

Miss Oliver reminded members that the Parking Ancillary received no support from the University's operating budget. On the contrary, it contributed some of its net income to support that budget. A City of Toronto Parking By-Law required that the University provide approximately 2,000 parking spaces on the St. George Campus, with a permissible variation of plus or minus 5%. At the present time, 65% of the parking inventory was in surface lots, mostly on sites designated in the campus master plan for eventual development. Whenever a capital project was being planned, it was necessary to consider its impact on parking services to members of the University and to the public. The proposed Centre for Information Technology, to be built behind the Koffler Student Services Centre, would displace 128 parking places. Other buildings included in the capital plan would displace numerous other parking spaces. A parking garage under the large site of the Centre for Information Technology would be able to accommodate a 308-space parking garage and it would be conveniently located to serve users of the buildings in the southwest part of the campus.

Miss Oliver said that the proposed garage, taking into account its construction and operating costs, would not be economical as a stand-alone facility. That cost could, however, be borne by the Parking Ancillary as a whole. While the outcome would be a reduction in the parking ancillary's contribution to the operating budget, a portion of the contribution would remain. The construction and operation of the proposed facility should, therefore, be seen as a cost of the University's operations, needed to meet the requirements of the Parking By-Law and to serve the University community.

A member noted that the effect of constructing the 308-space garage would be to maintain the parking inventory near the maximum of the range established in the Parking By-Law. At one time there was a wish to maintain only the minimum inventory in order to encourage, for environmental reasons, the use of public transportation. Miss Oliver replied that the reason for the construction of the Centre for Information Technology was a doubling of student enrolment in that field, along with the necessary increase in faculty and staff complement. Further increases in enrolment were under active consideration. While it was desirable to encourage the use of public transit, a large number of students, faculty and staff lived at a considerable distance from campus, and the demand for parking spaces was strong.

10. Capital Project: Parking Garage under the Centre for Information Technology (Cont'd)

On the recommendation of the Vice-President - Administration and Human Resources,

Subject to Governing Council approval of the project,

YOUR BOARD APPROVED

(i) THAT the Vice-President - Administration and Human Resources be authorized to complete the parking garage beneath the Centre for Information Technology at a cost not to exceed $10.3-million; and

(ii) THAT the Chief Financial Officer be authorized to arrange such bridge and term financing as may be required, internally or from external lenders.

11. Reports of the Administrative Assessors

(a) Future Development of Varsity Stadium Site and Adjacent Sites on Devonshire and Bloor Street

Professor Finlayson recalled the discussion held at the previous meeting concerning the change in plan concerning the development of the Varsity Stadium site. Since that time, a number of steps had been taken with respect to alternative plans for the site. The University was arranging a competition to engage a designer to develop an overall plan for the Bloor Street / Devonshire Place precinct, extending along the south side of Bloor Street from the Royal Conservatory of Music to St. George Street and along Devonshire Place. The result would be an overall vision to guide the construction of new student residences and a new Varsity Stadium including a running track and 5,000 spectator seats.

Among the matters that arose in discussion were the following.

(i) Design factors. A member urged that the University think broadly and imaginatively about the design of projects in the area in order to produce a new main entrance to the campus that would set an extraordinary tone for the University in the next century. Professor Finlayson agreed completely. This was the very reason for the competition to select a designer to establish an overall vision for the new development in the area. In response to another member's question, the President and Professor Finlayson said that it had not yet been decided whether to offer honoraria for the designers who would take part in the final phase of the competition. Such honoraria had been offered on some occasions in the past and not on others. The President noted that the well-known Toronto architect, A. J. Diamond, was a member of the committee who would select the designer. (Of course, his firm would not be eligible to compete.)

(ii) Coordination of the project. A member congratulated the administration on having appointed the recently retired Secretary of the Governing Council, Dr. John G. Dimond, to coordinate the project. The member could think of no better choice.

11. Reports of the Administrative Assessors

(a) Future Development of Varsity Stadium Site and Adjacent Sites on Devonshire and Bloor Street

(iii) Cooperation with Trinity College. In response to a member's questions, Professor Finlayson said that the University had discussed the plans for the Bloor / Devonshire precinct with Trinity College. The current plans called for the development to take place north of the Trinity College playing field, with the first new student residence building to be erected on the west side of Devonshire Place between St. Hilda's College and the Office of Admissions and Awards.

(b) Other Items

The Board received, for information, a memorandum from Professor Finlayson reporting on the following matters (in addition to the plan for the Varsity Stadium site).

(i) Open Space Plan: King's College Road. Following the Governing Council's unanimous approval of the new Open Space Plan, the administration had reactivated the King's College Road Users' Committee to develop a plan for King's College Road, Galbraith Road, Convocation Plaza and King's College Circle. It was hoped that a combination of University and private funding would allow this first major phase of the Open Space Plan to proceed. Talks were continuing with officials from the City and the Government of Ontario concerning the Wellesley Street entrance to the campus.

(ii) Union negotiations. The University was negotiating its first collective agreement with the United Steelworkers of America, the union representing about 2,400 members of the administrative staff. The parties were being assisted by a conciliator. Negotiations were also proceeding with thirteen other unions, with four negotiations in conciliation.

12. Date of Next Meeting

The Chair reminded members that the next regular meeting was scheduled for Monday, December 6th, 1999 at 5:00 p.m. in the Croft Chapter House at University College.

13. Background Briefing: Human Resources Matters

The Chair expressed his regret that time did not allow for Professor Finlayson to provide his background briefing on labour relations matters. The briefing would be placed on the agenda for the next meeting.

The meeting adjourned at 7:10 p.m.

_______________________ Secretary

_______________________ Chair

November 30th, 1999